



The Online Video Advertising Buyers' Guide

A bi-annual report from Web TV Enterprise

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The online video advertising landscape

Talk in the media industry over the past 12 months has been heavily focused on online video: how best to monetise it, the internet's effect on the future of broadcast and who will control content rights. But what is all this talk without substance?

As one of the leading companies in this evolving sector, at Web TV Enterprise we have seen the appetite for online video advertising grow exponentially since launching our premium online video ad network in 2007. Our feeling is that the online video advertising industry is now at a tipping point in the UK. We base this on the fact that media agencies are, for the first time, considering video on-demand (VOD) as part of the media mix on the majority of campaigns where there is a TV ad creative. This was not the case 12 months ago.

Media agencies have now bought into VOD and structured their planning and buying units accordingly. With a wide range of professionally produced content available on the web and the significant reach online video viewing delivers, the UK market is now ready for VOD advertising.

In August 2009, Web TV Enterprise surveyed over 100 VOD media buyers. It's the first survey of its kind in the UK, and will be published bi-annually.

Our study focuses on video advertising placements around professionally produced content on the web. This is dominated by pre-roll ad placements, which is usually a 10 to 20 second audio-enabled video advert that is played when a user clicks on a video clip online.

For the sake of clarity, the title of this whitepaper refers to 'online video advertising.' It is important to highlight that most media buying agencies refer to online video advertising around content as VOD.

The Online Video Advertising Buyers' Guide intends to provide advertisers, publishers, content owners and media buying agencies with valuable insight. We hope it will become an authoritative guide to industry growth and trends.

Jamie Estrin

Managing Director, Web TV Enterprise




The online video advertising marketplace

Who is buying pre-roll advertising?

While a number of media agencies have set up TV Plus departments - buying ad placements around online TV - to focus on new types of video advertising, it is still the role of TV and digital media buyers to plan and buy VOD ad campaigns for their clients. Our survey found that VOD buying is currently divided between TV buyers (50%) and digital buyers (47%).

Why - branding or direct response?

We expect the appetite for VOD to grow stronger among TV buyers with the majority of VOD campaigns run to drive brand messaging using a TV ad creative (67% of respondents stated brand awareness as their primary reason for using VOD). Digital buyers are likely to be more focused on driving direct response (3%) from their VOD campaigns, although many campaigns are looking to achieve a combination of the two (30%).

10. Your primary objective for using VOD is			Response Percent	Response Count
A) Brand awareness			67.0%	67
B) Direct Response			3.0%	3
C) Both			30.0%	30
			<i>answered question</i>	100
			<i>skipped question</i>	1

What's the frequency - how many campaigns have media buyers run?

More than a third (39%) of VOD buyers state they have run between 1 and 5 campaigns over the past 18 months. This highlights how new the UK online video advertising market is and shows that media buyers have only just started booking campaigns. The survey also found that 34% of VOD buyers had booked 10 or more campaigns in the same period - indicating growing confidence in the medium.

Pre-roll advertising spend

Average campaign budgets

A large amount (44%) of VOD media budgets are between £10,000 and £25,000, while a further 25% are spending between £25,000 and £50,000. This is a fairly healthy starting point for the industry as many brand advertisers test online video advertising for the first time.

Projected growth

The vast majority (97%) of all VOD media buyers expect their online video ad spend to grow over the next 12 months with over half (54%) of survey respondents predicting their spend will increase by 50%.

Key barriers towards growth

When asked to name the primary factor holding media buyers back from greater investment in VOD, the main barriers noted by media buyers were the need for shorter time lengths (10%), more research (24%) and better measurement (31%).

Shorter time lengths - With the majority of pre-roll creatives being cut down versions of longer TV ad spots, we are not surprised this is a key issue for buyers. We also need to consider that the UK IAB video guidelines state that the most optimal time length for pre-roll ads against short-form content is 10 seconds.

Research - There is still a limited understanding of the effectiveness of online video advertising. Advertisers need a greater understanding of the branding impact of VOD, how engaged audiences are compared to TV; are they hitting light TV viewers and how do they quantify the incremental coverage a VOD campaign is delivering against their TV activity?

Measurement - There are many arguments that the measurement online can deliver is far more accurate and accountable compared to TV, but the fact remains there is no audience measurement system in place for the web. Until this is in place, measuring audiences against the BARB (Broadcasters Audience Research Board) TV panel is always going to be a challenge for media planners and buyers.

