

 Online Video Advertising 2009

pointroll®

Introduction

In its infancy, online video was less than spectacular. Small real estate on websites, difficulty incorporating video players into the web page or display unit, and poor user experience led many marketers and brands to shy away from it. However, a stream of exciting innovations allowed for easy streaming of video content across the web. Nowadays, watching online videos on a wide variety of sites and through various delivery vehicles is the norm; according to Gavin O'Malley from Online Media Daily, 97 million Americans viewed a streaming video over a period of only a week (Report: *Online Video Fastest-Growing Medium In The History Of The World*, May 2009). These new products enabled marketers to advertise through video to a vast audience through on a multitude of websites.

At first however, most marketers did little more than repurpose their TV spots for use in video advertising. While this behavior reinforced branding and campaign messaging, it did little to actually extend the campaign, or to take advantage of what could truly be done online. As the medium evolved, so did ad implementation. Over the years advertisers and creative agencies grew smarter about how they used video in online campaigns. Video shot specifically for the web or with tailored user experiences for interactive spots has allowed for impactful and visually impressive display ads.



PART 1

Trends and Analysis

Online video masters the medium: A decade of publishing progress, avail innovation and media spend accountability

As the online video market enters its 11th year, broadband video is in demand by audiences, brands and marketers alike. It is a medium publishers recognize, produce for and embrace enthusiastically, and a significant area of growth in 2009.

The broadband media buy has erased limitations associated with a 24-hour linear clock, and highlights an important currency of the media buy: time spent on brand, which has become a benchmarking campaign metric that is designed, delivered and measured.

The market has witnessed a decade of relentless application innovation, service improvements, and an increase in the audience's appetite for more robust and media-rich online experiences. In kind, there has been a kinetic response on the part of publishers, which migrate premium content online to keep pace with, or anticipate, demand.

Online video has provided publishers a path toward a sustainable economic foundation and business rationale: The stage is set for continued expansion in 2009, and beyond.

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A complementary cascade of creative execution advancements, formats, video avail diversity, and healthy adoption by an expanding group of agencies and brand marketers across multiple product categories, has added an indispensable and resilient ingredient to the digital advertising economy.

Online video advertising leverages well-established insertion techniques polished by more than 60 years of broadcast television, utilizing the pre-roll unit and exploiting TV creative. While advancing the art of video messaging, online video delivers a deepened, more engaging user experience. Advertisers also can enjoy their own increased engagement. Now, more advanced data allows media planning to focus on behavioral targeting, engagement and measurement to define digital success.

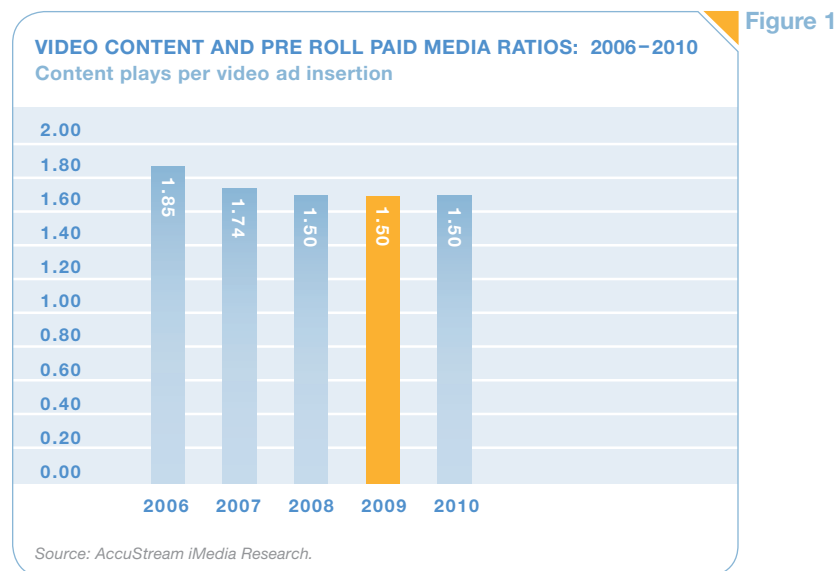
The online video avail: Branding leapfrogs pre-roll conventions

Broadband publishing is both visceral and visual, expanding a marketer's opportunity to monetize and incorporate traditional broadcast models with unique online executions (from pre-roll to in-banner units, and includes emerging formats such as overlays).

