

# How the future of TV advertising will save brands

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**FTVA SYDNEY**  
27 FEBRUARY  
SYDNEY, AUSTRALIA



**CONNECTED TV  
WORLD SUMMIT**  
18 - 19 MARCH  
LONDON, UK



**FTVA UK**  
29 APRIL  
MANCHESTER, UK



**VIDEOSCAPE  
EUROPE**  
RETURNING JUNE  
LONDON, UK



**FTVA CANADA**  
9 SEPTEMBER  
TORONTO, CANADA



**FTVA AMSTERDAM**  
RETURNING SEPTEMBER  
AMSTERDAM, NETHERLANDS



**FTVA GLOBAL**  
9 - 10 DECEMBER  
LONDON, UK



# Oh Canada.....

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Are we obsessed with the future?



Have the fundamentals of marketing changed?

# EAT YOUR GREENS

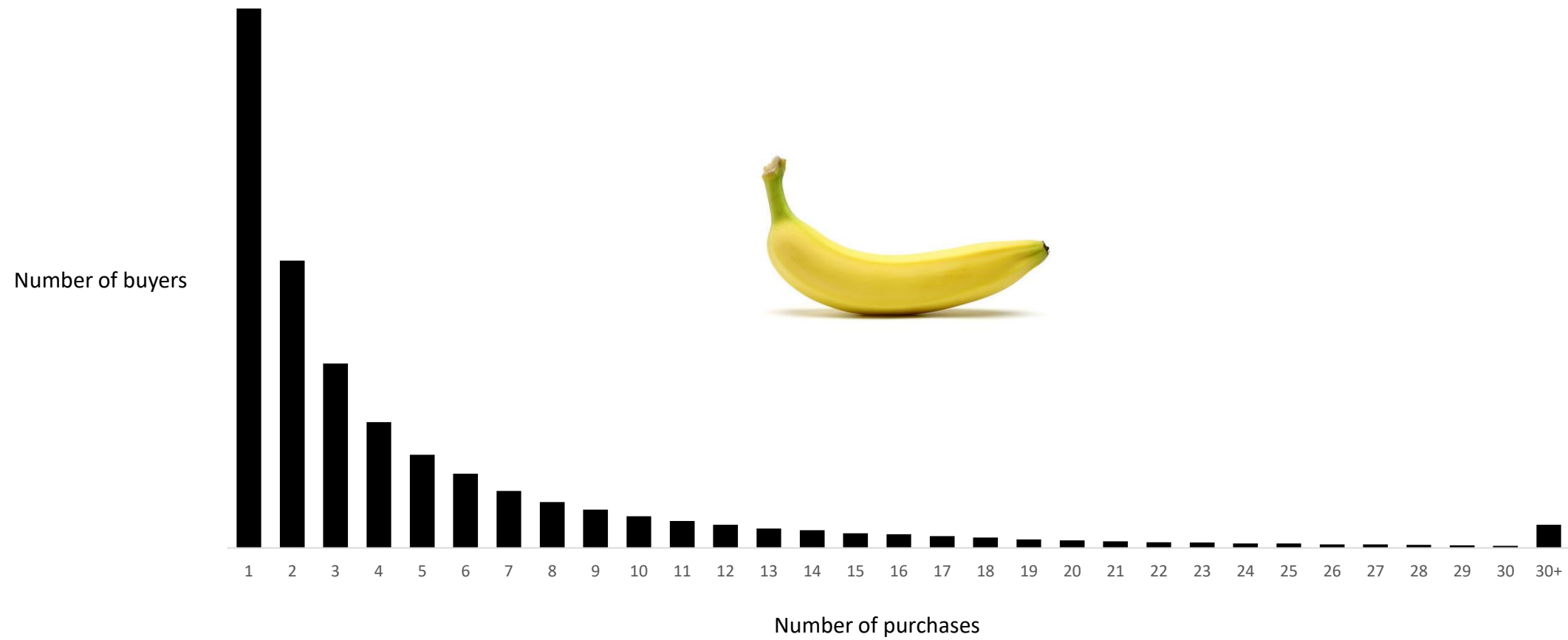
Fact-based thinking to improve your brand's health

WIEMER SNIJDERS



**“A book completely devoted to counter some of the hype and nonsense in the industry.”**








Heavy buyer example – crap marketers or is this just digital being crap?

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**#realman**



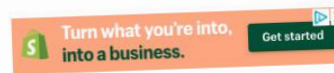
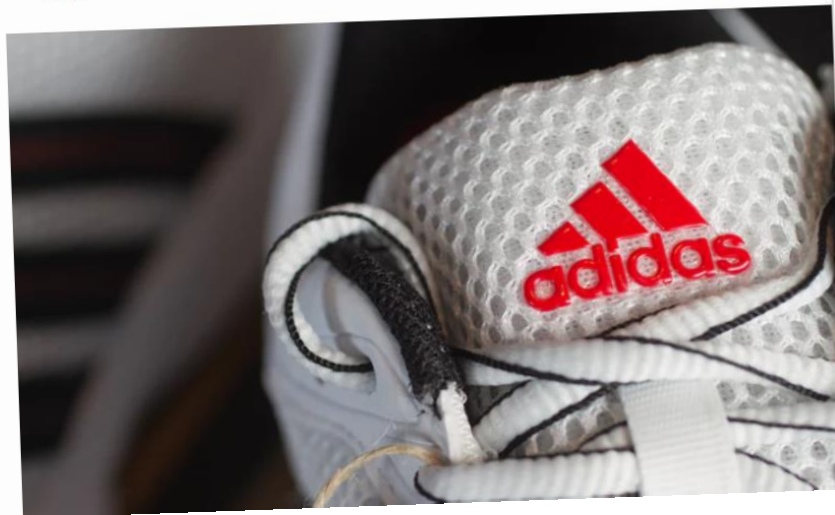
# Adidas: We over-invested in digital advertising

*Adidas admits that a focus on efficiency rather than effectiveness led it to over-focus on ROI and over-invest in performance and digital at the expense of brand building.*



By **Sarah Vizard** | 17 Oct 2019

Share this article



## Recommended



The impact of Diageo's effectiveness focus: Marketing spend is no longer first to be cut



Marriott on why effectiveness doesn't always beat efficiency



Adidas reduces focus on short-term metrics as it looks to protect brand health





## Investor Quote

*"Due to Nike's better execution of its marketing strategy, its growing online sales and its greater brand appeal to a younger audience, its shares offer much better long-term value than Adidas."*

KOYFIN





“Please take my digital ad spend and move it to brand”

*“The relative ease of being able to measure whether digital spending had a direct impact on e-commerce sales led to more and more of Arcadia’s budget piling into digital performance. Since 2015, digital performance spend had “roughly doubled,” according to Petruccelli, as the team focused on efforts that would drive near-immediate return on ad spend.”* **Sabino Petruccelli,  
Group Head of Digital Marketing, Arcadia  
Group**



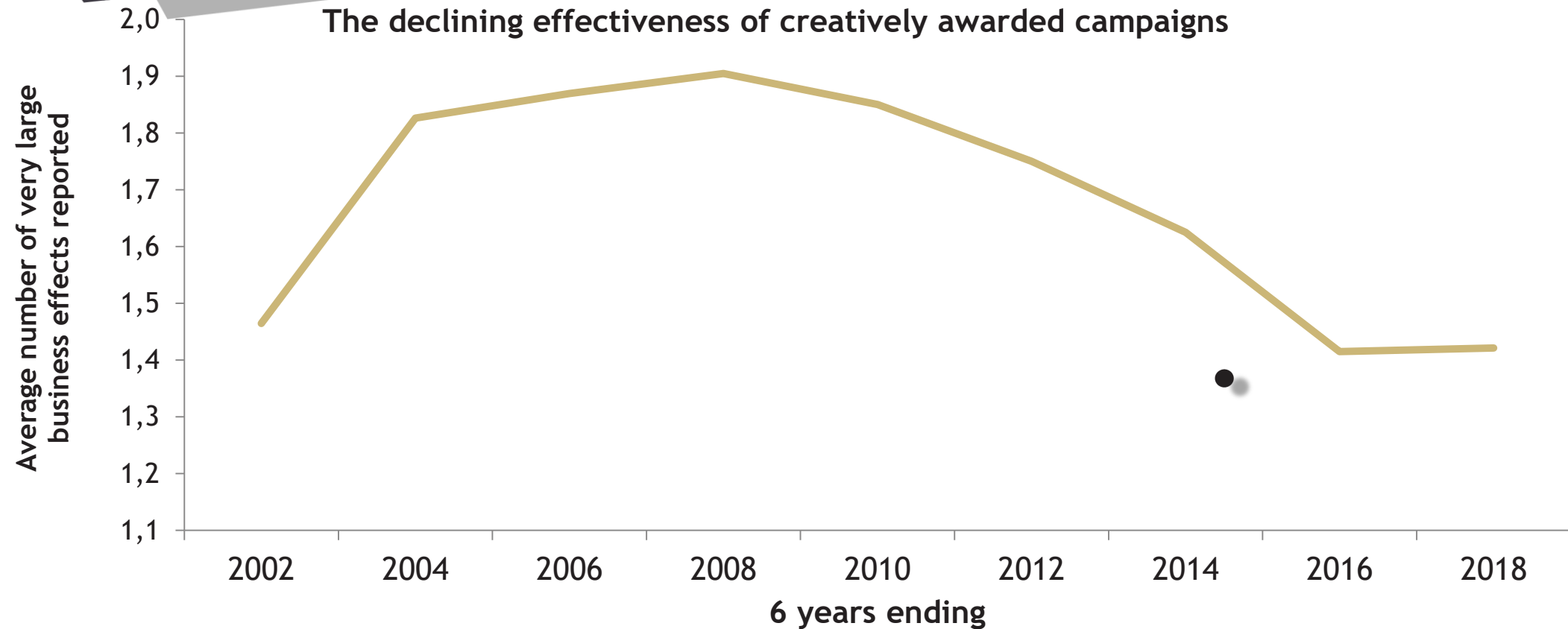
# What's the fix?

