



## The Year of Agility: Connected TV to Drive Retail Success

# Introduction

While you may not draw immediate parallels between the retail and television industries, there's one indisputable fact: 2020 forced radical change in both industries that are here to stay.

Currently there are over 84 million American homes streaming through connected TV (CTV) devices. That is six million more than cable TV subscribers. It is critical for brands to stay agile and to understand the opportunities that are now available to reach those customers where they are—before the CTV landscape becomes overly saturated.

Connected TV offers a personalized, audience-first media channel where you can buy and measure in the same way you buy on YouTube, Instagram or Facebook. It integrates seamlessly across all other channels including social and search, and offers actionable data that feeds all other channels.

CTV is affordable. It is effective. [It is here to stay.](#)

That's why we created this guide for driving retail success with Connected TV (CTV) as a primer for truly understanding:

- 01 What is CTV and why is it important?
- 02 What goals can CTV achieve for retailers?
- 03 How is CTV measured?
- 04 What are best practices for retailers to integrate CTV?
- 05 What can be learned from CTV success stories?

We also created an easy-to-circulate [CTV Reality Reference Guide](#) to share with your teams in order to dispel myths and misconceptions about the medium. You will gain a shared understanding of the present opportunity to adapt and drive success with CTV in 2021.

We cover how brands that have historically found linear TV to be cost prohibitive realize the potential that CTV provides with its affordable point of entry. For brands with linear TV experience that want to tie specific performance goals to their ad spend, CTV's ability to act as a direct-response performance channel makes it an excellent option. Simply put, CTV provides a personalized, audience-first approach that you can buy and measure in the same way you buy on YouTube, Instagram or Facebook. It provides data to your organization that informs your entire media mix, and can be closely integrated with social and search campaigns to drive to impactful business results ranging from direct sales to increased foot traffic. With the same targeting and measurement capabilities as performance media channels, like paid social, and the ability to integrate with other digital media channels—CTV enables full funnel measurement.

Now, if you're among the majority of Americans, you are already spending hours consuming CTV. Let's take a look at the state of retail, the common misunderstandings surrounding CTV and the reality of the enormous opportunity in front of advertisers.

## Background: Retail's rapid evolution and new reality in 2021 and beyond

While a select few categories (like grocers, big box retailers and many CPG brands) enjoyed massive COVID-fueled growth in 2020, the majority of retail brands weren't as fortunate. There were months of grim headlines announcing closures and restructuring. All in:



- ➔ 38 national retailers and restaurants filed for bankruptcy while many others downsized their footprint and headcount.
- ➔ Iconic brands from GNC to Lord & Taylor and Stein Mart all permanently shut their doors.
- ➔ Yelp estimated that over 800 small businesses closed daily.

As winter turned to spring and spring to summer, the typical upticks in seasonal fashion were nowhere to be seen. Instead, consumers were stockpiling toilet paper and hoarding hand sanitizer while wearing pajama bottoms on Zoom calls.

When shelter-in-place orders took effect and non-essential retailers were forced to close, consumers rapidly shifted to online shopping and eCommerce reached an all-time high of 16.4% of total global retail sales, according to Shopify. That growth was especially significant in the grocery category, where regional grocers and national players saw pickup and delivery services grow over 90% on average in the 2nd quarter.

However, other brands—from luxury to lifestyle—didn't fare as well, as cost-conscious consumers pared back spending in apparel, beauty and footwear. The ones that survived adapted and quickly pivoted to meet consumer demand for drive-through pick-ups, BOPIS (buy online, pick-up in store), and virtual shopping appointments. Even though the fashion category dropped 25-40% last year according to B. Riley Securities, analysts expect a strong comeback as vaccines are distributed, the seasons change again and consumers make their long-awaited return to the office, restaurants and social events.

