



# Direct-to-Consumer Brands: TV Performance Benchmarks

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What's Working, What's Not & How Can TV's Fastest-Growing Advertiser Segment Make Campaigns Even More Effective?

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# DTC Brands Use TV for Performance

**Direct-to-consumer (DTC) brands have taken the U.S. by storm – changing the way people think about, research and buy everything from clothing and eyewear, to home goods and travel.**

While they made names for themselves with aggressive, targeted online marketing efforts (they are digital natives, after all), DTC brands have become one of the fastest growing groups of TV advertisers. Last year, they devoted \$900 million<sup>1</sup> to national TV spots alone.

While they understand TV’s unparalleled reach, invaluable for any growing company, their migration to TV is about more than just a massive audience. TV has evolved into a performance-marketing channel – one that can be measured and optimized in real time (just like digital). And for DTC brands that live, eat and breathe real-time data for every aspect of their business, TV now makes sense. Not only can they use it for reach, but for performance too.

The majority of U.S. viewers have second-screen devices nearby when watching TV. This, in turn, has made it a primary driver of digital activity for brands of all shapes and sizes. Leveraging this “kicker effect,” with continuous measurement and optimization, has been game-changing for DTC brands who are seeing major uplifts in response (site visits, search, app activity, etc.) and sales.

In this report, TVSquared examined four DTC verticals – retail, subscription services, food delivery and high-end travel – to understand how TV impacted business outcomes, identify high-and low-performing inventory and offer strategies to execute even more powerful, effective campaigns in the future.

**For DTC, the VAB found that TV led to the following uplifts<sup>2</sup>:**

**83%**

Web site visits

**206%**

Social activities

**312%**

Search queries

<sup>1</sup> MediaRadar

<sup>2</sup> Direct Impact: How TV Drives Outcomes for Direct-Disruptor Brands

# Methodology

TVSquared analyzed 15 months of TV performance data for 18 U.S.-based DTC brands. Response and audience data, along with cost figures, from the ADvantage platform, were evaluated by TV buy elements, including network, daypart and day of week.

18  
U.S. DTC Brands

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Retail  
Food Delivery  
Subscription Services  
High-End Travel

Analysis was done in aggregate and by vertical to determine efficiencies in audience and expenditure as related to program and network placement. This was done to determine the key trends for DTC campaigns that aired on broadcast, cable and satellite.

It is important to note, every advertiser is unique - what works for one, might not work for another. The following report breaks down results for DTC brands in aggregate and by vertical. While it can be used as a guide for similar brands, nothing replaces continuous measurement and optimization to find the right TV inventory.

## 15 months'

worth of TV performance data:  
January 1, 2018 – March 31, 2019



\$ \$138 million in TV ad spend

749 billion ad impressions



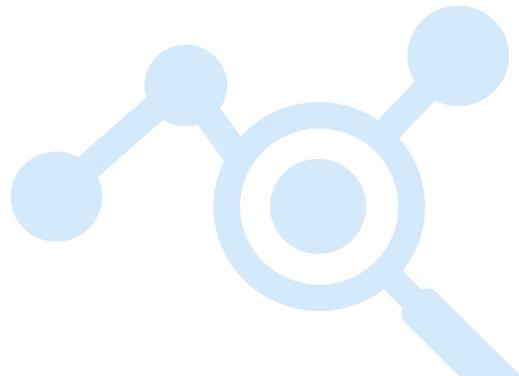
440 channels (local and national)

## 1.9 million spots

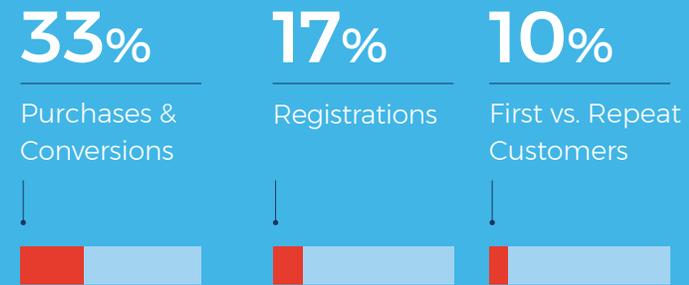
## KPIs: Performance-Based Metrics

Rather than relying on reach and frequency metrics, the majority of DTC brands analyzed measured TV with performance-based KPIs. They gauged performance of TV campaigns by measuring immediate and longer-term response (things like site traffic, search, app activity, etc.) and business outcomes, most notably, purchases and conversions.