In Adidas's case....3 of them: Agency, education and departments





# Creativity delivers its lowest effectiveness in 24 years

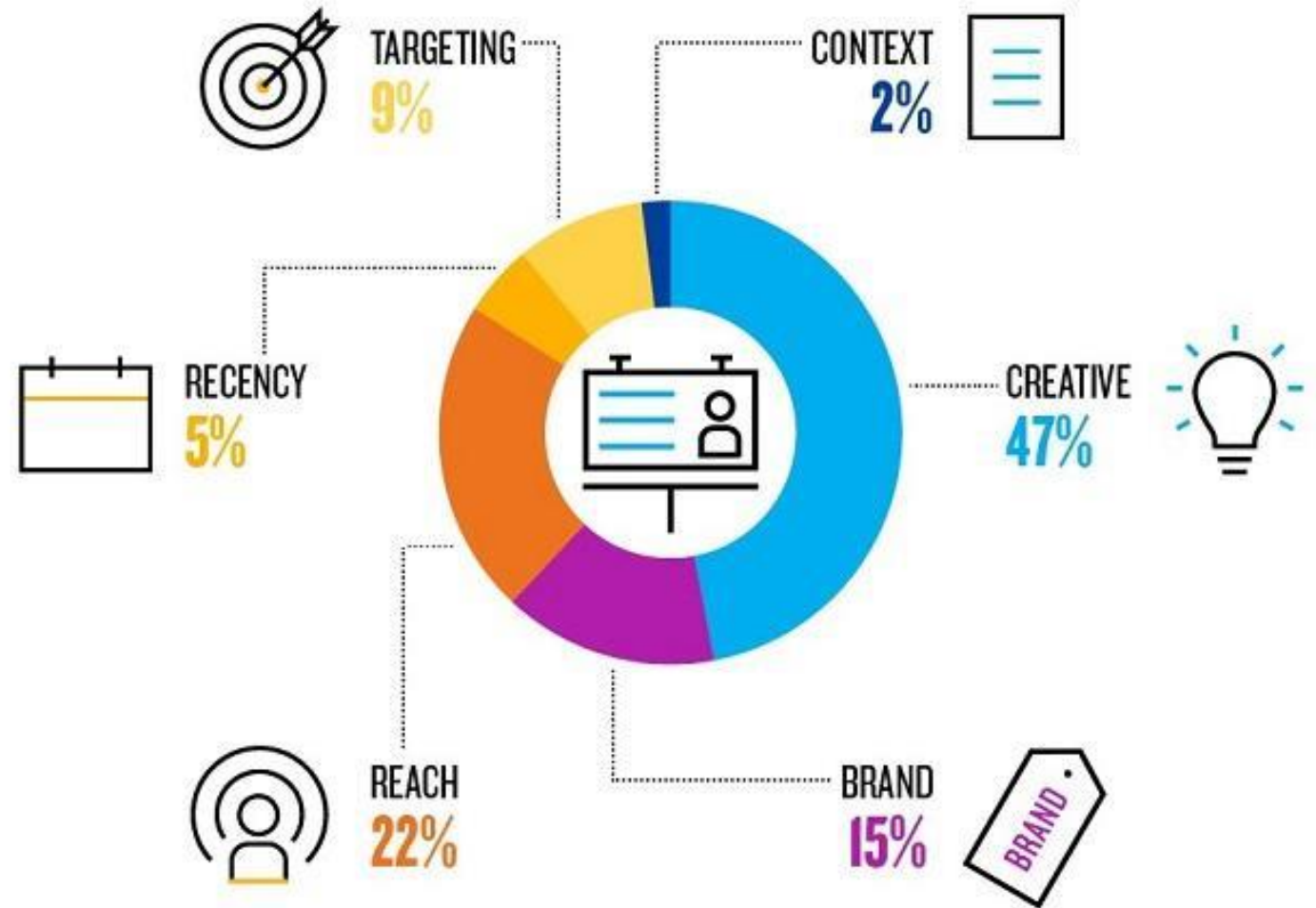


Source: IPA Databank, 1998-2018 creatively awarded cases

## PERCENT SALES CONTRIBUTION BY ADVERTISING ELEMENT

## REACH AND RECENCY MATTER

*“It may seem obvious but reaching a large number of consumers with advertising is critical to the success of a campaign: only consumers exposed to an ad can be influenced.”*



Nearly 500 campaigns across all media platforms

Source: Nielsen Catalina Solutions © 2017; Period 2016-Q1 2017



Why?



# FACTFULLNESS

“Advertisers operate in a state of ‘*Factfulness*’, where opinion is rife over facts.”

Nelson-Field, K. (Feb 2020)  
*The Attention Economy and How Media Works.*  
Palgrave Macmillan



“Being out of touch with consumers is one thing and, of course, that is not ideal if it is your job to sell to consumers, but marketers also seem out of touch with themselves.”

Wiemer Sniders





## Overall weighted score – all 12 attributes combined

### What the evidence says

1	TV	107.1
2	Radio	103.2
3	Newspapers	87.8
4	Magazines	79.5
5	Out of home	71.7
6	Direct mail	67.0
7	Social media	65.8
8	Cinema	61.4
9	Online video	57.6
10	Online display	50.0

EVIDENCE Based on sum of scores for all 12 attributes with importance weights applied.

### What advertisers and agencies say

1	TV	48.9
2	Online video	41.6
3	Social media	41.3
4	Out of home	39.6
5	Cinema	39.1
6	Radio	38.9
7=	Newspapers	36.3
7=	Direct mail	36.3
9	Online display	35.5
10	Magazines	35.1

PERCEPTION Based on sum of mean score across all 12 attributes, with importance weights applied. Base: n=116 (each respondent rated 2 attributes).