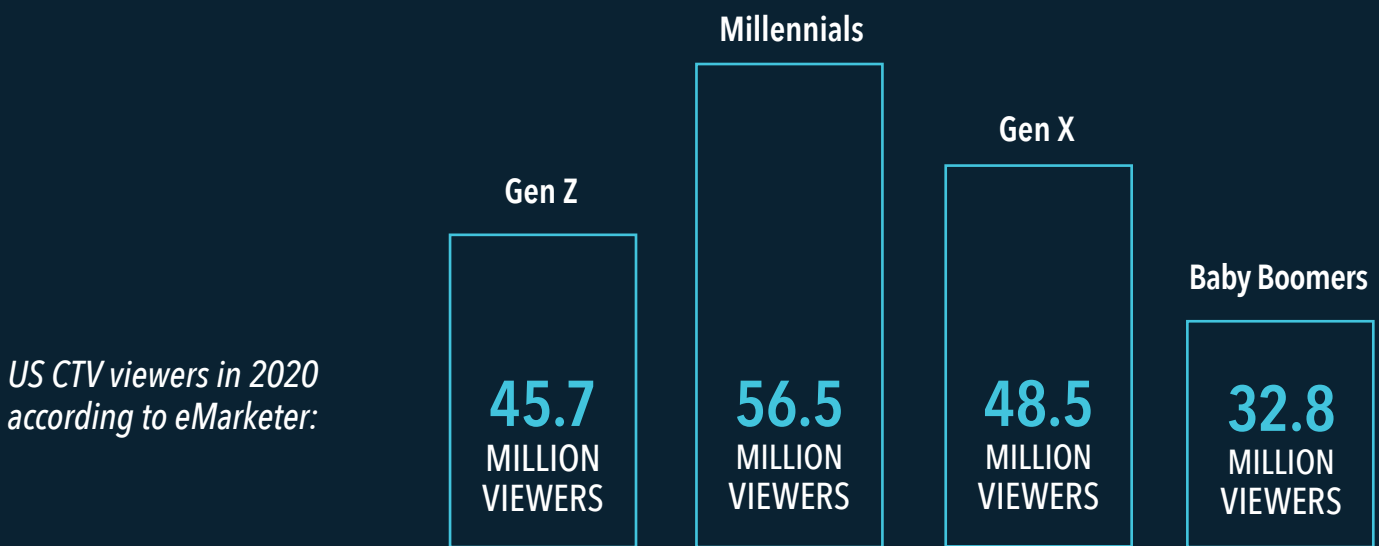
A big part of that resurgence will be driven by eCommerce which, according to IBM's US Retail Index, accelerated by five years as consumers shifted spending from physical stores to online destinations. Consumers of all ages were quick to adopt online shopping and it's likely that much of that behavior will stick in 2021. An Ipsos study reports that 35% of consumers now actually prefer contactless shopping and delivery options to visiting their local brick-and-mortar retailer. This was clearly demonstrated by the online share of total retail spending hitting a staggering 40% during both the spring and holiday seasons last year.

Knowing that lifestyle brands are ripe for a rebound, the retailers that shine will develop strategies to capitalize on shifts in consumer shopping behavior. They will be agile and will listen intently to their customers to understand where to adapt. They will create better, more service-oriented experiences in every channel and make digital a top priority. Deloitte survey data reveals that digital acceleration is a priority for 88% of retail executives in 2021. And "digital" isn't just about your site or social ads. Cue CTV.

# 01 What is Connected TV and why is it important?

In 2020, as COVID-19 shut down the world around us and quarantines went into effect across the nation, CTV experienced massive growth, increasing 307% YoY in Q2 alone according to Brightcove's Global Video Index. CTV is now a mainstay in American homes with over 84M households having CTV devices. Any device that can be connected to the internet to access streaming video content—from Apple TV to Roku, Smart TVs, Xbox and more—is a CTV device. By comparison, there are only 78M cable subscribers. With the growth of CTV, cable has taken a hit; it's expected that 27% of US cable subscribers will cut the cord this year—up from 15% from last year. For the first time, advertisers can reach more consumers with Connected TV than linear TV.

People of all ages are cutting the cord as the rapid adoption of CTV spans generations:



According to eMarketer, while US ad spend in traditional channels (linear TV, radio, OOH) declined in 2020, CTV saw an increase of 27.1%, growing to over \$8.11 billion. In 2021, that number is expected to reach \$11.36 billion and by 2024, it will exceed \$18.2 billion.

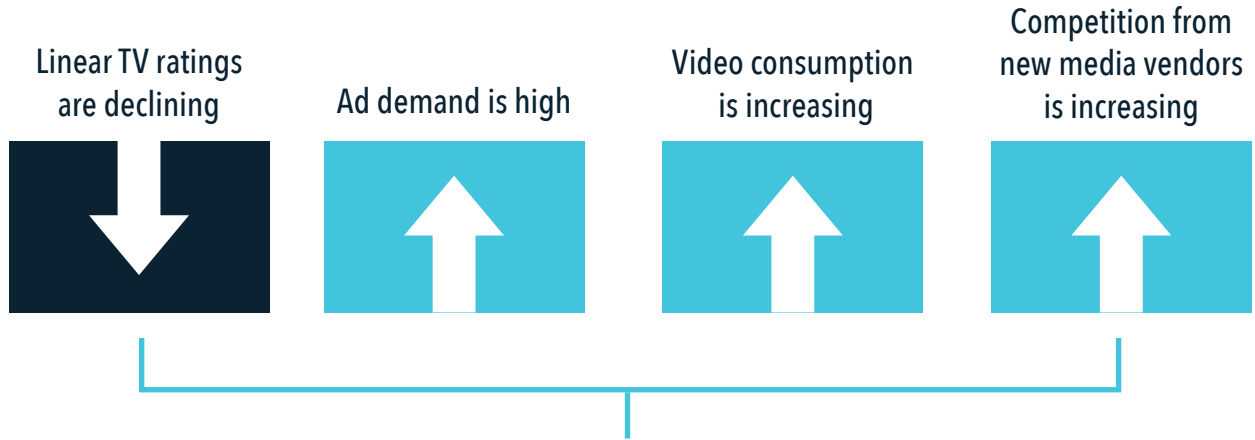
## Where is all that ad revenue going?

