



An in-depth look into the current state of TV advertising

Today's TV ads are getting shorter and shorter. From the first half of 2017 to the first half of 2018, the length of the average national TV ad decreased by 3% and the number of national TV ads that last 15 seconds or less grew 9%. The amount of five to six-second national TV ads purchased also increased more than ten times year over year. Despite the shorter air times, top brands continue to spend their advertising dollars on TV.

"This data shows us that the biggest brands from the biggest categories--like Verizon, Ford and others--are still spending heavily on linear TV, even if TV is becoming a smaller part of the mix," said Todd Krizelman, CEO & Co-Founder of MediaRadar. "There's an unmatched advantage from a brand visibility standpoint that comes with TV buys. It's also a brand-safe environment, which has been a challenge online."

"I anticipate that even as buyers ramp up their digital investments, they will continue to spend large amounts on TV, given its benefits."

Top Product Categories (AUGUST 2017 - JULY 2018)

TECH

\$6.99B

TOP 3:

Verizon
AT&T
T-Mobile

MEDIA AND ENTERTAINMENT

\$6.80B

TOP 3:

SlingTV
NFL
Hulu

PHARMA

\$6.66B

TOP 3:

SmileDirect
Entyvio
Xeljanz XR

AUTO

\$5.45B

TOP 3:

GM
Toyota
Ford

RESTAURANTS

\$4.21B

TOP 3:

McDonald's
Taco Bell
Burger King

THE INTEGRATION OF TELEVISION AND OTHER TECHNOLOGIES

Also, because of this developing trend, advertisers feel impelled to find novel ways to optimize their shorter TV air times. Some, for instance, have integrated TV with other technologies. A prime example of this is the Burger King ad from 2017. The fast food franchise implemented Google Home devices in their [commercial](#) to prolong the ad even after their spot was over. Google disapproved of this integration partly because it wasn't informed beforehand and reacted by updating the Home so that it would not respond to that specific commercial. Burger King predicted Google's negative reaction, however, so, when the Home was updated, Burger King launched another commercial with slightly different wording that still turned on the device. While Burger King's efforts generated a lot of PR and were praised for being creative and forward-thinking, they also created conflict and raised the issues of privacy and security, which many consumers desire.

Another brand who successfully integrated TV with other technologies is Volvo. To avoid paying a high price, the Swedish car company opted out of running a spot during the 2016 Super Bowl, [one of the most-watched events on TV](#). Instead, it used other automakers' TV commercials to run a [contest](#). Viewers were told that they could win a free Volvo if they tweeted at the company during another car commercial.

By integrating TV and social media, Volvo created a buzz-worthy campaign and increased the sales of their XC 60 by 70% the month following the Super Bowl, the highest in its segment. In general, advertisers are attempting to play into viewers' multiple screen experience. From encouraging social media engagement to encouraging users to download applications for more information, TV is leveraging other technology.

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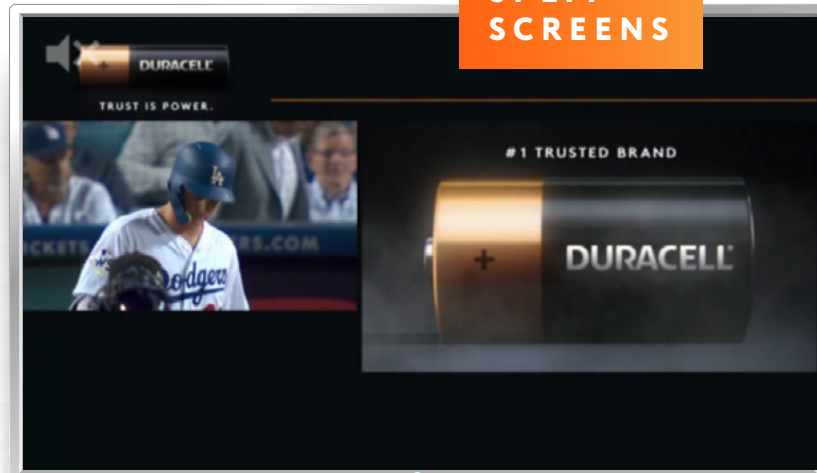
NEW AD FORMATS

To optimize their shorter TV air times, other advertisers jump on new formats that appeal to viewers. One of those formats is the [six-second commercial](#), which mostly airs on sports programs, where an ad will take over most of the screen in between plays, but will not halt the broadcast. While this ad format may create a better experience for viewers who find the fewer number of ad breaks to be less disruptive, it also frustrates brands who want more time to talk about their product. To address this, some brands like [Smirnoff](#) have directly and humorously acknowledged the new format during their commercials.