## **Best presentation of 2018....goes to: Carsten Knoch!**

“Overwhelmingly they [brand marketers] only spoke about their experience with digital media planning, buying, execution and reporting,”

“Digital advertising works really hard to articulate its value, not just during the sales stage but on an ongoing basis,”

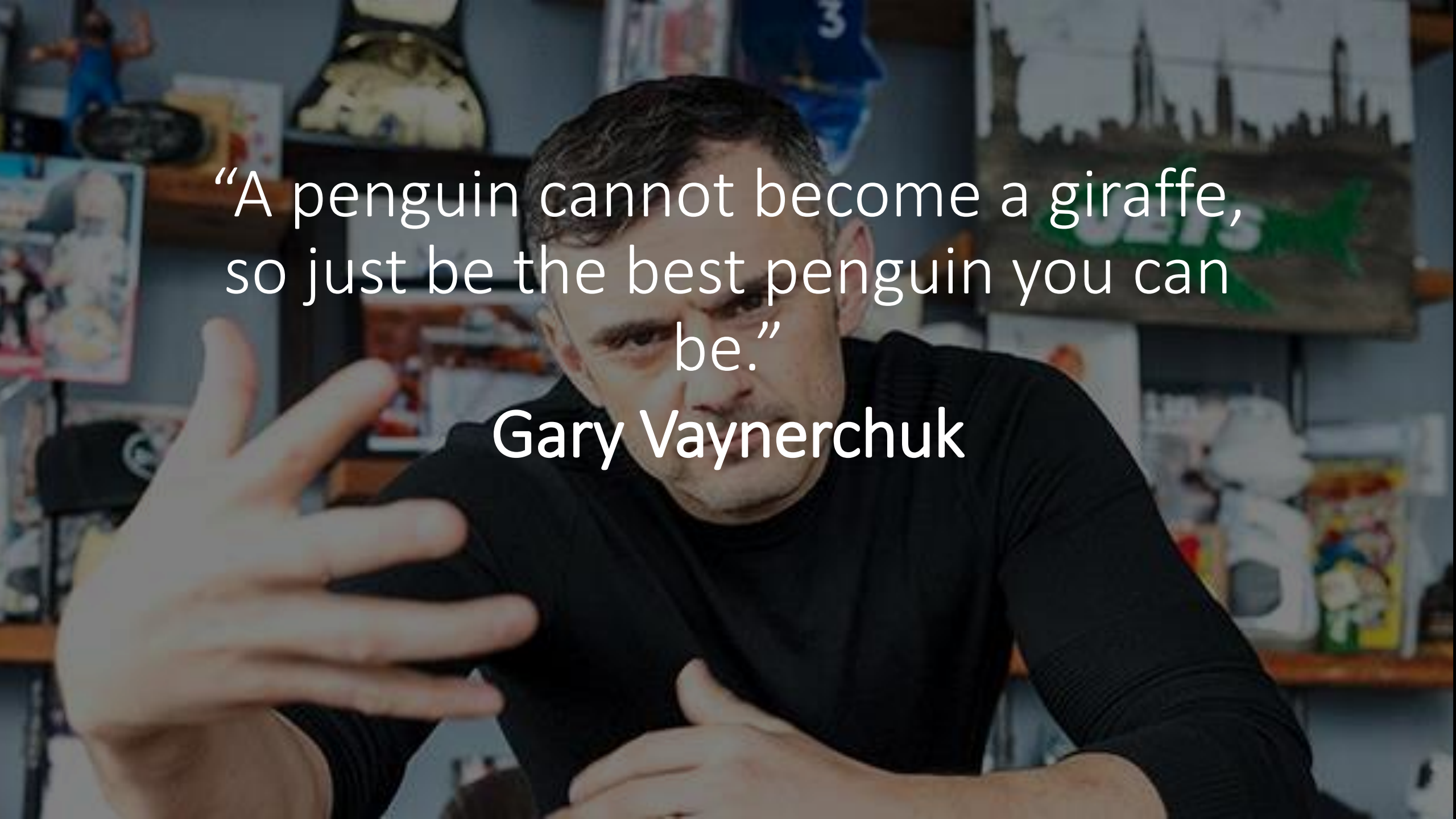
“Platforms on the digital side seem to be fulfilling a very important purpose which has nothing directly to do with whether digital advertising is working as a product,” he said. Rather it has “everything to do with getting and retaining marketers’ attention – it makes marketers feel smart accomplished and in control”.



# campaign

**Social media adspend to hit  
\$112bn even though it  
'stumps' marketers**

Marketers had unrealistic expectations of what social media could deliver and are having to readjust their strategy, Forrester warns.

A man with short dark hair, wearing a black long-sleeved shirt, is shown from the chest up. He is looking directly at the camera with a serious expression. His right hand is raised, palm facing forward, with fingers slightly spread. His left hand is partially visible at the bottom of the frame. The background is a cluttered room with shelves filled with various items, including a blue jersey with the number 3, a green dinosaur figurine, and several framed pictures and posters. The lighting is soft and indoor.

“A penguin cannot become a giraffe,  
so just be the best penguin you can  
be.”

Gary Vaynerchuk



# Quote Time

The problem with  
the world is that  
the intelligent people  
are full of doubts, while  
the stupid ones are  
full of confidence.

- Charles Bukowski



**Byron Sharp**

@ProfByron

Following

It's intuitive that the people who are know more facts relevant to an issue would espouse stronger views. Yet often it's the other way around.

4:46 AM - 26 May 2019

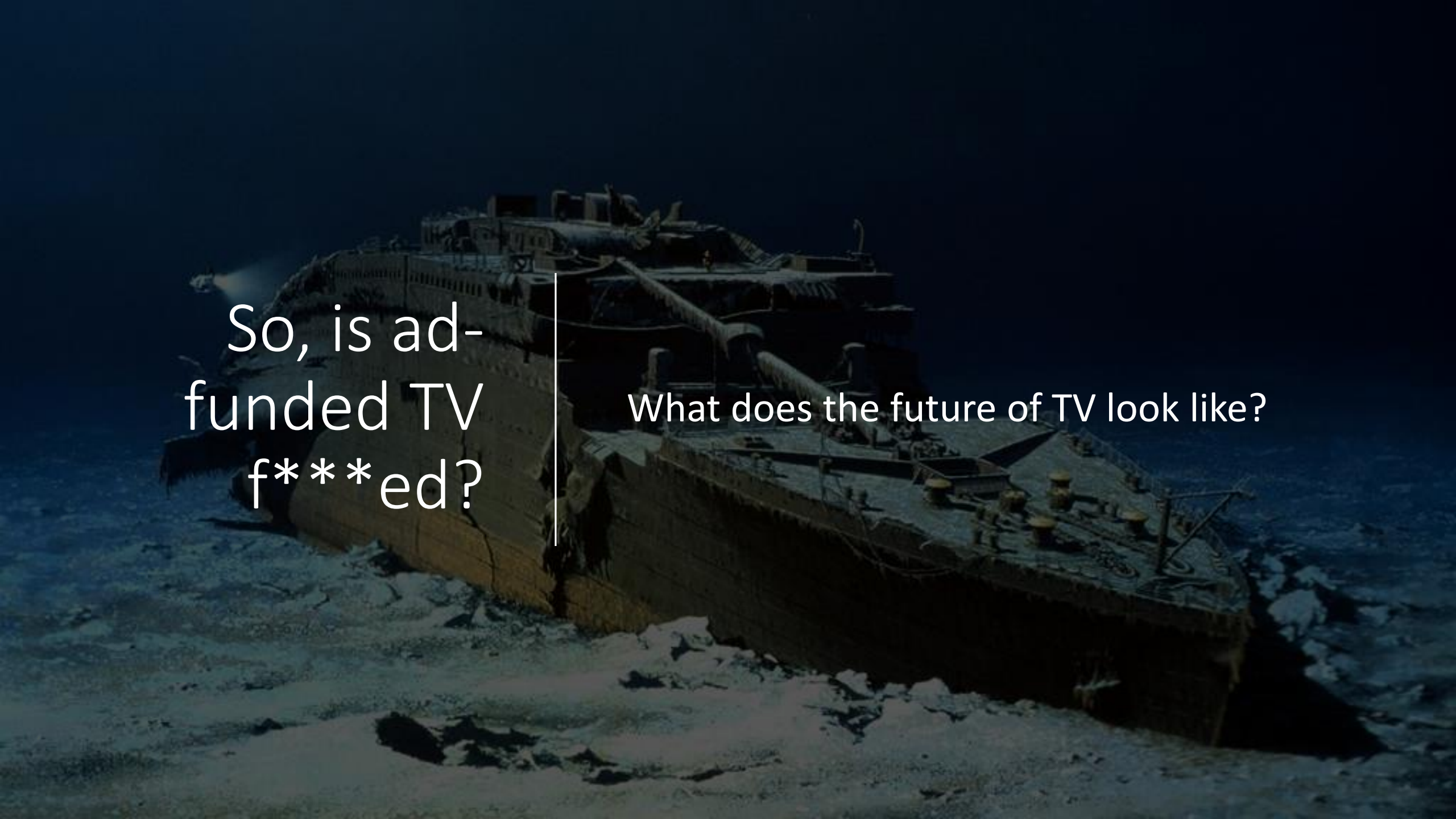
3 Retweets 33 Likes



Tweet your reply







So, is ad-  
funded TV  
f\*\*\*ed?

What does the future of TV look like?