Similar to the linear broadcast model, pre-roll inventory addresses the needs of content publishers to monetize against personal content experiences, but it faces two significant hurdles: maintaining a satisfactory user and content experience and managing inventory limitations.

As publishers have gained more experience with pre-roll executions online, they have recognized the need to implement frequency caps to maintain a more satisfying user experience and explore more interactive in-stream formats.

That ratio of video placements to the number of content plays (i.e. insertion frequency) has increased slightly over the past four years, and now averages one impression for every 1.5 video content plays in 2009 (see Figure 1).



This higher ratio results from more inventory, better monetization of second and third tier content sites, offsite exploitation of sites such as Hulu.com, as well as licensed partner syndication through major portals.

Frequency caps are incorporated on mainstream sites (averaging approximately a 1-to-3 ratio). In addition, heavily monetized sites such as CNN.com and MSNBC.com have held insertion frequencies steady for several years.

The pre-roll avail is a large part of the player experience on news, information and television sites. News and television sites typically monetize on a one-to-one ratio (one pre-roll for each content play). Entertainment sites are averaging a one-to-three ratio; music video at a one-to-two ratio, kids and sports one-to-three.

While not conclusive at the industry level due to variances seen on a site-by-site basis, user consumption patterns nevertheless point toward higher abandonment rates associated with both longer length pre-roll video ad executions (30 seconds or more) and greater insertion frequency.

In 2009, publishers have continued to adjust frequency caps associated with pre-roll inventory. Broadband publishers have consistently mined in-player inventory since emerging from the first Dot Com downturn in 2000. They now have fully embraced advertising as the primary revenue foundation.

Over time, the maturation of the multimedia has resulted in multiple avail innovations that result in a self-selecting experience, including in-banner video, which points the way toward publishing profitability.

As far back as 1999, the medium wrestled with pre-roll scarcity, responding with innovative solutions—such as the in-banner video unit—that took advantage of the multimedia dimensions defined by the high-speed online experience. More pages were viewed, and more marketing ensued.

The introduction of the in-banner unit enabled marketers to break free of pre-roll inventory constraints by incorporating an expanded inventory category of video executions, ushering in a era of dramatic growth.

Marketers wholeheartedly embraced the in-banner avail. Pre-roll, in-banner and other video-related executions have consistently grown at double-digit rates, reaching a \$2.12 billion dollar market in 2008.

Re-inventing display inventory

In 1999, new video ad platforms and applications helped turned display banners into video windows and static linear pages into multimedia gateways. Increased video inventory capitalized on the medium and offered marketers in-depth analytics thus improving efficiency through granular campaign metrics and measurement.

Video advertising applications addressed brand marketer demand for reach and scale while they simultaneously built and analyzed user engagement behaviors and triggers from simple product search to product purchase intent.

Since then, in-banner video sales momentum has given video execution the status of a media spend juggernaut in the segment, generating \$1.5 billion out of the \$2.12 billion total, with an additional \$425 million billed through pre-roll paid media. The total market is forecast to increase another 22.5% in 2009 (see Figures 2 and 3).

Market expansion opportunities come in the shape of new formats, such as video overlays, widgets, video indexing, metadata library exploitation and search (see terminology definitions at the end of this Guide).

