

Four Ways TV Advertising Will Change During This Decade

Service Provider FastFacts

[View Cisco IBSG Service Provider FastFacts Website](#)

The past few years have brought sweeping transformation to television—a trend that will only accelerate in the coming decade. Following up on a 2011 study on the [future of television](#), Cisco’s Internet Business Solutions Group (IBSG) recently examined the ways disruptive technology and user behavior trends are impacting TV advertising. We identified four major trends that will transform advertising and the viewer experience.

1. Channels Will Go Away

While we do not believe that all future distribution will be through on-demand unicast technologies, consumers will not think about “channels” as the means of accessing programming. Adoption of video on demand, Intelligent Programming Guides, and personal video recorders (PVRs) is shifting viewing from linear broadcasts on a TV screen to a multiscreen, multi-device, multi-modal, on-my-schedule, user-controlled experience. Brands and networks will no longer be able to ensure that ads placed in specific episodes will have sufficient audience reach. This behavioral shift will force advertisers to focus on new forms of addressable advertising:

- Ads will be delivered to on-demand viewers in real time or prepositioned on their PVRs, driving the need for addressable ads. Ad buying will increasingly include purchases of specific audience segments across shows, requiring new capabilities for ad delivery and insertion, as well as yield management through analytics.
- Measures and reporting will increasingly need to reflect actual viewing of the ads, as well as brand engagement and impact.
- As product placement continues to play a greater role, campaign design and development activities will need to become even more closely integrated with show development. Branded entertainment – where content is funded by companies seeking to advertise their product – will flourish and the lines between entertainment and infomercials will further blur (some of today’s reality shows are an example of this). This will drive the need for higher-quality branded stories.



Cisco Internet Business Solutions Group (IBSG)

Figure 1. Four of the Major Changes Coming to Television in the Next Decade Will Directly Impact TV Advertising.



Source: Cisco IBSG, 2012

2. Ads Will Get Personal

“Addressability” will evolve from targeting an entire segment with one piece of advertising content to further segmenting the audience and serving differentiated pieces of advertising based on the audience’s characteristics. This personalization will manifest itself in different advertising spots appearing for different users, and in tailored product placement. Not only will one viewer see a different car, in a different color, driven by the show hero – he or she will also hear a different dialogue and possibly see a different scene. To avoid huge additional costs for advertising, creative development, detailed metadata, and new rendering approaches will allow partial automated dynamic modifications of video based on the viewer’s segment.

3. Don’t Just Watch, Get Involved

Ad personalization will take many different forms, leading to greater user involvement. Brands will increasingly partner with new types of apps associated with popular TV and movie characters. We will see new forms of marketing where apps currently positioned as extensions of the storyline will provide in-context advice from the show’s characters. For example, through augmented-reality technology on a mobile phone, an app-based representation of a judge from “America’s Next Top Model” will be able to assist in dress selection at a store.

4. Is It Real or Is It Television?

Brands will explore many senses in addition to audio and visual. Tactile feedback technology (haptics), smell, and even taste will be used in TV advertising, supplied through “new remotes” (such as game pads and tablets). With the proliferation of 3D printers, we will be able to print a model of a new car, while haptic feedback will allow us to experience driving it on a mountain road. Cosmetic manufacturers will replace those scratch-and-sniff inserts with smell-generating technologies.

Technical & Business Implications

This transformation will require dramatic changes in the entire advertising ecosystem—from creative development, ad buying, and show production, to ad and show delivery mechanisms and device capabilities. The possibilities are thought provoking and hold the promise of dramatically transforming the TV advertising landscape and redefining the capabilities required to succeed (as well as the players who will dominate). Agencies, media buyers, aggregators, and studios need to start today by developing audience-tracking capabilities; better metadata that describes video, scenes, and technical production details; and new analytics to predict viewership, timing, and demand more effectively.

For more information on the future of TV advertising and other transitions in media, please read our Point of View, [“The Future of Advertising: Looking Ahead to 2020.”](#) and our original research report, [“The Future of Television: Sweeping Change at Breakneck Speed.”](#)

More Information

Cisco IBSG (Internet Business Solutions Group) drives market value creation for our customers by delivering industry-shaping thought leadership, CXO-level consulting services, and innovative solution design and incubation. By connecting strategy, process, and technology, Cisco IBSG acts as a trusted adviser to help customers make transformative decisions that turn great ideas into value realized.

For further information about IBSG, visit <http://www.cisco.com/ibsg>



Americas Headquarters
Cisco Systems, Inc.
San Jose, CA

Asia Pacific Headquarters
Cisco Systems (USA) Pte. Ltd.
Singapore

Europe Headquarters
Cisco Systems International BV Amsterdam,
The Netherlands

Cisco has more than 200 offices worldwide. Addresses, phone numbers, and fax numbers are listed on the Cisco Website at www.cisco.com/go/offices.

Cisco and the Cisco logo are trademarks or registered trademarks of Cisco and/or its affiliates in the U.S. and other countries. To view a list of Cisco trademarks, go to this URL: www.cisco.com/go/trademarks. Third party trademarks mentioned are the property of their respective owners. The use of the word partner does not imply a partnership relationship between Cisco and any other company. (1110R)