

# IDEAS AT WORK

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## Streaming TV: The Fastest Growing Frontier in Advertising

### Takeaways

- The number of people watching streaming TV has surpassed broadcast and cable
- Streaming TV advertising offers lower barriers to entry and greater personalization
- Use real-time metrics to adjust your streaming TV advertising campaigns

It should come as no surprise that I love watching sports. It's where I spent the first part of my life! Even though I can't throw a ball 40 yards downfield anymore, or dodge a defensive lineman, I can still appreciate today's amazing athletes. I've got a great spot set up in my house where I can watch everything from the Masters to the Olympics to all the NFL and college football my heart desires.

With this most recent Olympics especially, I couldn't help but notice how much more we're using streaming. Sure, I could watch the standard coverage on the networks and cable. But on streaming we could watch every single event, live or replay. That goes along with the trend of the NFL airing games (including playoff games) exclusively on streaming, Amazon winning the NBA's TV rights this year, and more. All that's on top of the TV shows and movies we've watched on Netflix and other streamers for years.

This is a huge change! But change also means opportunities for smart business leaders. This article from our Paid Media Director really shows you how businesses can take advantage of new technologies to get their message out there. Read it!



*For Tarkenton*

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Millions of fans all over the world look forward to watching the summer Olympics every four years, from the pageantry of the opening ceremony to the excitement of the 40-yard-dash, the 100-meter freestyle, or the balance beam routines. But this year marks the first time that more Americans are watching the Olympics on Streaming TV than on basic cable or network. And this shift in TV viewing habits has significant implications for business leaders.

The trend is not just for watching sports: Two years ago, for the first time ever, the number of people in the U.S. watching TV on a streaming platform surpassed the number of people watching TV shows on basic cable or network TV. Streaming TV, also called CTV (connected television) or OTT (over the top television), has seen a surge in viewership since its inception: today, 80% of people ages 25 to 54 prefer to watch their content on streaming TV.

While we often hear that people are addicted to watching videos on TikTok, Instagram, and Facebook, 70-80% of all digital activity is streaming television (long-form content). Meanwhile, traditional TV is seeing a 9.6% average decline in subscribers year over year. The trend is impossible to ignore: streaming TV is where all the eyeballs are going, and it's here to stay. Which means businesses need to figure out how to adjust their ad strategy to reach their market.

### The Rise of Advertising in Streaming TV

The dawn of streaming TV in the 2000s, heralded by Netflix, Hulu, and YouTube, was a paradise for viewers: endless content whenever you wanted it, wherever you wanted it, at a low monthly cost, with no pesky ads to mar the viewing experience. Fast forward to today, and these same platforms are scrambling to monetize their viewers and compete with a surge of competition. Dozens of streaming platforms have emerged, most of them with ad-supported tiers that offer lower monthly fees to inflation-afflicted consumers.

This proliferation of ad-supported streaming platforms presents business leaders with an opportunity – and a challenge. How do you navigate this new world of streaming advertising to maximize your impact and your investment?

## The Advantages of Advertising on Streaming TV Over Traditional Television

Whether or not you've invested in TV advertising in the past, streaming TV offers some distinct and unique benefits that might just make streaming ads worth considering. For example:

### ● Lower Barrier to Entry

Traditional TV advertising, particularly during high-profile live events like the Oscars or the Olympics, requires a significant financial investment that can be prohibitive for smaller businesses or startups. Streaming TV advertising offers flexible and diverse pricing models, as well as the capacity for advertisers to scale their campaigns according to their budget and objectives. Does your business want to start small with a local campaign or launch a nationwide ad blitz? Streaming TV advertising accommodates both, ensuring that even businesses with modest advertising budgets can effectively reach their target audiences.

### ● Programmatic Marketing

Programmatic marketing leverages vast amounts of consumer data to target ads more precisely. Advertisers can define specific audience segments based on demographics, interests, behaviors, and viewing habits. This means ads are more likely to reach the right people at the right time. Traditional TV, in contrast, uses more static metrics like audience ratings and broad demographic estimates.

### ● Optimization

Streaming TV advertising offers a range of performance metrics that traditional TV simply cannot match. Based on how viewers respond to their campaigns in real time, advertisers can adapt their strategy as they go along, making changes to how long their ad will be, how many times it will run, and who it is targeted to.

## How This All Looks in Action

Back in the day, if you wanted to buy an ad on your local TV station, you would call a broadcaster or ad agency and tell them you wanted to run a 15- or 30-second ad spot, probably several times over the course of a certain period. Once you agreed to the terms, signed a contract, and released your ad, you were locked in. There was no flexibility in pricing, no way of knowing the specifics of the attention metrics you were getting, no ability to tweak your campaign if it wasn't working.

Here's how the process goes nowadays on streaming TV. Instead of having to negotiate for ad space with a broadcaster's sales rep, you use programmatic advertising platforms to bid on ad space in an automated buying process. Once you launch your ad, you'll be able to get metrics like:

- How many people were watching in a given household?
- Was the sound on or off?
- How many other devices were in the room while the ad was showing?

In addition, not only do you have access to the consumer data on the device that was used to stream, you now have access to the data of all the devices in that household – all phones, TVs, and laptops, which are connected through something called a unified ID. (That’s why you see an ad for sneakers on your phone after you’ve searched for sneakers on your laptop and seen a Reebok ad on your streaming platform.) All of these metrics and more can be used to fine-tune your advertising strategy in real time on a flexible budget.

## How Do Streaming TV Ads Fit Into Your Overall Marketing Strategy?

A few caveats: First, streaming TV advertising is still an indirect ROI driver; unlike social media or online ads, for instance, a consumer can’t immediately click from a TV ad to your website to buy (although QR codes are beginning to challenge even that barrier). The main benefit of TV ads is to efficiently build targeted brand awareness over time. Remember, you’re playing the long game here, so it’s important to ask yourself: Is your ad nested within a larger campaign? What is your long-term strategy? Do you have digital-first marketers with direct marketing savvy overseeing the marketing initiatives for your business? It’s also important to note that individual businesses are not in a position to buy streaming TV ads at competitive rates on their own. The best deals are only available through third-party buyers, so be prepared to use an experienced streaming agency for your ad buys.

Nevertheless, the ability to track, retarget, follow-up, monitor, adjust, amplify, pivot, and laser focus on your target market makes streaming TV ads a much more powerful tool than old-school TV. Which means it makes sense to consider adding this to your portfolio, even if you’ve never tried TV advertising before. By leveraging the flexibility, precision, and real-time optimization capabilities of streaming TV advertising, businesses can stay ahead of the curve and maximize their marketing efforts in this rapidly changing landscape.



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