More people like adverts than you might think

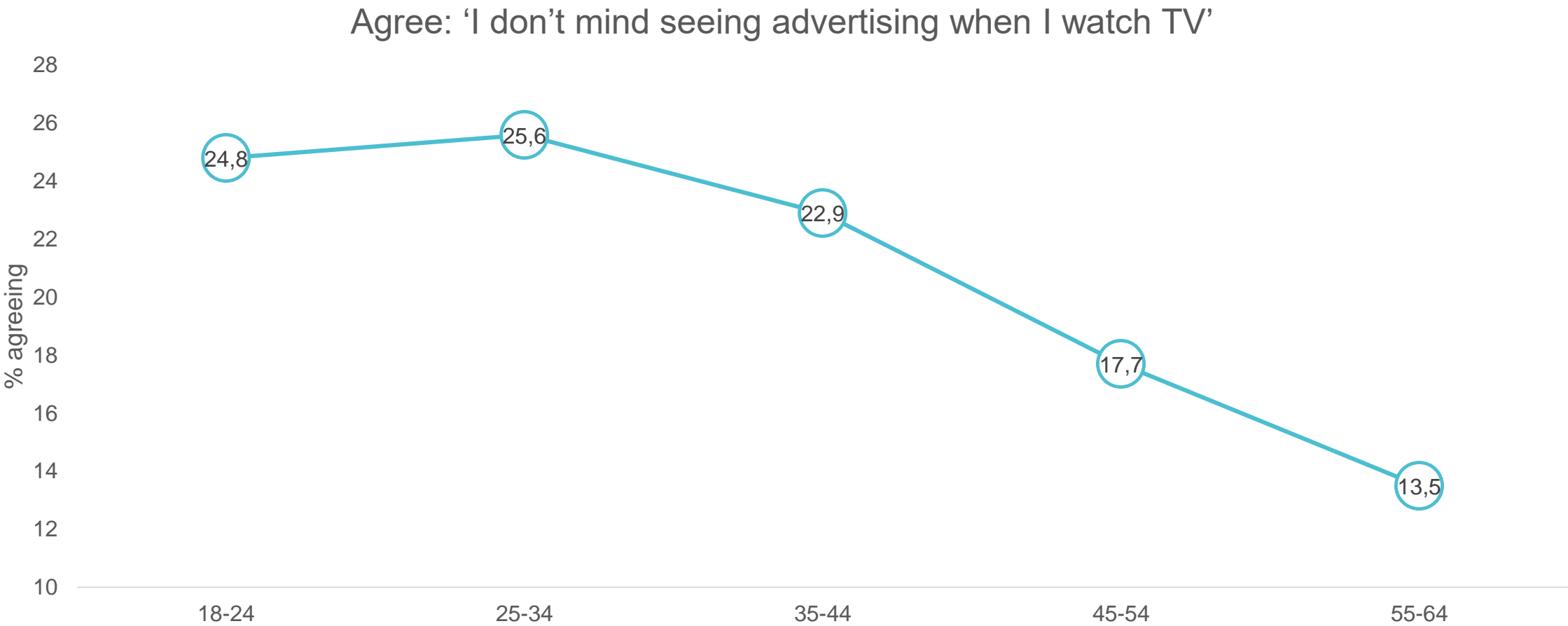
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50% of viewers in Europe don't really mind\* seeing advertising when watching TV.





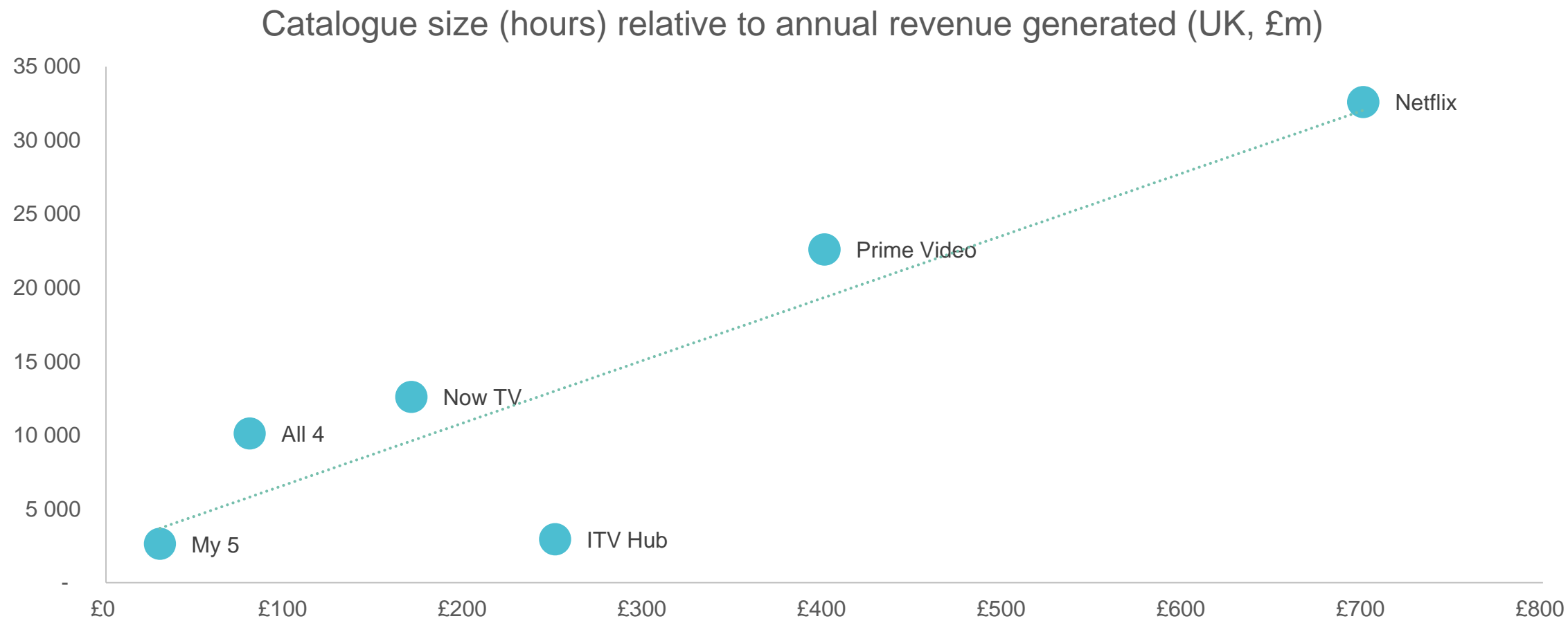
# Younger viewers twice as likely to like advertising than 55+



Source: Ampere Consumer Q1 2019. Viewer who agree with the statement: 'I don't mind seeing advertising when I watch TV'



# And it's content, not advertising (or lack of) that drives viewing on streaming platforms



Source: Ampere Markets, Analytics, research on behalf of Ofcom – catalogues as of April 2019





The next step in TV streaming evolution will focus on the business model

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With global dominant players in the SVoD (monthly subscription space) and SVoD stacking topping out or slowing drastically in high penetration markets, plus a raft of new DTC players gearing up for launch, business model diversification for streaming (read: advertising) is the next logical step. This will embrace hybrid subscription/advertising models.