Content and efficiency

Awareness of content where advertising appears

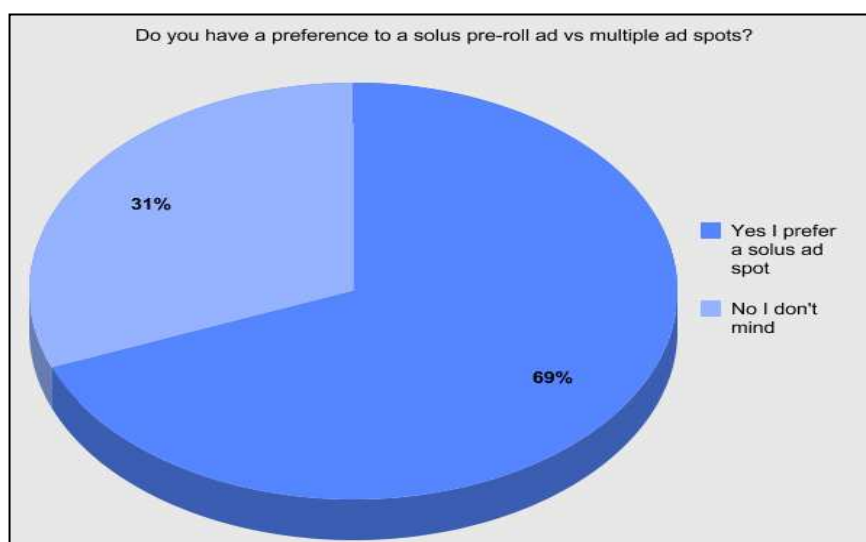
97% of buyers say they are confident they know which content their ads are being run against, with 56% fairly aware and 41% very aware. This shows that it is important to media buyers and advertisers where their ads appear and that they focused on controlling these placements at the point of their media buy.

Short-form content vs catch-up TV

When asked if a web user is in the same mindset when engaging with a pre-roll ad spot on a catch-up TV channel vs a short-form video clip, only 13% of buyers believed they are. This clearly highlights that media buyers feel users are in a more laid-back mindset when going online to catch-up on a full length TV show they have missed on TV, as opposed to a very different lean-forward fully engaged experience when viewing shorter video clips online.

Premium solus spots vs multiple ad-spots

69% of all VOD buyers said they prefer solus ad spots - bespoke, premium placement - when booking their VOD campaigns and 82% believed solus ad spots to be more valuable. This overwhelming response has to be considered by video publishers and content owners as they decide on the number of ad placements they make available around their online video content.



What the future holds for online video advertising

All forms of advertising are judged on the value and ROI they deliver. Online video advertising is no different. While there is obviously still need for further research and measurement on its effectiveness, it is fair to conclude that this new advertising format is now firmly on the map.

Our VOD media buyers' survey proves that media agencies now care about online video advertising and that the medium is becoming more important to advertisers.

Some interesting points have been raised. Firstly, it highlights that media buyers recognise that users don't view catch-up TV on the web in the same way they view short form video clips. This will affect how and what advertising is being delivered around respective content as the market evolves. Publishers and content owners should consider when planning their ad placements around video that media buyers believe a solus ad spot is more valuable than multiple spots.

We were not surprised that media buyers expect to increase their VOD spends looking ahead; even in a shrinking ad market. We were also already aware that it is both digital and TV buyers currently investing in this space. The main highlight of the survey for us is how important online video advertising is to buyers as a branding tool. If we, as an industry, can prove its effectiveness to deliver brand uplift to advertisers, the acceleration of growth and investment from advertisers is inevitable.

With this being the first ever survey conducted among VOD media buyers in the UK, we look forward to comparing the results when we carry out our next survey in spring 2010. We expect the frequency of campaigns to significantly increase, along with ad budgets allocated to VOD, and with the results will come a deeper understanding of the value VOD is delivering to advertisers.

About Web TV Enterprise

Web TV Enterprise (www.webtventerprise.com) has built the UK's leading premium video advertising network. The company presents advertisers with premium online video content from leading publishers and content owners, where it places spot advertising (pre/post roll) and brand solutions. Web TV Enterprise exclusively represents premium content from partners including Universal Music, Simply Media, Future Publishing and BBC Worldwide. Over 70 leading advertising brands have run campaigns on Web TV Enterprise's Premium Video Channels including Sony Playstation, COI, Vodafone, Renault and Unilever.

Founded in 2006 by Jamie Estrin, Web TV Enterprise's premium video ad network reaches over fifteen million online viewers.

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