The number of KPIs tracked depended on how many distinct offerings a DTC brand had - the more web-based variance, the more KPIs. In aggregate, the median number of KPIs was four, with the most being a whopping 29.



### Top 3 KPIs Tracked by DTC Brands



On average,  
DTC brands track  
4 performance-based KPIs

# Top KPIs Tracked by Vertical



## Food Delivery

1. Orders
2. Sessions\*
3. First Response

## Subscriptions Services

1. Acquisition vs. Repeat Customer
2. Purchases & Conversions
3. Basket Size



\*How long people stayed on a site and how often they returned



## Retail

1. Purchases & Conversions
2. Registrations
3. Cart Size

## High-End Travel

1. Bookings
2. Phone Leads
3. App Installs



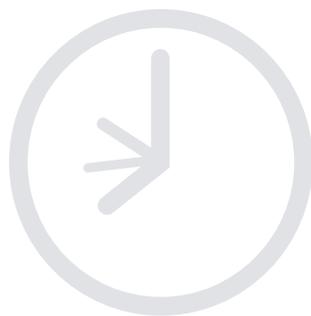
## Advice

There is always room for more KPIs, which can give brands a deeper look into customer viewing, behavior and response habits. Delivery and retail DTC brands, in particular, are missing opportunities by not readily measuring abandoned or restarted carts. While travel tracked the most KPIs, which makes sense given that it's a higher consideration purchase, there is an opportunity to measure party size and referrals since travel is often a group activity.

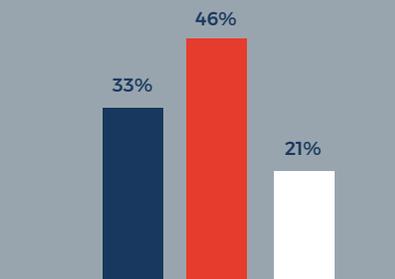
# Creative Length Impacts Performance

The lengths of TV creatives analyzed ranged from six seconds to two minutes. While 15-second ads accounted for the majority of analyzed spots, traditional 30-second ads were the best performing. They generated response rates 50% above average and 4X higher than any other length.

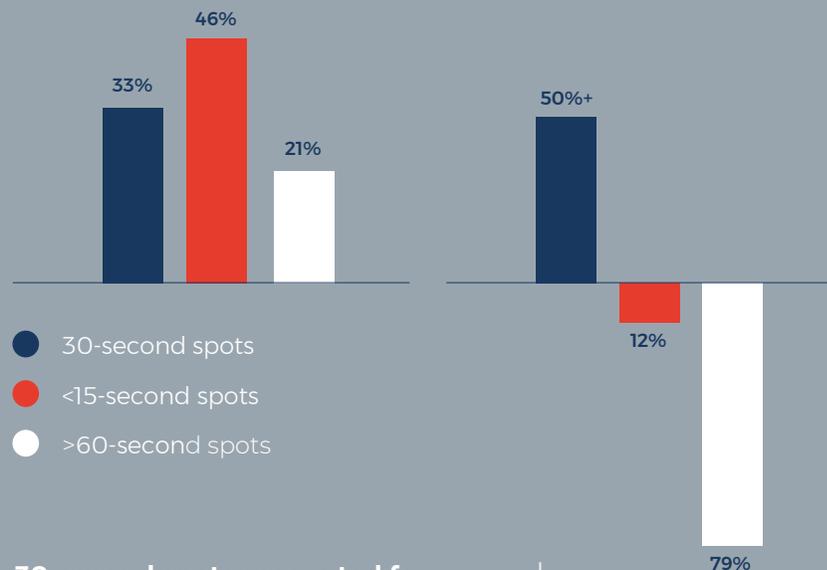
Despite being popular among the DTC brands, 15-second spots had response rates half that of their 30-second counterparts. The poorest performers were long-form ads (60-seconds+), which is not surprising since they are typically used for branding, awareness and education vs. performance. They also come at a much higher-than-average cost, more than double the price of 30-second spots.