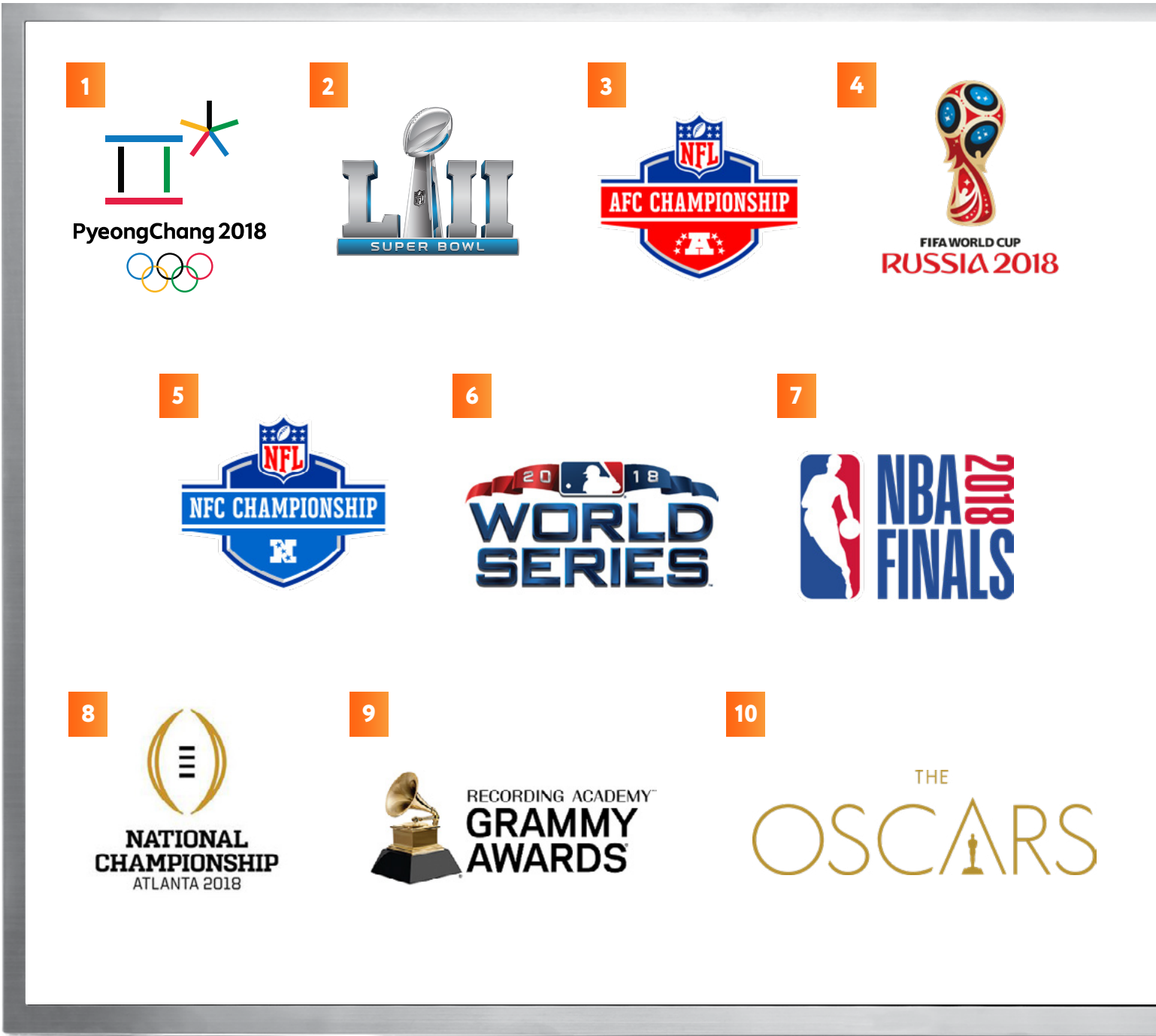
A similar format called split screens or “playing through,” which [the golf channel](#) particularly loves, tries to satisfy both viewers and advertisers - viewers get uninterrupted live coverage of a sport and the channel can show the ads it needs to make money.