YouTube, Hulu and Roku currently account for about half of that spend with the rest dispersed among smaller players.

# 01 What is Connected TV and why is it important? *continued*

A Nielsen report on 2020 viewing habits revealed that total streaming TV time has increased 74% YoY and 25% of US adults surveyed reported adding a new service in Q2 alone. Since ad dollars tend to follow eyeballs, it's no wonder that 53% of media buyers plan to move broadcast TV dollars to CTV in 2021. Fifty two percent of cable buyers plan to do the same and digital marketers are also shifting budgets, with 25% of them allocating budget to CTV from other digital channels, according to the IAB.

To sum it all up:



**Results:** An influx of content, fragmented viewers and a seismic shift to non-traditional platforms to watch programming.



## Connected TV by the numbers:

**183M**

people access CTV monthly

**55.5%**

of US population uses CTV

**5hrs+**

spent daily on CTV

**74%**

YoY increase in total streaming time

## 02 What goals can CTV achieve for retailers?

Given its digital approach to TV advertising, CTV is an ideal solution for achieving multiple business goals. For brands that have historically found linear TV to be cost prohibitive, CTV provides an affordable point of entry. For brands with linear TV experience that want to tie specific performance goals to their ad spend, CTV's ability to act as a direct-response performance channel makes it an excellent option.

Brands of all types—from retailers to luxury goods to lifestyle brands—are buying CTV with specific outcomes in mind:

- ➞ Build market share
- ➞ Communicate promotions
- ➞ Increase customer engagement
- ➞ Drive conversions
- ➞ Drive foot traffic

As eCommerce exploded in 2020 and many retailers saw their customers shift from in-store to online shopping, CTV became a viable new channel to reach them. In fact, 89% of marketers feel that CTV is just as effective, if not more effective than linear TV and, according to a study by The Trade Desk, CTV is quickly becoming a preferred tactic for building brand awareness:

Almost half of marketers say Connected TV is their 'top pick' for storytelling.



Why are more and more retailers, brands and other marketers turning to CTV to reach their goals? There are two main reasons:

**1. AUDIENCE-FIRST TARGETING** Connected TV allows you to apply an audience-first, data-driven approach to TV, similar to any digital channel you're running on. You can target consumers based on interest, in-market cues or buying behaviors. And, regardless of the network, device or time of day, you can reach your audience whenever and wherever they happen to be watching by leveraging your data. Using first party data, you can target current customers to increase loyalty or build valuable lookalike audiences to attract new customers—just like you can with other digital media.

**2. PERSONALIZED CREATIVE** Given the data-driven targeting CTV enables, it's easy to personalize the message to the consumer, recognizing them for where they are in the customer journey whether they are a loyal customer, first time buyer or still in the consideration phase. Another plus, you don't need to produce an elaborate, expensive commercial. You can easily repurpose creative assets from other digital channels to create multiple messages to reach the right consumer in the right mindset.

From prospecting campaigns to attract new customers, to retargeting campaigns that leverage your current site traffic, consider CTV another direct response channel—similar to search and social. CTV has elevated TV commercials into the realm of digital advertising, providing retailers and marketers across industries with the precise targeting and real-time measurement that has made digital a direct response darling for a decade. Simply put, CTV provides a personalized, audience-first approach that you can buy and measure in the same way you buy on YouTube, Instagram or Facebook.

## 03 How is CTV Measured?

Multiple reports indicate that 2021 is the year many brands will walk away from the traditional, linear TV upfronts in favor of a more agile, data-driven TV strategy. A strategy harnessing CTV, like all digital channels, delivers actionable insights and provides more precise, measurable outcomes. With the same targeting and measurement capabilities as performance media channels, like paid social, and the ability to integrate with other digital media channels—CTV enables full funnel measurement.