Figure 2

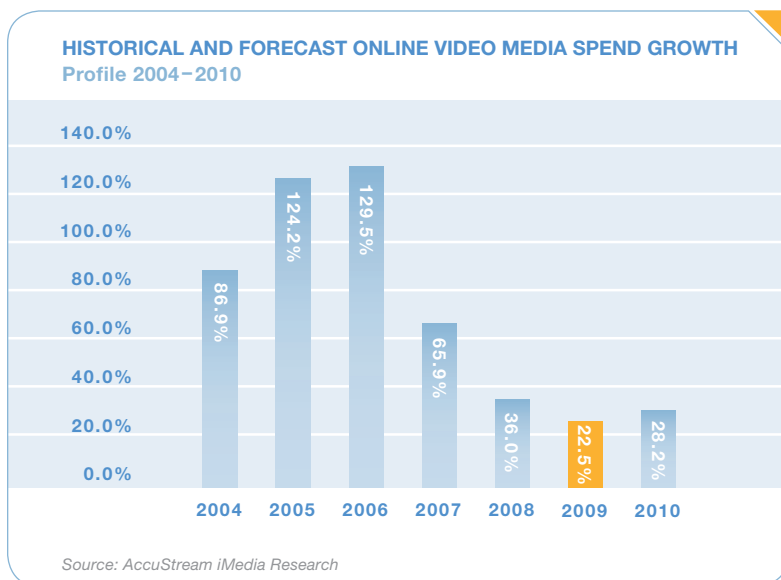
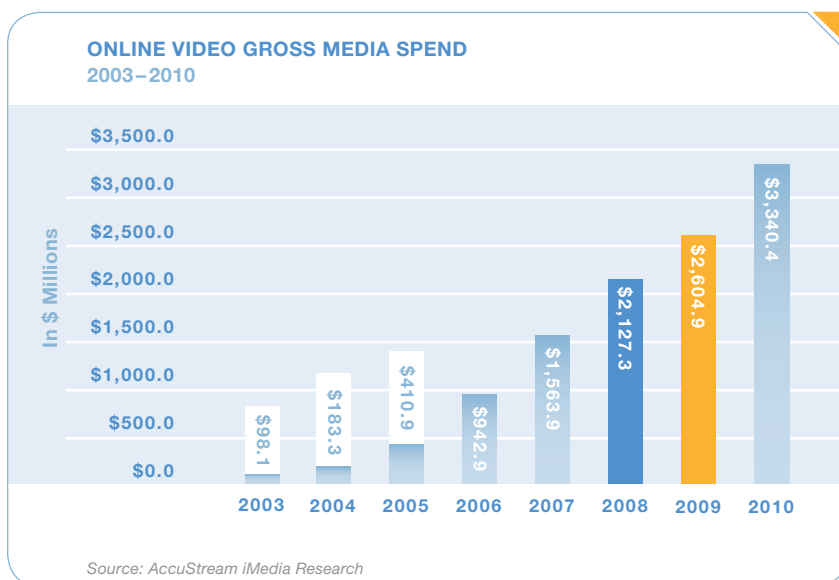
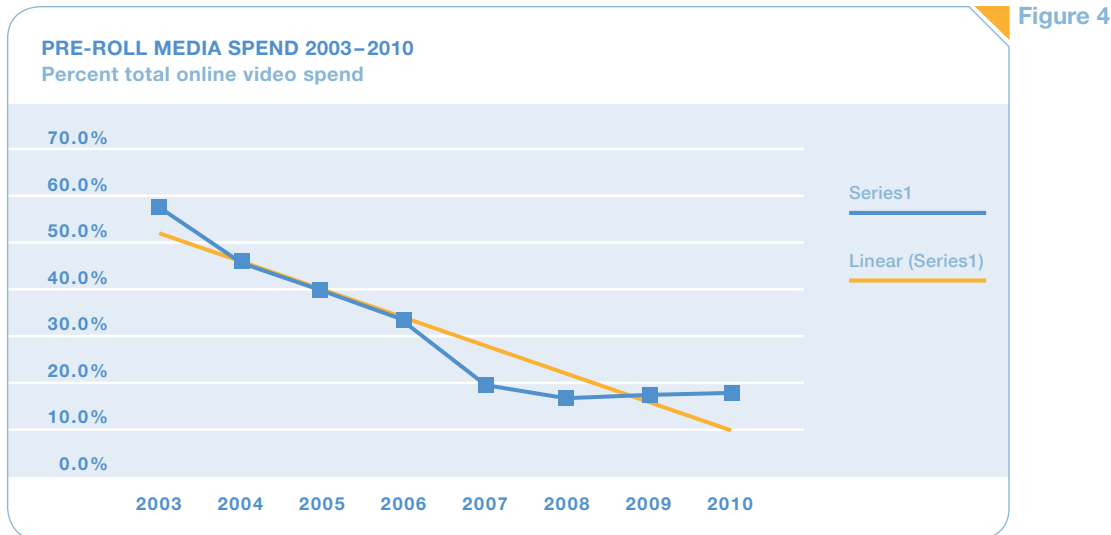


Figure 3



Pre-roll share slide expected to stabilize

As the online medium has matured, pre-roll video has declined as a percentage of overall video spend. Offsite exploitation, syndication, metadata indexing, speech recognition, video search, frame tagging and UGV channel licensing are expected to increase inventory over the next few years and stabilize that downward trend (see Figure 4).



Pre-roll inventory expanding through *offsite* exploitation

Pre-roll inventory expanded by 12.6% in 2008 to 18.75 billion total avails, following a 16.8% uptick in 2007. Other significant changes are taking place inside pre-roll inventory.