SPLIT SCREENS



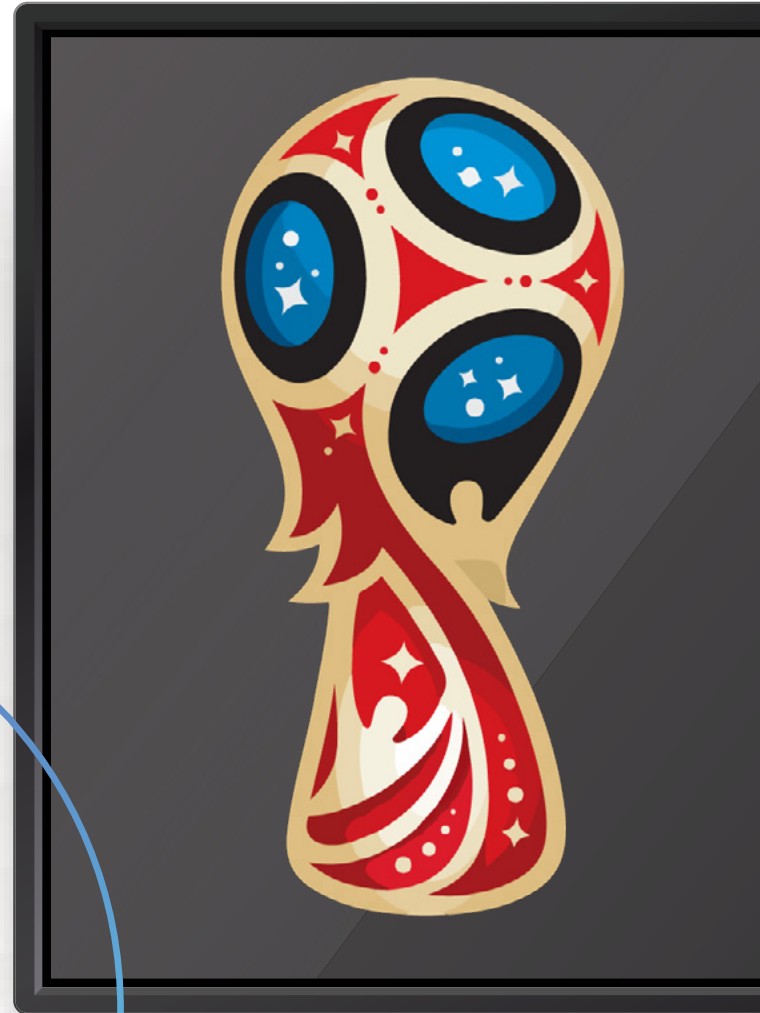
PLAY THROUGH

TOP 10 TV EVENTS OF THE YEAR BY AD REVENUE



THE FIFA WORLD CUP

Let's delve into the [FIFA World Cup](#), which happens every four years and which is listed as fourth in the list above. This event in particular is a great chance to reach Hispanic consumers. 19% of companies who advertised during the World Cup ran more than 50% of their ads on Telemundo. Some brands, including Walmart, Samsung, L'Oreal, and Toyota, even ran over 85% of their World Cup ads on Telemundo. The three largest advertisers of the World Cup were all sponsors. Advertisers continue to use television promotion due to profitable sporting events like the World Cup.



Walmart 

SAMSUNG

L'ORÉAL
PARIS


TOYOTA

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NEW TELEVISION ADVERTISERS

Actually, not only do advertisers continue to use television promotion, but there are also new companies that have just started to advertise on television, noticing its profitability. Those companies include PurpleBricks, A2 Milk, Hims, Zelle, Nectar Sleep, and Snapchat. In the first half of 2018, over 1000 companies were advertising on TV for the first time.

ADDRESSABLE TELEVISION ADVERTISING

Addressable television advertising moves away from large-scale, traditional ad buys to more targeted ones - it can show one ad that is more relevant to one household and another ad that is more relevant to another household during the same program and at the same time. According to research by [Forrester](#), 17% of brands already buy addressable TV units, with another 20-30% planning on experimenting with the format this year. Brands using addressable television advertising hope that the increased relevance will lead to more sales.

When it comes to addressable TV, the U.S. is [the most advanced globally](#) with over 50mm households available. The addressable TV market is estimated to bring in over \$3 billion in ad spend in 2019. Although that number only represents a fraction of all TV spend, it still shows significant growth.

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