How the evolution of TV is changing advertising

A Q&A with The Trade Desk

The world of TV is changing fast. As consumers cut cords and flock to over-the-top (OTT) services powered by their Connected TVs (CTVs)—like Peacock, Hulu, and Sling—advertisers have to keep up. Indeed, the days of measuring reach and frequency on traditional (linear) TVs are fading into the past as advertisers focus on measuring real, outcome-based performance. In other words, everyone wants to know if their TV ads are driving consumer actions in the real world.

Now, as data and ad tech become more advanced, there are more opportunities than ever for advertisers to improve and monitor real outcome-based performance, reach the right audience, and much more.

Foursquare recently spoke with Walker Linares, Director of TV Partnerships at The Trade Desk, the leading independent demand-side platform, to talk about how the evolution of TV is driving a ripple-effect across advertising, including the relationship between CTV campaigns and foot traffic and what to expect in the future of TV advertising.

Read on for the full Q&A.

About Walker Linares

Walker Linares is Director of TV Partnerships at The Trade Desk where he manages the relationships with a variety of TV partners, from traditional broadcasters to digital-first publishers, to enable their inventory to be available programmatically to The Trade Desk clients.

Walker has been in the programmatic space for nearly a decade, previously working at various companies such as SpotX and AudienceScience, specializing in programmatic partnerships. Walker graduated from Dartmouth and lives in New York with his wife, Jenna.

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Q1

How has COVID-19 impacted the way people are consuming TV? How have advertiser dollars shifted as a result?

COVID-19 has accelerated the shift from linear to Connected TV. More people cut the cord in 2020 and even more plan to do so in 2021. According to a YouGov survey we released in January 2021, 27% of U.S. cable subscribers intend to cut the cord in 2021, up from 15% in 2020. One key place to call out is in sports, a primary reason for many people to keep cable. Nearly 39% of sports viewers are now watching sports primarily via either ad-supported streaming platforms (21%) or social media platforms (18%).

Advertising dollars didn't immediately follow the surge in CTV viewership we saw in 2020, as advertisers paused their budgets. However, we saw a massive acceleration in the 2nd half of the year, and we anticipate this will continue in 2021. Although consumers have migrated to CTV, advertisers are still over-indexing their TV budgets in linear compared to where consumers are spending their time watching content—something that will continue to even out.

27%

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Interesting COVID-19-related TV and location data trends: Fox News viewers have been out in the physical world significantly more than MSNBC viewers since April 2020. Visits outside of the home declined by nearly 30% amongst MSNBC viewers at the height of the pandemic, whereas Fox News viewers' non-home visits only declined by 22%. Read more here.

People who watched NFL games on TV are more likely to go shopping in the real world than the average U.S. consumer—foot traffic to shops/services amongst NFL TV fans is up +56% as of December 18, 2020 (vs. up +5% amongst all U.S. consumers). Read more here.

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Q2

How do you see TV evolving over the next 1–2 years? How will TV linear buyers shift their mindset from the gross rating point (GRP) to performance-based outcomes available on CTV?

Data and measurement will be key to shifting over budgets from linear TV to CTV. Instead of relying on things like GRPs to measure success, advertisers have a myriad of data and measurement tools to build sophisticated media plans and get real ROAS (Return On Ad Spend) data. They can then use this to optimize their campaigns in real-time, which leads me to the next shift I see—flexibility. In our January report with YouGov, we found that nearly 60% of linear TV buyers said they are making few upfront commitments in 2021, and that's because they want the flexibility to spend where they see real business results. The ability to use data to only serve ads to households you want, measure the results, and then continue to refine and optimize your media plan is a huge differentiator.

Q3

Can you explain how advertisers are actively moving dollars from linear to CTV?

Today, a portion of most upfront buys is dedicated to inventory that is being digitally streamed. Many brands and agencies are telling their TV partners they want that digital portion to be executed programmatically and many TV partners are happy to have the conversation.

Some brands and agencies are using data to assess how much to set aside from their upfront budgets for programmatic Connected TV. They're taking the data assets they care about most—first- and third-party data—forecasting it against all the inventory that is available programmatically, and setting that money aside from their upfronts to maximize their ability to accurately connect with audiences.

Some even take it a step further by leveraging this data to influence which partners they'll work within a traditional upfront capacity—using it in negotiations to make sure they're investing in the networks that connect with their audiences most.