While insertion frequency for onsite experiences was effectively capped at 1.5 (content views per avail) on average in 2008, AccuStream Research is forecasting 27% growth in pre-roll inventory in 2009 and 2010. Syndication from video portals will drive offsite exploitation. Powerful indexing engines will also grow this area as they find, categorize, store, package, amplify and distribute enhanced professional and semi-professional video. Lastly, enhanced video verticals and metadata libraries are integrating with ad sales and distributed media platforms. These partnerships aggregate search, discovery, and brand produced video and monetizing it.

Video overlays gaining adoption ground

A custom integrated video advertising element that gained traction in 2008 is the overlay execution. Video overlays encompass multiple execution types, and billing structures, and are also showing up inside user generated and community hosting environments as well as on premium syndicated content.

Overlays can be priced using a straight CPM (in the \$3–\$5 range) as part of a blended overall video CPM or they can be priced based on a CPE model (cost per execution). CPE executions average approximately \$0.30/click, and engagement rates hover in the area of 1%.

Across all categories of video execution overlay inventory will increase to 33.6 billion in 2009 and will generate approximately \$108 million in gross billings (see Figure 5).

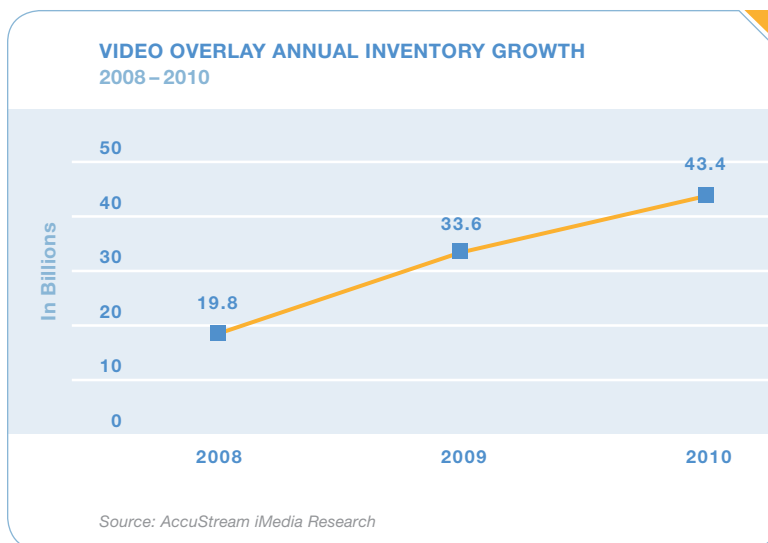


Figure 5

Professionally published and distributed video views increase by 24.3% in 2008

The Internet is similar to broadcast media on one crucial aspect: their axioms that “content is king” and that “distribution rules” hold true. Video views associated with premium content, whether published and distributed on destination sites or licensed affiliates grew by 24.3% in 2008 (see Figure 6).

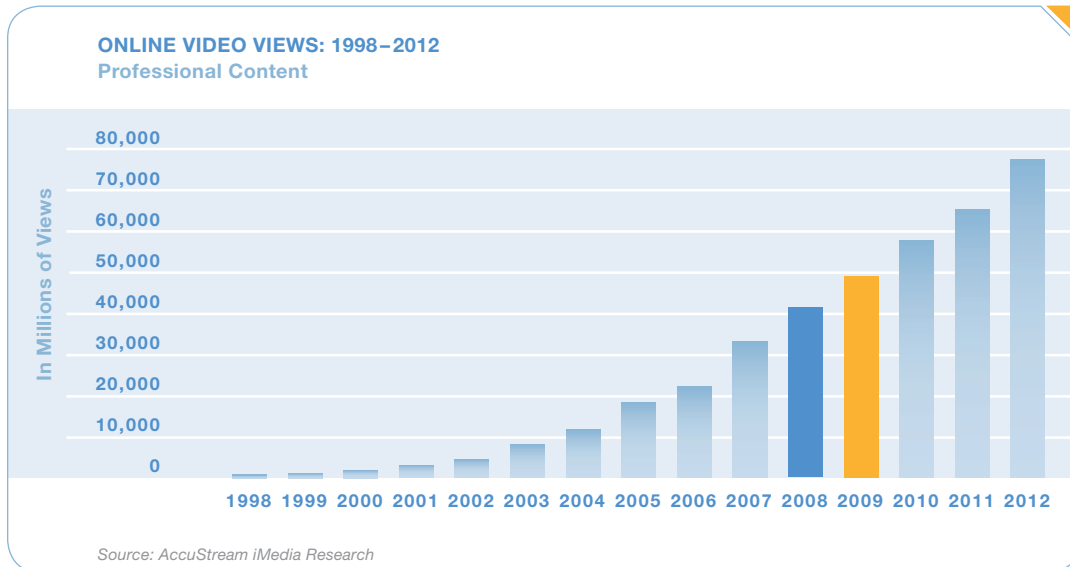


Figure 6

Views on user generated video sites and networks grew by 166% to 64 billion in 2008. Branded content captured 20%–30% of those views through both brand sites and individual republishing. That percentage is expected to increase yearly as these networks increase their libraries of premium and mainstream content.