Spot Lengths Aired



Response Rate by Length



- 30-second spots
- <15-second spots
- >60-second spots

### 30-second spots accounted for 33% of ads analyzed

- Response Rate: 50%+ above average
- Efficiency Index: \$

### <15-second spots account for 46% of ads analyzed

- Response Rate: 12% below average
- Efficiency Index: \$\$

### >60-second spots accounted for 21% of ads analyzed

- Response Rate: 79% below average
- Efficiency Index: \$\$\$\$

### Efficiency Index (average cost of analyzed ads)

- \$: 0-100%
- \$\$: 10%-15% above
- \$\$\$: 16%-25% above
- \$\$\$\$: 26-50% above
- \$\$\$\$+: 51%+ above

# Creative Length & Performance by Vertical

Food delivery had the most variance, with 8 different creative lengths ranging from 6-to-120 seconds



## Food Delivery

### 15 Seconds

73% percentage aired

12% response rate below average



### 30 Seconds

27% percentage aired

200%+ response rate above average



## Retail

### 15 Seconds

55% percentage aired

99% response rate above average



### 30 Seconds

45% percentage aired

500%+ response rate above average



## Subscriptions Services

### 30 Seconds

3% percentage aired

152% response rate above average



### 60 Seconds

95% percentage aired

8% response rate below average

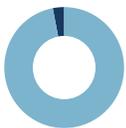


## High-End Travel

### 30 Seconds

97% percentage aired

2% response rate above average



## Advice

DTC brands should start with 30-second ads, which are consistently strong performers. It's enough time to convey ample information and strong calls to action (CTAs). Once they get a grasp on inventory (what's working and what's not), they can experiment with different lengths, including 15- and 6-second ads, which are proving to be effective "complements" to traditional, 30-second spots by reinforcing messaging and CTAs.

In general, as an ad gets longer, response rates go down. Long-form ads are typically used for branding and awareness, and need to be highly targeted to work. The subscription services brands, specifically, should expand their creative lengths, as 60-second ads are not performing well (not to mention they come at an extremely high cost).

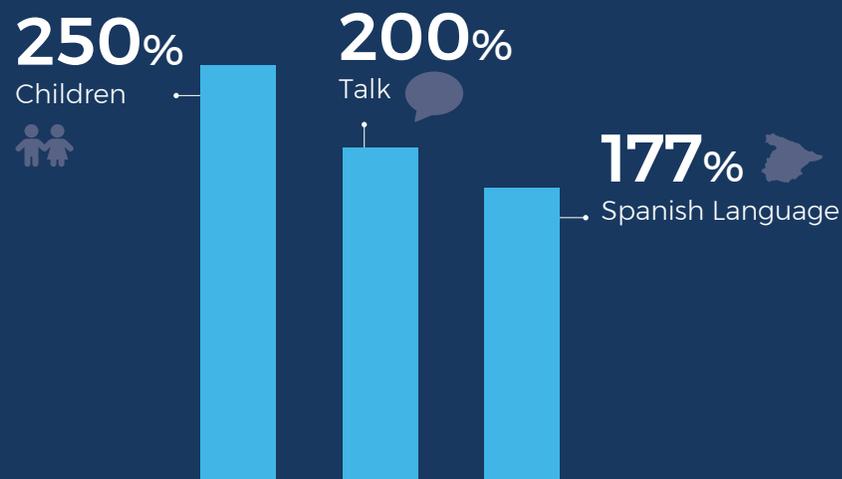
# Knowing What to Buy: Programming Genres

Now more than ever, TV has proven to be a virtual buffet spanning multiple genres, with something suitable for all entertainment palettes. When analyzing which of these programming genres work best for DTC brands, the results varied greatly by vertical but, in aggregate, **Talk, Children and Spanish Language** stood out among the pack.

