TELEVISION

Television is a losing channel

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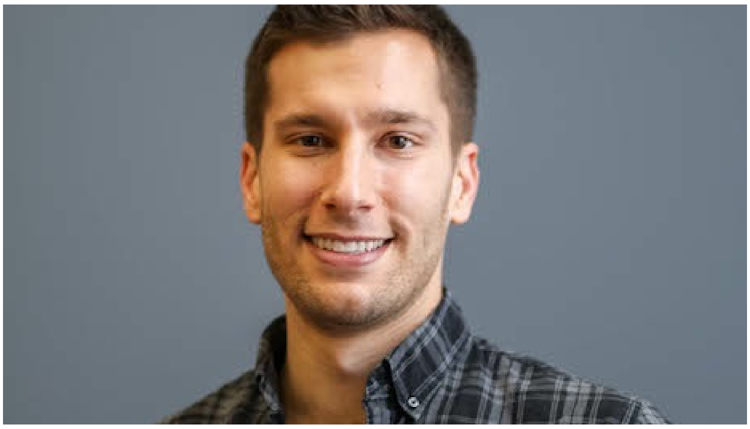

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By Evan Magliocca

Television is still considered to be the "creme de la creme" of advertising platforms. Just take the Super Bowl, for instance. This year CBS charged $5.25 million for a mere 30-second spot during the Big Game. But was it really worth it?

The advertising and marketing industries continue to focus significant attention and time on TV, but traditional TV viewership is falling behind and falling faster every year.

With streaming services such as Netflix, Amazon and Hulu investing in original content and enhancing their entertainment offerings, more viewers are flocking to non-traditional platforms to watch shows. This also means that they are digesting advertising and marketing content in new ways.

TV's outsized influence is gone. It is time that we recognize traditional TV advertising as a devolving component of the marketing mix and look to the future.

Cutting the cord faster
Cord-cutter statistics show how quickly TV is changing, and it is happening at a rate much faster than previously expected.

EMarketer estimated that 33 million adults would cancel their pay TV services in 2018, up from 25 million estimated cord-cutters in 2017.

The total universe of traffic for advertising and marketing content on traditional TV is now a much smaller pond, while monthly viewership on streaming services continues to climb.

TV's history of huge viewership used to make up for the fact that it is an unmeasurable channel. Yet as that viewership continues to shrink, marketers need to re-evaluate the value and profitability that TV can create for their brands.

Even cable providers go streaming
Although cable providers, traditionally, have marketed their services as add-ons to TV packages, many have embraced the exodus to streaming channels and developed their own Internet-delivered video services and

applications.

Cable providers anticipate significant headwinds for traditional TV. Their actions should be the canary in the coal mine and signal a paradigm shift for marketers.

Spectrum, Comcast, AT&T, Verizon and others have all launched streaming services to keep up with their competition.

Currently, HBO Now is a top streaming competitor. Amazon has announced streaming partnerships with premium providers such as Showtime and Starz. Sling TV has packages heavily geared to a generation accustomed to streaming.

Showtime even partnered with Hulu and Spotify to launch a student subscriber package that would appeal to a younger generation.

Cable providers are finding a way to stay afloat and even thrive as traditional TV viewership continues to sink. If the cable providers see the writing on the wall, why cannot advertisers?

No guarantees

To make matters worse, viewers have also become accustomed to a more engaging or interactive content experience, which means they will not make time for ads that do not add value to their programming.

Because TV advertising, by nature, is less targeted to appeal to wider audiences, this leads to passive viewing, wherein the viewer partakes in other activities during commercials because they do not find the content to be relevant.

In fact, with attention spans shortening, there is a good chance that those same viewers are actually interacting with their phones most likely a digital ad or email marketing while those commercials play to an empty audience in the background.

Commercials have absolutely no guarantee of being seen or understood by potential customers.

Services such as DVR and video on demand (VOD) have added to the problem by making it possible for viewers to skip commercials completely.

Measure by measure

What streaming services have figured out that TV has not is how to properly leverage user data.

Using surveys, tracking pixels and viewership data for specific programs, streaming services can track what content is performing well, what types of content appeal to similar audiences, and even what content is driving viewers to click through to branded sites to make purchases. TV just cannot do that.

In fact, there is no any real correlation between TV viewership and sales. It is completely unmeasurable.

AS A MARKETER, the choice is yours: Do you want to spend millions of dollars marketing on traditional TV just because it is the status quo? Or would you rather invest in Internet-based services, with proven growth records, that can help you to directly track business value?

TV is a losing channel. If you do not give in to the peer pressure, you just might emerge a winner.

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