# Hulu ad-funded subscribers generate around \$11pm in advertising revenue

**HULU**

Get 1 month free, then starts at

\$5.99/month

SELECT PLAN

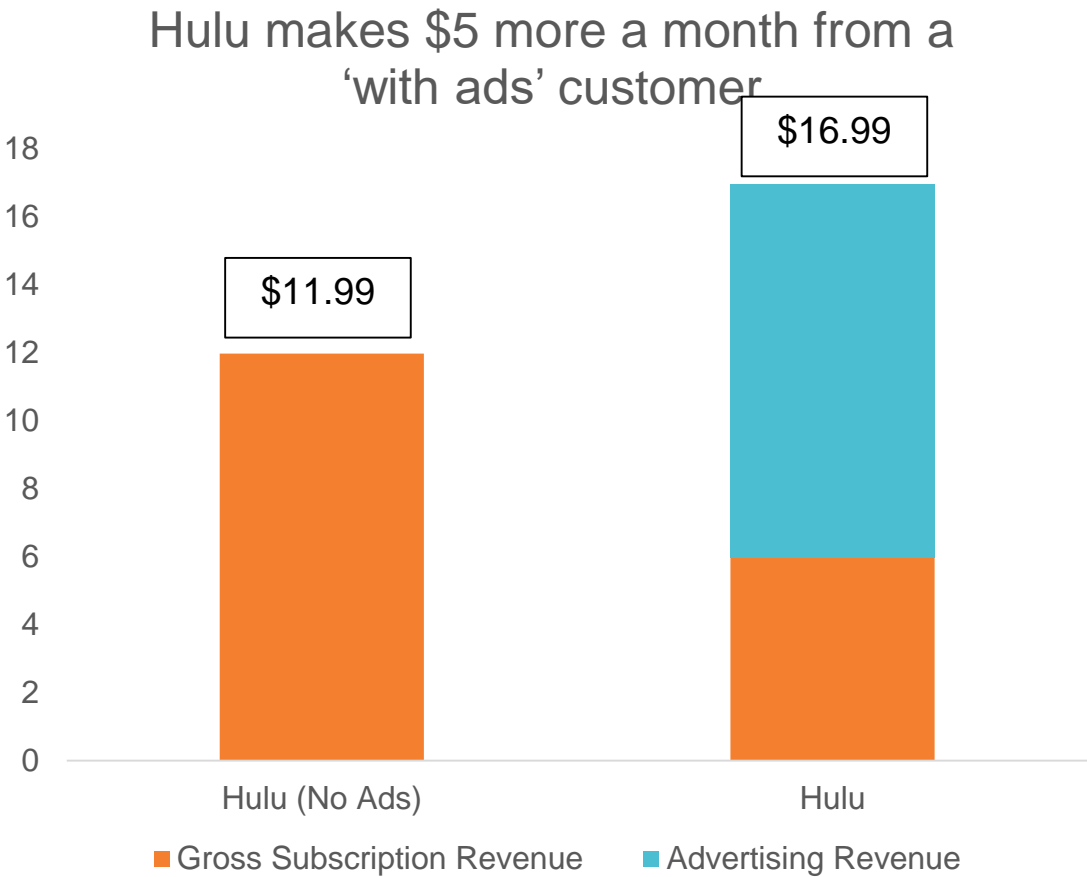
- ✓ Get unlimited access to the Hulu streaming library with limited or no ads. Enjoy full seasons of exclusive series, hit movies, Hulu Originals, kids shows, and more
- ✓ Watch on your favorite devices
- ✓ Switch plans or cancel anytime

AVAILABLE ADD-ONS

No Ads

HBO®

Hulu considers 'No Ads' an optional add-on









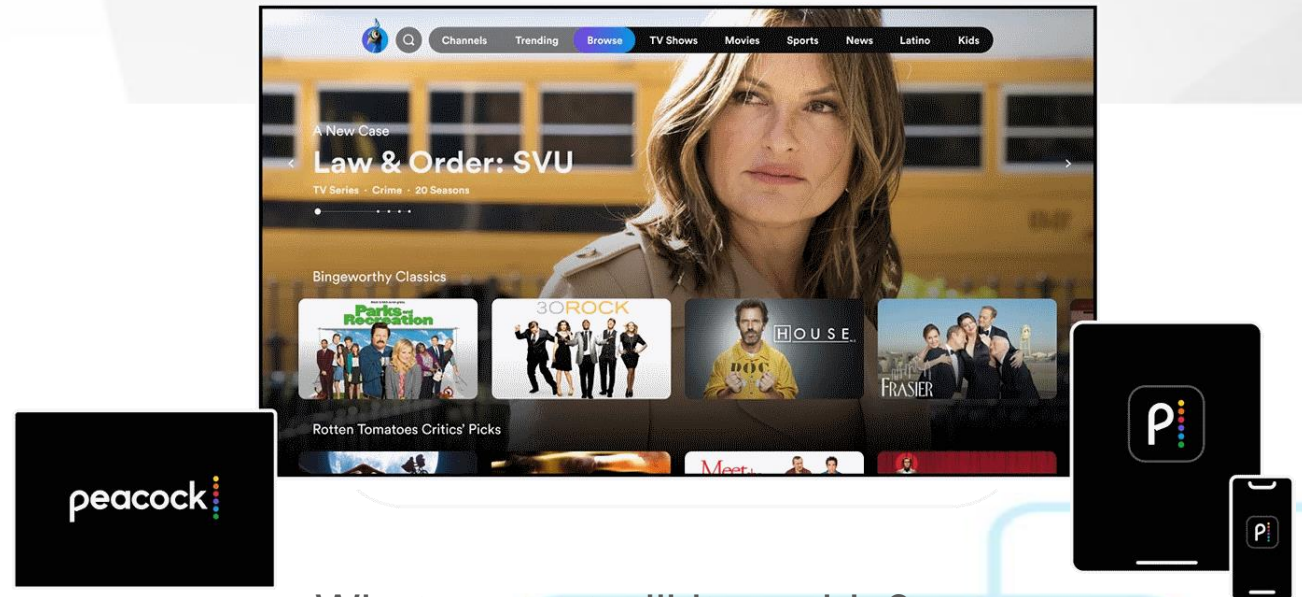
# NBCU's Peacock streaming service

## What is Peacock?

- A broadcast service for the 21<sup>st</sup> century
- VOD and linear channels
- Free ad-supported, 7.5K hrs of content
- Premium ad-supported, 15K hrs of content for \$4.99 a month
  - **Watch ad-free for \$5 more**

## Who can access Peacock

- On April 15<sup>th</sup>, Comcast broadband and pay TV and Cox pay TV subs get premium Peacock for free
- On July 15<sup>th</sup>, everyone in U.S. gets access to free and paid tiers.
- Broad support for mobile and connected TV devices



## What content will it provide?

- Like NBC broadcast channel
- A mix of scripted, unscripted, news, sports, documentary
- “Not everything this company makes is coming to Peacock.” Steve Burke, CEO NBCU
- “Dozens” of programmed/personalized linear channels
- Originals from Kevin Hart, Tina Fey, Mindy Kaling, Amy Poehler, more

## Peacock Economics



NBCU Executives say Peacock will be profitable by 2024. In five years it will have:

- 30-35 million active users
- Watching 5 minutes of ads per hour
- Each user will provide \$6-\$7 ARPU
- Yielding \$2.2 to \$3 billion in ad revenue a year
  - **Possible additional \$0.5 to \$1 billion in subscription revenue**



Peacock's biggest competitor is Hulu. It is not profitable today, but has:

- 30 million subs paying \$5.99 a month or more
- Watching 7-8 minutes of ads per hour
- Each user provides \$10 ARPU
- Hulu subs that watch ads yielded \$3.8 billion
  - **\$1.7 billion in ad revenue**
  - **\$2.1 billion in subscription revenue**



## Peacock – the bottom line

NBCU is the first broadcaster to embrace free online

- Should easily achieve 30-35 million MAUs in 2024
  - **Pluto TV has 20 million MAUs today with lower quality content**
- Olympics will give Peacock a huge boost
  - **Peacock release timed to coincide with start of Tokyo Olympics**

Has pitched service low to gain market share

- Very low ad load
- Conservative ARPU targets
- Profitability doubtful in 2024 unless things change

Hulu earns today what Peacock hopes for in 2024, still is not profitable!

- Where will Hulu be in 2024?
  - **50-60M subs, \$10-\$12 billion in revenue?**
- Comcast NBCU should have bought Hulu in 2018
  - **A better deal than launching Peacock**
  - **“I think Peacock will be a success with consumers but won't be profitable for NBCU for years.” Colin Dixon, nScreenmedia**