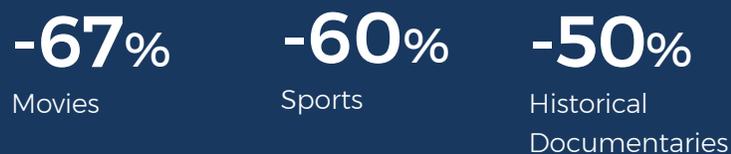
Talk is plentiful across multiple networks throughout the day, Children's programming is perfect for advertisers wanting to air during brand-safe, family friendly shows and Spanish-language programming targets a significantly large audience.

Meanwhile, Local Affiliate programming proved to be the biggest wild card of any genre. It works, but only if a brand is willing to put in the time and research necessary to reap the benefits. Generic rotators will not serve anyone well in the local space, but a strategically targeted local buy will overperform significantly.

## Top-Performing Programming by Genre



## Low-Performing Programming by Genre



\*Stats based on average response per spot by genre

## Average Response by Programming Genre

### Food Delivery

High-Performing Response		Low-Performing Response	
Local Affiliates	<b>200%</b>	Animation	<b>-82%</b>
Nostalgia	<b>100%</b>	Historical Documentaries	<b>-55%</b>
Science & Nature	<b>75%</b>	News	<b>-38%</b>

### Retail

High-Performing Response		Low-Performing Response	
Reality	<b>50%</b>	Nostalgia	<b>-60%</b>
Game Shows	<b>30%</b>	Broadcast	<b>-58%</b>
Teen	<b>20%</b>	Animation	<b>-20%</b>

### Subscriptions Services

High-Performing Response		Low-Performing Response	
Spanish	<b>64%</b>	Children	<b>-77%</b>
Lifestyle	<b>53%</b>	Game Shows	<b>-34%</b>
Music	<b>30%</b>	Reality	<b>-34%</b>

### High-End Travel

High-Performing Response		Low-Performing Response	
Broadcast	<b>182%</b>	Talk	<b>-37%</b>
Lifestyle	<b>85%</b>	Music	<b>-34%</b>
Movies	<b>12%</b>	Sports	<b>-1%</b>

\*Stats based on average response per spot per genre per vertical



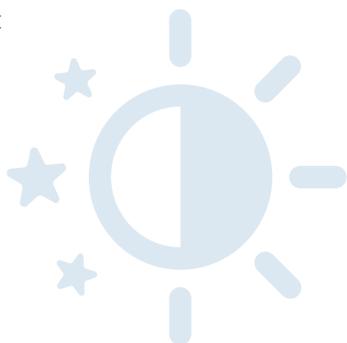
### Advice

While experimentation is always important in TV advertising, it is especially vital when finding which genres are really the best fit for a brand. With so much programming and so many niche genres across multiple platforms, there are bound to be several types of programming that can be a strong fit for a brand. Remember that the audience that's going to deliver the highest levels of engagement and response may be watching a channel that might surprise you. With the importance of experimentation in mind, allow good results to lead you to great ones; generic movies might perform decently for a campaign, but digging deeper can reveal that a network focusing on Science-Fiction or Classic movies may deliver excellent results.

