TV’s roadblocks to digital advertising’s future

It’s a time of smartphones, hyper-targeted digital ads and social platforms with billions of users. How, then, has TV continued to attract the majority of ad spend over the years? It turns out TV benefits from systemic inertia in the ad buying process that digital advertising has yet to overcome. Here are three factors that are helping TV maintain the status quo.
Roadblock 1: Audience targeting

Digital advertising still can’t beat TV when it comes to reaching a mass audience. And while digital ads can more precisely target audiences than TV ads, the complexity of nuanced targeting can be a hurdle for some advertisers.

Direct-buy TV

Propped up by existing infrastructure, broadcast TV boasts impressive reach, especially for sports. NFL’s Thursday Night Football, for example, averages 17.1 million TV viewers. Viewership of this size is especially appealing to big advertisers.

Programmatic digital buy

Streaming NFL Thursday Night Football delivers 331,000 viewers on average. Infrastructure challenges, such as limited bandwidth capacity, currently hampers further reach.

Segmentation and targeting is straightforward, but limited to timeslot, age, gender and market location. A certain timeslot may connect an advertiser to an audience based on demographics, but does not allow for additional message personalisation.

Targeting

Layering complex user data from various sources allows digital ads to hyper-target audiences. While this enables more personalised messaging, it also requires advertisers to invest in understanding all options.
Advertisers and agencies have dedicated teams focusing on TV ad buys through established workflows. Dynamic ad insertions and targeted ads are innovations in the industry, but adapting to the demands of digital advertising requires restructuring of resources and teams.

Intricate and ever-evolving, automated bidding drives programmatic digital ad buying. Multiple parties execute programmatic ad buying and must stay involved to improve real-time results, making the process complex and labor-intensive. Facebook and Google, with their simple ad buying processes, are major challengers to the complicated programmatic digital ad buying model.

Roadblock 2:
Workflow structure
The workflow for buying and selling TV ads has been set in stone for decades. Only new, external shocks will disrupt the system.

TV ad buying process
Advertiser
→ Ad agency/media agency
→ Broadcasters and networkers

Programmatic digital ad buying process
Advertiser
→ Ad agency/media agency
→ Publisher
→ Trading desk
→ DSP (Demand-side platform)
→ Ad exchange
→ Publisher’s ad server

5 full-time employees needed for $100 million TV ad buy

5 full-time employees needed for $5 million programmatic digital ad buy
Roadblock 3: Metric standards

Digital advertising measurement standards don’t exist as uniformly as they do for TV. This leaves the measure of success open to interpretation from publisher to publisher — and even from ad to ad.

Like the buying process, TV advertising and viewership metrics are standardised across industries, helping advertisers gauge success across both broadcast and cable networks.

This standardisation promotes easy comparison of ad campaign results. And as long as advertisers can justify their spend, they’ll continue to prop up TV.

Measures of digital ad success vary from advertiser to advertiser and also from publisher to publisher: each platform may have its own definition of a “view,” for instance.

Therefore, industry-wide standardisation is proving difficult, making advertisers work harder to determine metrics that can justify online ad spend.

In conclusion:

By removing one or more of these roadblocks, the media industry may see a seismic shift that could render today’s network and cable TV business models obsolete.

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