# Peacock – will it work?

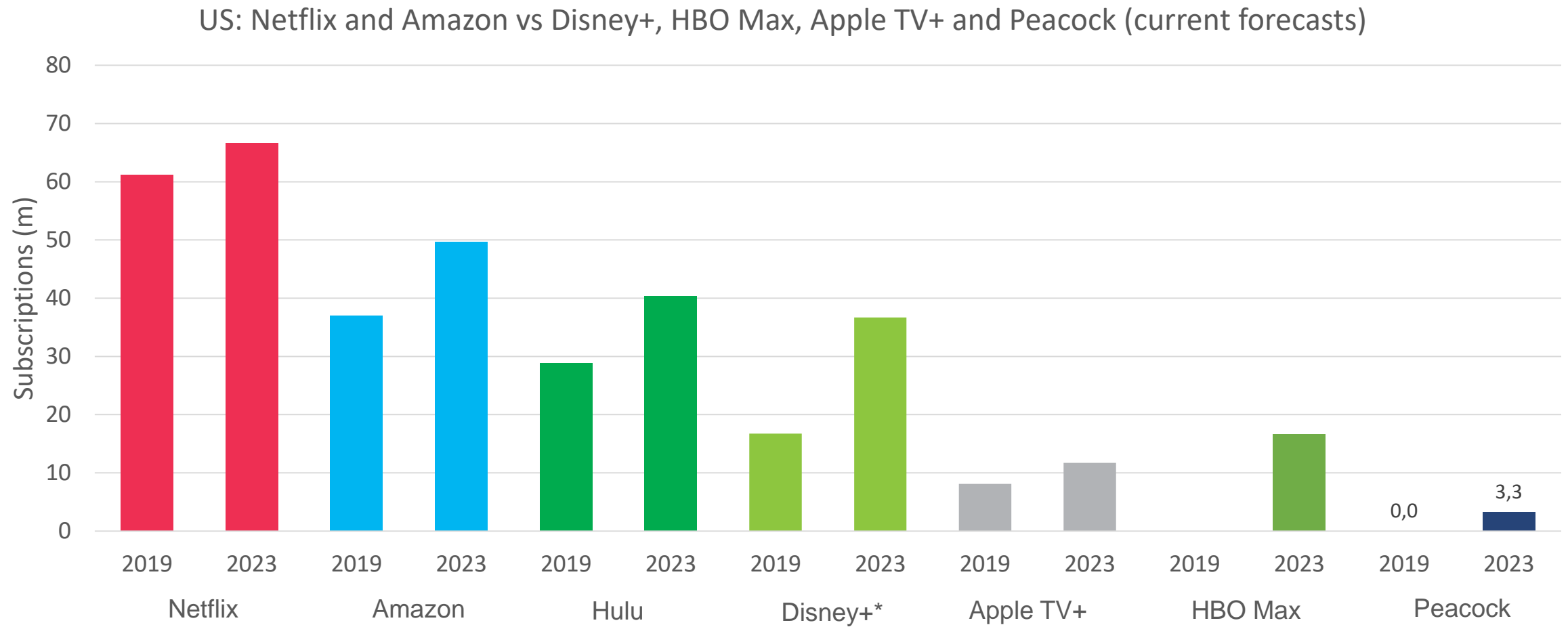
*“By taking away the huge ad loads that have long been the norm for US networks, Peacock has a real chance to be the new disruptor in an industry characterized by change.*

*So can it hit its 30m+ user target by 2024 and make ARPU at the levels it hopes? My bet would be absolutely.”*

**Guy Bisson, Co-Founder & Research Director, Ampere Analysis**



# Netflix and Amazon continue on their growth trajectories despite new entrants



\* Disney+ numbers include Disney+, Hulu, ESPN+ bundle

Source: IHS Markit



# Netflix will not carry advertising because....

*“Doesn’t fit with their brand. Becomes less and less attractive as their viewing time declines...which it is with more competition (only set to get more intense). Far better to focus on modest value-per-subscriber growth.”*

**Guy Bisson, Co-Founder & Research Director, Ampere Analysis**

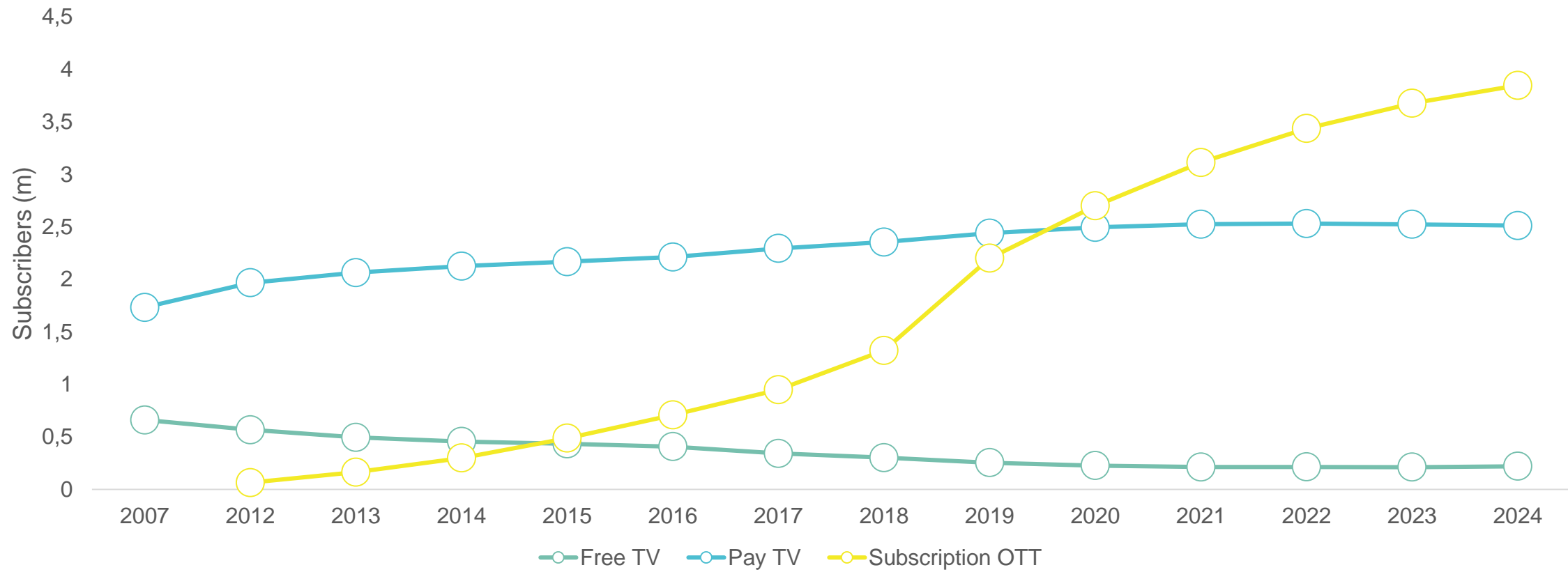


A portrait of Mark Read, CEO of WPP, standing with his arms crossed. He is wearing a dark suit jacket over a light blue button-down shirt. The background is a light blue wall with the WPP logo visible in the upper right.

# WPP

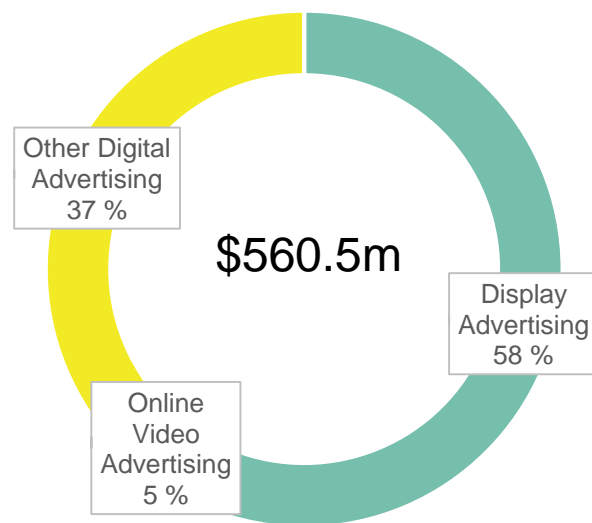
*"I don't think the growth of streaming services means that the demand for marketing and ideas and ingenuity diminishes. If anything, it makes it more important and more valuable." Brands have "to think about expressing it in different ways", **Mark Read, WPP chief executive.***