Professional video segments published by individuals and hosted inside user generated communities typically generate far greater viewings per clip than the same piece of content published by the brand. This finding opens the door for new innovations in product advocate, key influencer, or viral marketing.

Macro online video media spend trends: 2009

- ▶ Excess demand for premium pre-roll inventory will occur across top tier content sites and their syndication partners, particularly long-form television programming, and news and information programming.
- ▶ Pre-roll inventory supply will increase as second and third tier publishers begin to exploit the avail.
- ▶ In-banner ad networks and video advertising platforms will increase overall media spend share.
- ▶ Direct sales-related CPMs declined slightly in 2008. CPM declines were more evident in conjunction with 3rd party sales in the 4th Quarter (remnant/ad network inventory).
- ▶ Current request for proposal (RFP) visibility (from sites, publishers, rep firms, serving platforms, applications and video management systems providers) into 2009 indicates continued growth at a cautious rate as some RFPs have been pulled. However, while there is a “wait and see attitude” on the part of some marketers, the market is positioned for solid growth again in 2009 and 2010.
- ▶ Digital budgets will hold up well despite overall budget cuts in 2009, a reverse dynamic from the Dot Com market downturn when digital initiatives were one of the first budget areas to be cut. Today, content owners, publishers, distributors and advertisers are committed to digital and have a stronger strategic and monetary imperative for exploiting the video avail to address growing demand.
- ▶ The online publishing industry will have more confidence that advertising is an effective way to monetize online publishing efforts.
- ▶ The audiences, bandwidth, sophisticated serving platforms, management systems technology, and payment structures and efficiency applications are in place to enable maximum digital video performance. As a result, both publisher and advertiser confidence in the medium to deliver a solid investment return (ROI) will continue to grow.

In-banner video impressions stage 65.2% growth in '08; Market expansion forecast in 2009 and 2010

The upward growth slope associated with in-banner/in-page video impressions has been impressive. In-page video impressions totaled 2.5 billion delivered in 2003. In 2008, the corresponding total was 136.75 billion (see Figure 7), and the ad unit is forecast at 164.1 billion impressions in 2009. The ratio of pre-roll video impressions delivered compared to in-banner impressions was 1 to 7.3 in 2008.

Figure 7

IN-BANNER VIDEO IMPRESSIONS		
<i>Year</i>	<i>Impressions (in Billions)</i>	<i>Media Spend (in \$ Millions)</i>
2003	2.5	\$40.0
2004	4.0	\$72.0
2005	15.0	\$225.0
2006	42.0	\$588.0
2007	82.7	\$1,157.8
2008	136.7	\$1,504.2
2009	164.1	\$1,805.1
2010	192.8	\$2,120.9

Source: AccuStream iMedia Research

The in-banner video segment is a thriving business. In-banner specialists include Eyeblaster, Google's DoubleClick and PointRoll, which has served the majority of more than 80 billion rich media video ads. The major 3rd party video advertising networks specializing in pre-roll— including BBE, Brightroll, Tremor Media and YuMe Networks—are also representing and/or delivering in-banner video.

PointRoll video impressions rise to 27.5 billion in 2008, 21.2 billion as of October 2009

PointRoll's video impressions, advertisers and video campaigns increased in 2008. The number of campaigns per advertiser averaged 3.17, up 3.6%, while the total number of campaigns increased by 15.5% to 1,732, and the total number of video impressions rose by 18.8% (see Figures 8 and 9).