It is truly unique and strategically powerful in its ability to identify someone who has viewed a brand message in other channels and enable a marketer to precisely deliver that same consumer a relevant, timely CTV ad. The brand can then continue to target (or suppress, pending the goal) that viewer across other digital media, allowing the advertiser to follow a consumer from the very first touchpoint all the way through to purchase.

Other ways to measure the impact of CTV include:

### **Building audience for other channels:**

Did the CTV ad result in a video view by a user who can be retargeted in search or display with a follow up ad?

### **Brand lift studies:**

Did the CTV ad move the needle on brand metrics like awareness, favorability and purchase intent?

### **Search demand lift studies:**

Did the CTV ad drive an increase in brand or product searches?

### **Foot traffic studies:**

Did the CTV ad drive an offline trip to the store?



## 03 How is CTV Measured? *continued*

With CTV, brands also benefit from real-time creative performance measurement and the ability to optimize on a daily basis. CTV provides retailers, lifestyle and CPG brands with real-time, actionable insights, as well as the ability to monitor video completions and link ad exposures to conversions.

Since a picture is often worth a thousand words, here's how to envision CTV working across the consumer journey—from the first awareness-building touchpoint to the ultimate goal of conversion:

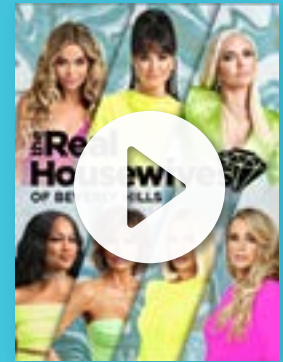
1. →



Potential customer turns on the TV and opens Amazon Fire Stick

2. →

Potential customer opens the Bravo app on the Amazon Fire Stick



3. →

Potential customer chooses a program to watch from the app

4. →

Potential customer watches selected program and is served a customized ad based on their audience profile



5. \$\$

That same potential customer is retargeted on Facebook and clicks through to purchase



In summary, CTV's data-driven, audience-first approach will deliver better insights and measurement for your business than linear TV—or even some recent digital darlings, like display advertising, ever could.



## 04 What are best practices for retailers in CTV?

Your creative is one of the keys to a successful CTV campaign. Compelling video and the ability to adapt it based on performance is critical—but not at all complicated. To start, you just need an engaging :15 or :30 second video. And you probably already have it; if you're investing in paid social, odds are that you can repurpose those assets into an effective CTV ad—no expensive, elaborate production required.

Once you have your creative assets in order, here are a few ways to ensure a successful CTV campaign:

### Think like a storyteller.

Build your brand message and tell your story over time with sequential messaging. One way to do this is with a blend of CTV advertising and retargeting. Another is to combine CTV with Programmatic Display; when consumers see ads from the same brand on different mediums, they are more likely to be recalled. Paid Search in conjunction with CTV is another good way to build your story; sometimes that sponsored content can be just the thing to encourage a click-to-purchase.

### Take your time.

You don't need to go all in as you integrate CTV to your plan. The beauty of the medium is that you can test as you go. Rather than front-loading your budget, take it slowly and use data (which you'll get in real-time) as your guide. Increase your spend when the data justifies it. Also, consider timing relative to consumer mindset; the morning rush probably isn't the best time for dinner delivery offers, but early evening is a better bet for a big win.

### Capture your consumer's attention.

A Microsoft study confirmed that people are a lot like goldfish; our attention span is about six seconds—and getting shorter by the day as we're bombarded with thousands of brand messages. To ensure your ad stands out and your brand is remembered:

- ➞ Leverage multiple digital mediums to reinforce your message.
- ➞ Get the cadence right—don't bombard your consumer, but invest enough to break through the clutter.
- ➞ Expand your audience with lookalike targeting—the more people you can reach, the better your results will be.



CTV drives success by enabling retailers and brands to:

- ➞ Buy audience-first
- ➞ Integrate closely with social and search
- ➞ Get the data back—and act on it
- ➞ Deliver personalization

## 05 Great examples and what can be learned from them



“ The challenge was predicting the psychological state of customers and serving them a version of the video that best matched their point of view: safe shopping in-person for those who were lower risk and virtual appointments for high-risk customers. In partnership with January Digital, we were able to develop a socially relevant strategy that delivered the appropriate message to customers and supported our business goals.”

