TV and Digital Convergence: The New Golden Age

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Television, the advertising workhorse for mass marketers for decades, is today going through a significant digital and data-driven transformation.

Historically, TV was a standalone medium that delivered audiences in a massive, broad way with a lot of efficiency. While its targeting was limited and its measurement blunt, its value was self-evident since it impacted sales results so obviously.

In spite of growing competition from digital media, TV still works for the marketer – delivering large, attractive audiences quickly at scale, and generating real sales and brand-driving impact. However, the increasing fragmentation of TV’s audiences across its hundreds of networks, tens of thousands of programs and viewer-controlled day-parts is now undermining some of its efficiency, primarily because television networks have been extraordinarily slow in adopting new methods in how they package, sell and measure their advertising.

For Chief Marketing Officers looking to justify their TV investment to their CEOs, the proof has historically been directional at best. TV’s predictability and measurement capabilities have never been on par with digital. Fortunately, however, change is now coming quickly to TV advertising. Data and accountability are finding their way into TV’s vocabulary, making this the new TV advertising Golden Age for the empirical marketer.

1. Predicting Audiences

The emergence of household level set-top box viewing data from cable, satellite and teleco companies for tens of millions of US household means that all ad viewing can now be quite precisely projected and measured. Specific target audience can be found and reached in high concentrations across hundreds of thousands of TV spots each week, not unlike how audience-based buying works in the digital world. For the marketer, this makes finding a niche audience on linear TV more predictable than ever before, guaranteeing that the ad will reach its desired customer regardless of his or her fragmented viewing habits.

2. Proving ROI

Systems are now emerging that can match household level TV ad viewing data with current consumer purchase records from credit cards, debit cards, loyalty programs and CRM systems in a privacy-safe way. Because an advertiser needs to know exactly how advertising drives sales, this development is a major benefit for marketers, making it finally possible to prove the true business impact of every TV ad. No longer is TV advertising a “black box” when it comes to how many spots were wasted. Rather, TV media can now be optimized on both an audience and return-on-investment basis. Furthermore, television media can now be integrated, coordinated, jointly measured and attributed with brands’ digital advertising activities.
This convergence of TV and digital will bring significant automation to the buying and selling systems, a welcome change for marketers seeking a simpler and more holistic advertising approach.

As a result of these changes, marketers will now be empowered to demand more accountability across all of their television, and video, ad budgets. This increased transparency around media’s ROI (return-on-investment) will enable brand marketers to treat television ad budgets as a strategic investment, and not merely an operating expense. Furthermore, brands will, for the first time, be able to understand how advertising dollars impact their top-line sales, and how they are performing against their main competitors. All of these developments will enable advertisers to steer their entire media investment towards capturing market share and optimizing for business outcomes.

### 3. Addressing Customers

After years of unfulfilled promises, true household level addressability is starting to emerge in the TV ecosystem for brands who want a more one-to-one relationship between their advertising message and their customer. Cable, satellite and teleco companies have been deploying digital-like addressable technology in some set-top boxes, and more and more networks are making shows available in over-the-top formats with addressable ads.

**While less than 10% of total TV inventory is truly addressable today, this targeting capability is likely to be available for more than 50% of all TV inventory over the next four or five years.**

As TV ad addressability grows, TV companies’ ad platforms will become more tightly connected, eventually merging their video products and inventory for both linear TV and digital video into fully integrated offerings.