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Q4
Why is location data valuable in the context of TV advertising?

Location data can be incredibly valuable for a brand because it opens up new forms of precision and measurement that weren't historically possible. In linear TV, there are basically two options—buying nationally or buying locally. For many brands, something in the middle is ideal. If you have a business that has multiple storefronts, focus on advertising in the surrounding neighborhoods. Brands can even set up strategies to pay more for customers that are closest to their store and less for those that are farther away, something that's important for industries like QSR. The ability to then measure the results ties it all together—something I'll touch on more in the next question.

> "With location data and precision in CTV, a brand can easily set up a campaign to only focus on the areas that matter to them."

Advertisers can benefit from various types of data to help strengthen their buys and drive conversions:

- First-party
- Third-party
- Location
- Purchase
- Online
- Social
- Attribution contribution

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Q5

What is the best way to measure the effectiveness of a CTV campaign?

There are many ways to measure the effectiveness of a CTV campaign, from simple reach and frequency metrics to real business results and the most sophisticated brands in CTV are using a combination of measurement tactics.

The first is relatively straightforward: how many households did my ad connect with and how often? While it may seem basic, this is not possible in linear TV and is important when you start to think about how fragmented the CTV ecosystem is, both in terms of devices and apps. CTV allows an advertiser to see exactly how many households they served an ad to and what the exact frequency was across all the various devices and apps that a household uses to watch CTV. This helps a brand make sure that they have the right diversity of CTV publishers to connect with as many customers that matter while making sure they aren't serving too many ads to any individual household.

Another example is online attribution. Most viewers aren't buying anything on their CTV devices today for a variety of reasons, but brands can still understand when a customer makes a purchase on the phone or laptop after viewing an ad on their CTV device.

The other main way to measure business results is in offline measurement, both in-store purchases and foot traffic. If you're a brand that sells your products in stores, you can use a variety of partners to measure purchase data to see if someone who saw your ad bought your product in the store. Foot traffic measurement is important for many types of businesses. They can answer what used to be a challenging question: "did the customer that saw my ad actually visit my store?" The ability to understand if someone who saw their ad visited their brick and mortar location is a massive differentiator in CTV.

How Foursquare can help:

FSQ/Audience
Foursquare Audiences are highly-customizable, scalable, and based on real-world foot traffic. Activate audiences across your entire TV buy.

FSQ/Attribution
Foursquare Attribution is the industry's leading multi-touch attribution solution. We connect campaign exposure to real-world visits, revealing the incremental impact of your ads, your top drivers, and your opportunities to optimize.

FSQ Visits
Foursquare Visits allow CTV customers to optimize campaigns based on foot traffic in real-time within The Trade Desk.

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Q6

What do you think the future of the Upfronts will look like? Will CTV become a critical part of every advertiser's deal?

CTV is already becoming a critical part of every advertiser's Upfront conversation. The consumer shift means this is a necessity and since major networks like Disney, NBC, and ViacomCBS (to name a few) are investing heavily in their own CTV/streaming apps (i.e. Hulu, Peacock, and Pluto) and their CTV inventory is becoming a main part of the Upfront conversation. This will only continue as more people cut the cord and switch to CTV, and major media companies invest more in DTV streaming services. The other piece that is shifting is around how advertisers are prioritizing their own data over content. They no longer want to just buy content but to use their own data and understand the ideal cross-section of data and content.

The same data and insights used for planning digital can be used for Advanced TV/Connected TV
- Real world behaviors and visitation
- Online behaviors
- Purchase data
- First-party data / customer data

Want to learn more about how location technology and data can help your business in the new era of TV advertising? Contact us at hello@foursquare.com

About FOURSQUARE

Foursquare is the leading independent location technology company, powered by our deep understanding of how people move throughout the world. Our solutions help businesses make smarter decisions, developers create more engaging experiences, and brands build more effective marketing strategies.

Foursquare's platform includes Attribution, Audience, Pinpoint, Proximity, Places, Pilgrim SDK and Visits. As the industry's first and only accredited company for location data from the Media Rating Council (MRC), this foundation powers all our solutions—those that exist today and those we have yet to build. Over 14 billion consumer-verified place visit confirmations help us keep our map and models fresh and up-to-date, building a phone's-eye-view of the world with 95 million unique places of interest worldwide.

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