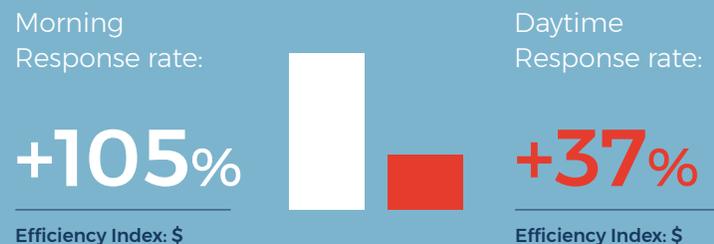
# Knowing When to Buy: Dayparts

When advertising on TV, it's not enough to consider the programming genres and specific shows; it's also imperative to carefully consider the time of day. There's more than meets the eye with dayparts, as they reveal just how true it is that ratings do not always equal performance, and thus should not be the biggest factor in deciding an ad buy. For instance, ratings logic typically indicates that Prime is always the best time period, but our data analysis revealed otherwise.

Not only is Prime consistently going to cost more than any other daypart, but Morning and Daytime averaged significantly better response rates than Prime when analyzing the DTC brands in aggregate. The high cost for a Prime spot was only truly justified for Subscription Services brands. On the flip side, Overnight performed poorly across the board.



## Highest Performing Dayparts



## Lowest Performing Dayparts



# Daypart Performance by Vertical

**Efficiency Index**  
(average cost of analyzed ads)

\$: 0-100%  
 \$\$: 10%-15% above  
 \$\$\$: 16%-25% above  
 \$\$\$\$: 26-50% above  
 \$\$\$\$: 50% above

## Food Delivery

### Highest Performing:

Prime Access  
Response rate:

**+270%**

Efficiency Index: \$\$\$\$(highest cost per spot)



## Retail

### Highest Performing:

Morning  
Response rate:

**+23%**

Efficiency Index: \$



## Subscriptions Services

### Highest Performing:

Daytime  
Response rate:

**+50%**

Efficiency Index: \$



## High-End Travel

### Highest Performing:

Daytime  
Response rate:

**+263%**

Efficiency Index: \$



## Advice

The famous adage may be “You get what you pay for,” but in TV advertising it’s more apt to say, “You get what you pay for, sometimes.” The high price tag of Prime, and Prime Access immediately prior, only delivered strong results for DTC brands on a case-by-case basis. DTC brands that are just starting to use TV would be wise to initially focus their attention on Early Morning and Daytime buys. In addition to having a low cost per response and delivering impressive response rates, these are also the times of day when Talk and Children’s programming (the two best performing genres) are most likely to air. Use these dayparts as the base for TV ad buying, including Prime and other times of day strategically. When expanding beyond what has been proven to work well, make sure to continuously test creatives to guarantee that the cost justifies the results.

# Response by Day of Week

Among the analyzed brands, there weren't huge peaks and valleys when it came to day-of-week effectiveness, and performance was relatively the same across verticals.

In general, Thursdays and Fridays drove the most response, even while being 6% below the average cost per response. Saturdays and Sundays were not strong performers, despite costing between 13% and 30% more than other days.

The one outlier was weekend performance for high-end travel brands. Response rates were strong for Saturdays and Sundays, while midweek was flat. Travel is often a higher-consideration purchase and this could speak to consumers having more time on weekends to think about, research and book leisure activities.

## Advice

Just because a buy is expensive doesn't mean it will drive response. Take into account the response level, but also the cost per response level - does the price justify it? Expensive doesn't mean it's the best.

Response Index by Day of Week



# About TVSquared

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TVSquared is the worldwide leader in TV attribution. Thousands of brands, agencies and networks in more than 70 countries use its ADvantage platform to generate real-time performance insights to measure and optimize TV-driven response, maximize spend and improve local, national and global campaign effectiveness – whether it's linear, OTT, VOD or more.

Whether you're a DTC brand or any other type of advertiser, learn more about how TVSquared can help you make TV a performance-marketing channel:

**Visit [www.tvsquared.com](http://www.tvsquared.com) for more information.**