## Finland: Subscription TV market

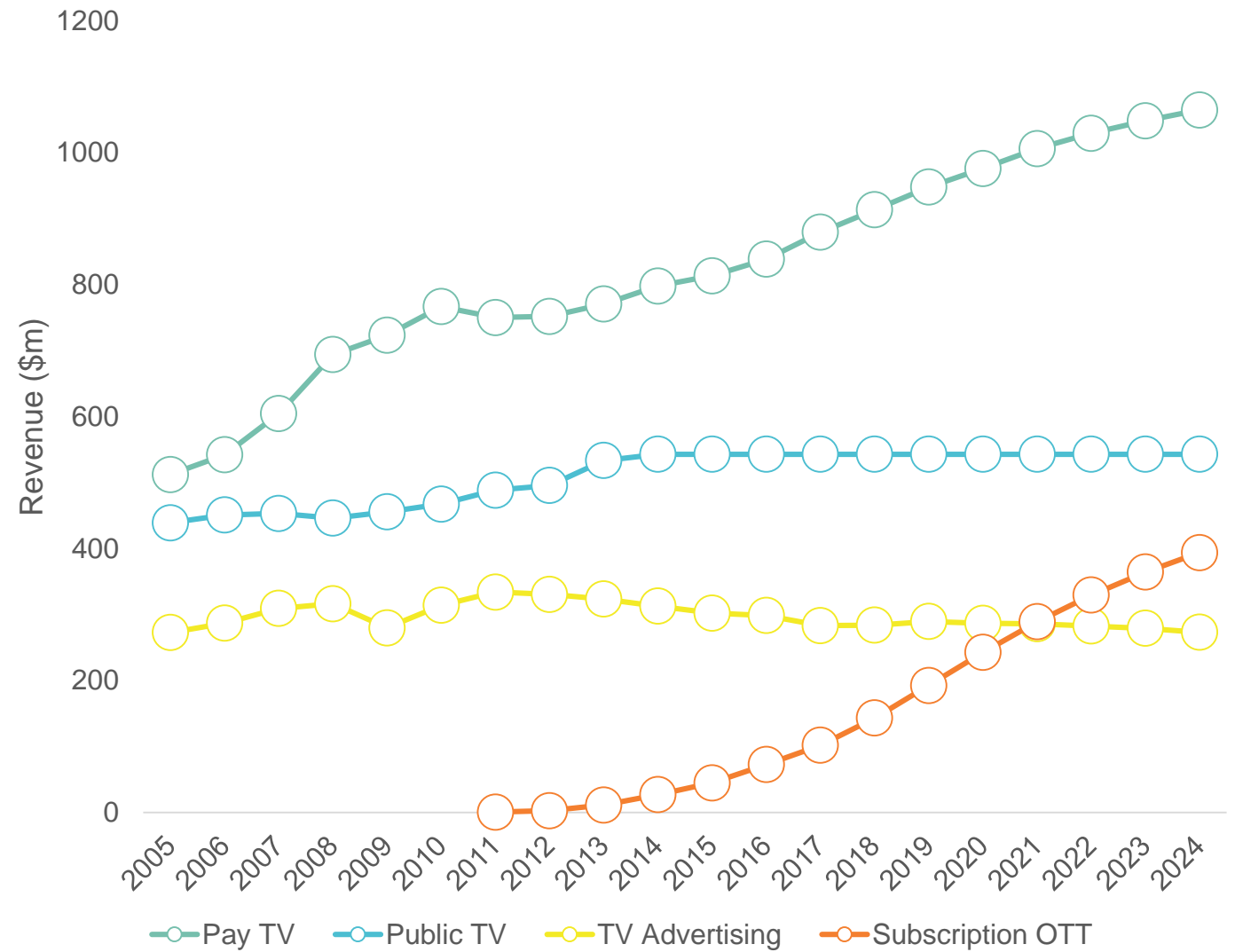




Finland: Online advertising revenue breakdown 2019



Finland: Revenue development





# Collaboration

# Addressable TV Advertising

“The ability to serve ads based on granular targeting capability in Linear and VoD in premium TV environments.”



*Despite the growing interest in addressable, nobody says anymore that it will replace mass-market advertising (as some commentators used to). Addressable is viewed as a complement to ‘national’ (i.e. reaches all) advertising and there are good reasons why. Consensus from Future TV Advertising Forum Global 2019*





**Proving the value of  
the medium/measurement**

**accenturestrategy**

**Cross-channel advertising attribution:  
New insights into Multiplatform TV**

By Craig Macdonald, Mike Chapman, Amit Naik,  
Matthew Fanno & Todd Beilis

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That TV Advertising Is Still Superior to  
Digital**

Network unveils findings during upfront

By Jason Lynch | May 27, 2016 **PREMIUM**




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- 3 5 Perilous Choices You'll Face in the Wendy's Role-Playing Game
- 4 10 Royalty-Free Music Sites Every Online Video Creator Should Know
- 5 This Craft Brewer Is Staking Its Claim in the Burgeoning Non-Alcoholic Beer Market

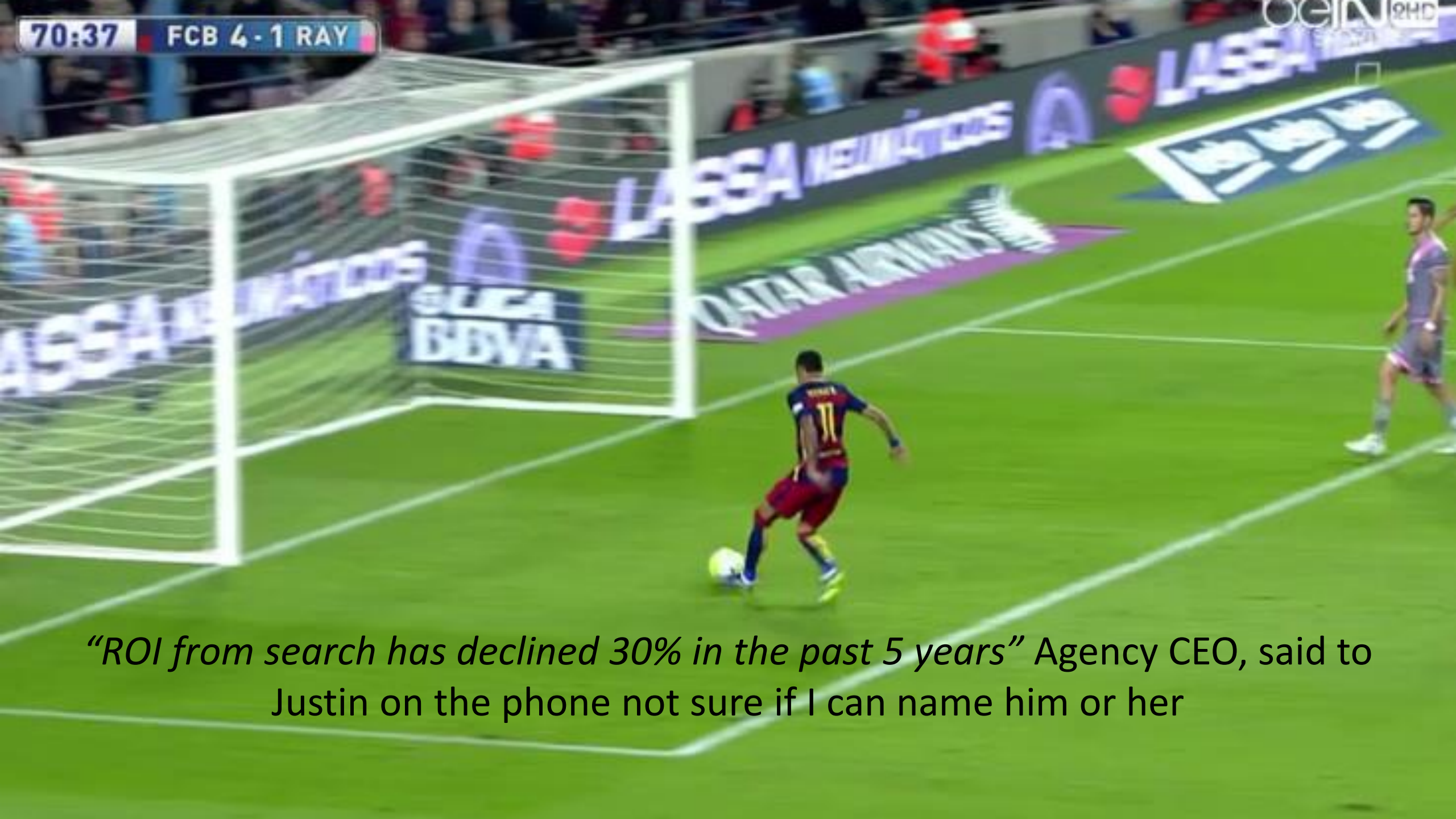
*#goodthing*



Head of Global Media, Bank – said September  
in Canada:

*“Branding matters, 100%, but if our goals are  
based on acquisition and the whole system is  
bonused on how we sell, I push for acquisition.”*





*“ROI from search has declined 30% in the past 5 years” Agency CEO, said to Justin on the phone not sure if I can name him or her*


# CASE STUDY – HIPAGES

Premium television driving results for brands - \*\*\*\*\* measuring the performance of in-program integration and ad content across multiple key metrics ... in *REAL-TIME*!