—Ashley Fossile, Director of Digital Marketing, David’s Bridal

One of the greatest benefits of CTV is that it’s agile, allowing advertisers to quickly pivot and leverage real-time learning for optimization. For retailers in 2020, agility and the ability to adapt to rapid changes and retail lockdowns were essential to success. One brand that did it incredibly well is David’s Bridal, the category leader for cultivating style-forward looks at any budget; David’s Bridal has a strong brick-and-mortar footprint across the US and beyond with a historically heavy reliance on in-store appointments to drive purchase.

The realities of 2020 made it a trying year for brides-to-be. Some put plans on hold and postponed their wedding day, while others shifted to smaller events or Zoom affairs. As brides quickly adapted, so too did David’s Bridal. Beyond the obvious physical impact of COVID-19, the brand quickly recognized the intense psychological impact as emotionally-charged consumers grappled with a whole new kind of pre-wedding jitters related to the health and safety of themselves, family and loved ones. The David’s Bridal team

also recognized the increased consumption of streaming video and adapted their plans to capitalize on both the new behavior and the new mindset.

By using CTV as a dynamic vehicle to drive in-store appointments where the mindset and market were appropriate and virtual appointments, where that was the most viable path to conversion, David’s Bridal was able to reach the right consumer with the right message. They created video versions that communicated the messages consistent with the target consumer’s mindset—and it worked.

Their personalized approach to the creative combined with audience-first, data-driven targeting delivered impressive results. **In just one month of CTV support**, the campaign reached hundreds of thousands of unique US households, **drove thousands of site visits, hundreds of appointments** and had a **strong impact on eCommerce** purchases.

So what can we take away from this David’s Bridal example?

**1** The ability for a retailer to quickly adapt—and understand both the physical and emotional consumer mindset—is essential to driving business results.

**2** Personalization and audience-based targeting go hand-in-hand to engage and activate the right consumers and drive them to action.

**3** With CTV, brands can measure results from the first consumer touchpoint to eComm conversion and driving in-store sales.

## CTV Reality Reference Guide

While CTV may seem daunting, it's actually very simple to dip your toe in. Over the last turbulent year, CTV has helped brands across sectors—from retail to lifestyle to CPG—activate audiences for strong business results.

To help you separate the myths from the realities, we created this Reality Reference Guide –because once you dispel the myths, you'll be ready to jump into CTV feet first.

### Myth

### Reality

I can't afford it.

You can. For about \$25k, begin to test & learn to understand the impact of CTV for your business.

I don't have the budget to develop creative assets.

You don't need a big production budget; you can very likely repurpose assets you are already using in social advertising.

I can't commit a big budget up front.

You don't need to. CTV offers the flexibility to pay as you go.

I don't run traditional/linear TV, so I can't run this.

Yes you can. You don't need a big budget or expensive production to find great success in CTV.

I can't buy it programmatically.

Yes you can. Any TV that isn't linear can be bought programmatically –just like you would buy any other digital media.

// CTV has become as impactful as any other marketing channel at engaging customers in a digital forward environment. There is a common misconception that CTV has infinite barriers to entry, when in reality it is just as easy to get started with CTV as it is with any other performance media channel, such as paid search or paid social. The targeting and measurement capabilities, in tandem with no upfront investment guarantees, means this channel is a must for any brand looking to push their digital marketing strategy and adapt quickly to opportunities. CTV is the perfect test and learn environment." –Tierney Wilson, Managing Director, January Digital



## What's Next?

Share this information with your teams to ensure understanding and alignment of how to best connect with your customers through CTV.

To learn how best to apply the agility of CTV in order to surpass your business goals, connect with the January Digital team at [ctv@januarydigital.com](mailto:ctv@januarydigital.com).

We'd be happy to talk you through best practices and simple starting points for integrating CTV in your 2021 plans.



## JANUARYDIGITAL

### **We are January Digital, The Digital Leadership Company.™**

We lead businesses to grow and adapt through strategic consulting and digital media excellence. January Digital was founded with the mission to improve the lives of our people, our clients and the world around us. We use data, technology, digital strategy and media execution to solve the industry's toughest business challenges. Our vertically integrated teams of experienced retailers, CPG leaders, technology builders and media innovators enable agile growth by combining our single source of data truth and strategic consulting mindset with flawless media execution.

We work with leading global brands and digital disruptors such as The Honest Company, TUMI, The Sak, David's Bridal and Peapod Digital Labs. Recognized as best-in-class more than 20 times in 2020 alone, our work has been celebrated by Digiday, Drum, Glossy and MediaPost, among others. January Digital is also proud to be named a Best Workplace by Inc. and Fortune and an Ad Age Best Place to Work for our commitment to employee whole health and community impact. January Digital's rapid growth has been acknowledged as an Inc. Magazine fastest growing company—four years straight.