THE RESPONSE

### 'Get off the paid search drug to build brand': Hipages chief customer officer Stuart Tucker

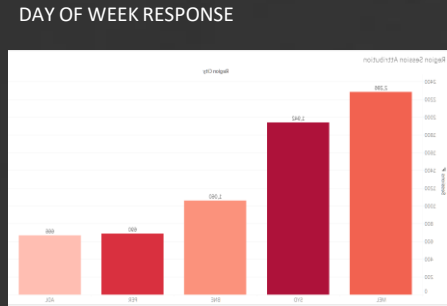
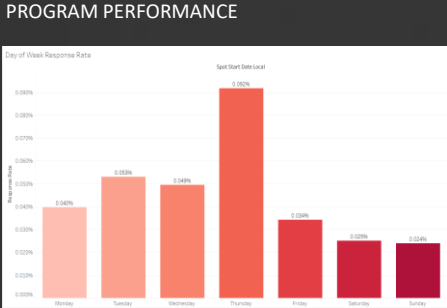
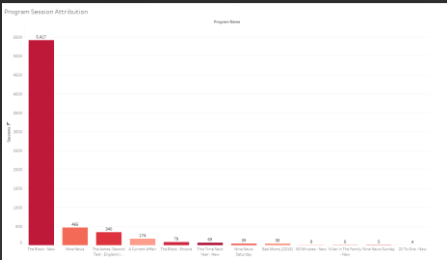
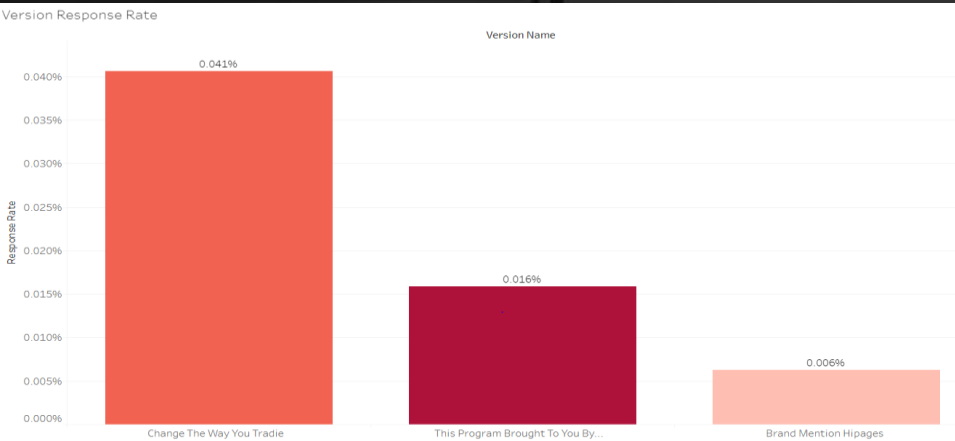
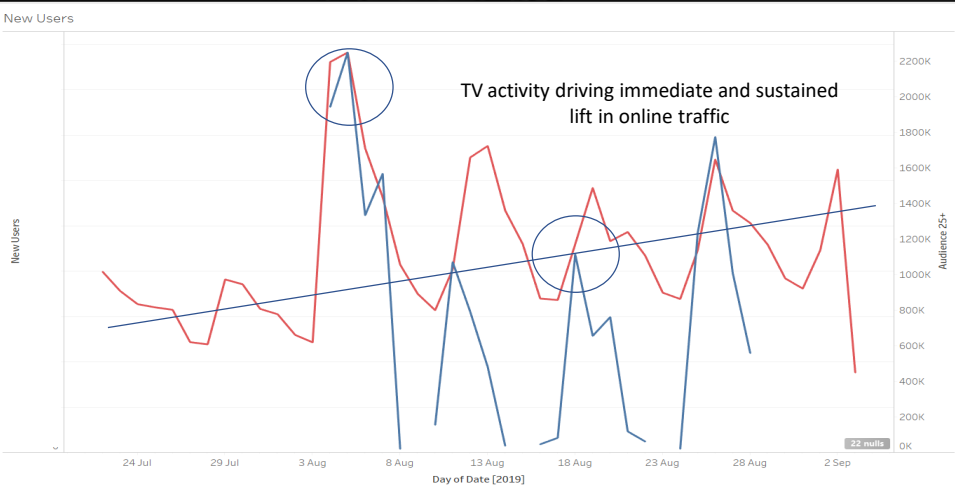
By Paul McIntyre - Executive Editor  
5 August 2019 • 5min read



Hipages chief customer officer Stuart Tucker at Advertising Week: "It's still a very hard working channel for us but we needed to reduce our reliance on the drug of paid search"

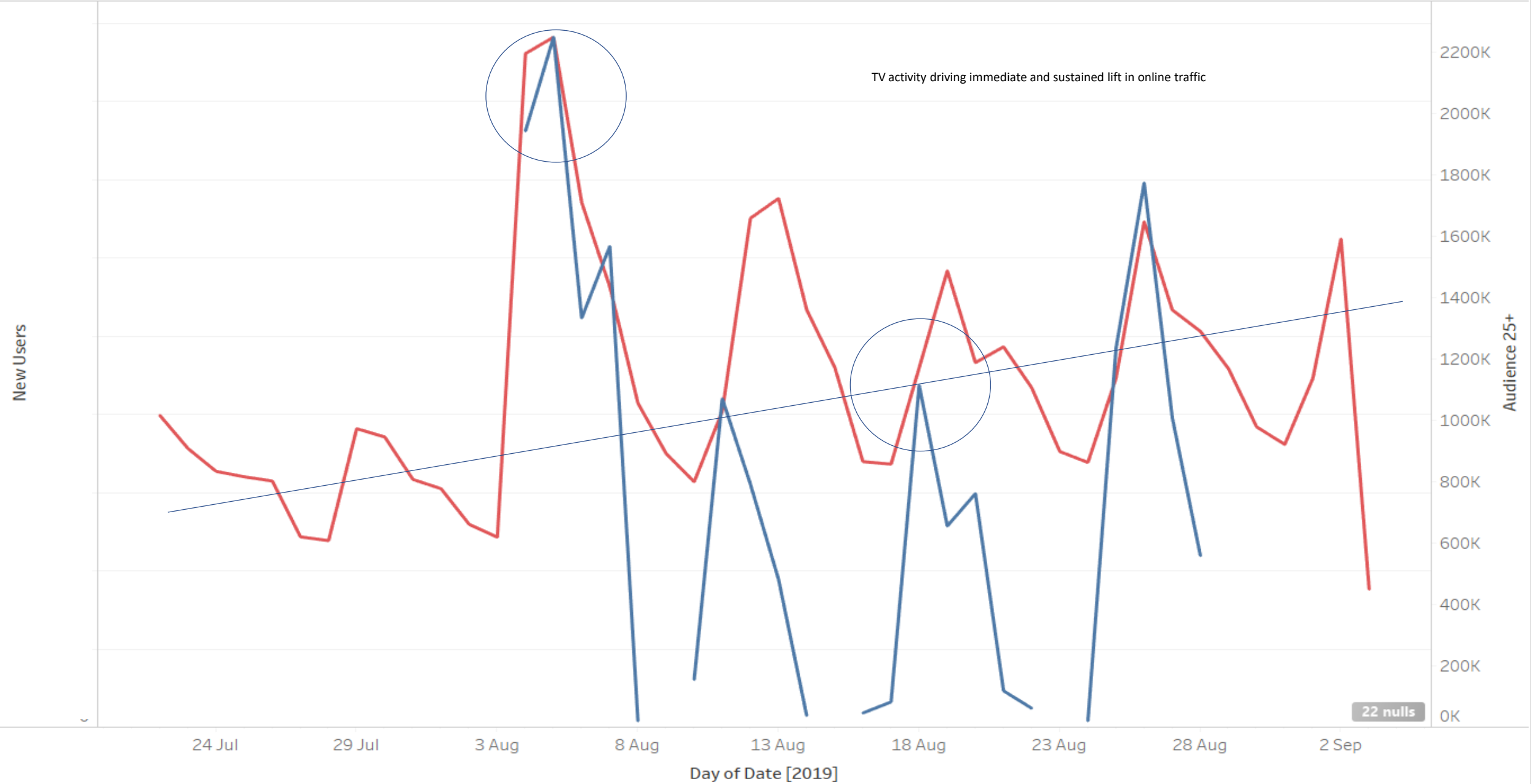
Former KFC, Optus and Commbank marketer Stuart Tucker has done the unthinkable for a digital pureplay targeting the \$70bn market for tradies - he's cut back paid search at Hipages and gone all-in on television to build the brand. The business results are booming ... but there's more to it.

“TV is doing a short and long-term job for Hipages on sales and brand building”  
Stuart Tucker, Chief Customer Officer – Hipages



GEOGRAPHIC DELIVERY

New Users





# To conclude....

Brands have made some poor choices – but not in crisis

Future of TV Advertising will help brands – more AVOD; more ad innovation; more data; more digital like tools

TV should\* become more efficient to trade. Make it easy to buy quality reach

TV will begin to “prove” is it a performance media in a much more granular way

Further along the line, all media will start to work a little better together.....(pipe dream)