Figure 8

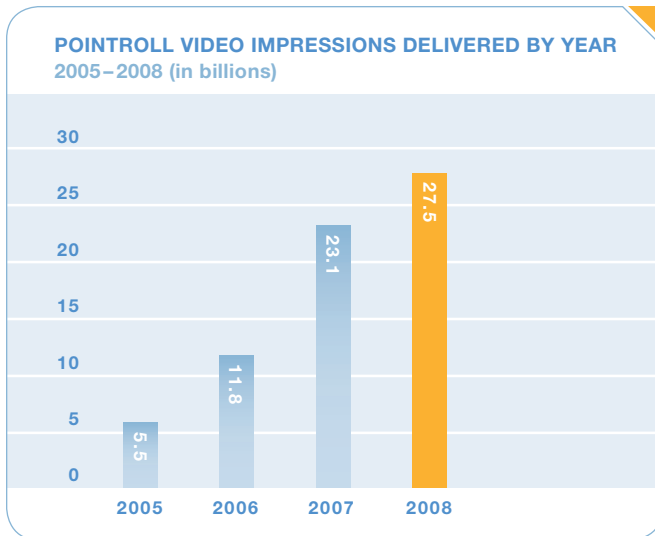
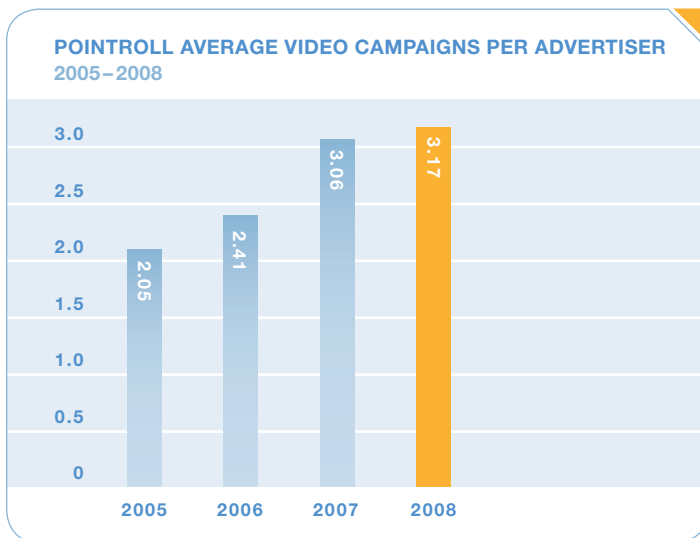


Figure 9



An analysis of cumulative PointRoll campaign data from 2005 to 2008 indicates an upward trend in both the number of advertisers and campaigns (see Figure 10).

The number of video campaigns exhibits a steeper growth slope than the total number of advertisers, resulting from the increased average number of campaigns per advertiser. The statistic shows there are more repeat buyers on a year-over-year basis.

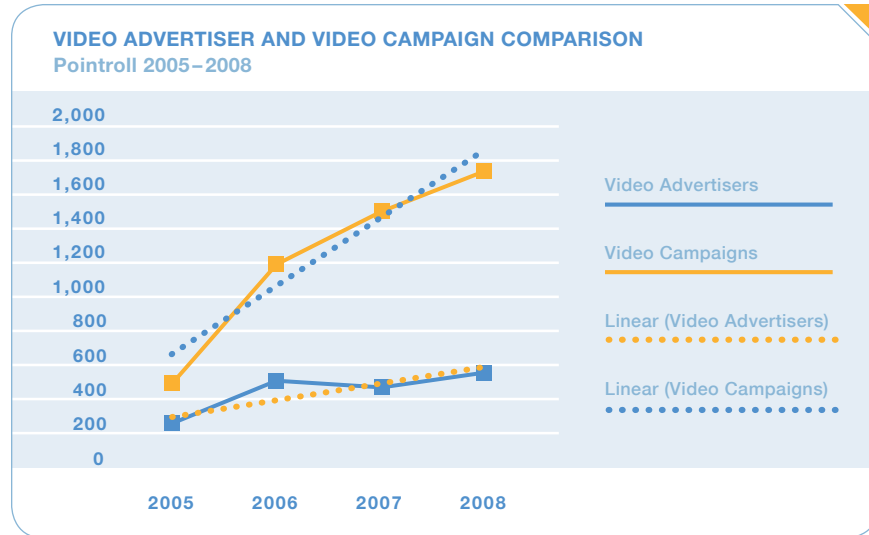


Figure 10

Entertainment, automotive, computers/tech and CPG: Higher than average number of campaigns per advertiser in '08

Entertainment, CPG, automotive and tech have been pillars of online video media spending in recent years. The entertainment vertical generated 4.3 video campaigns per advertiser in 2008, CPG averaged 3.7, automotive 7.8 (more than double the combined vertical average of 3.17) and computers/tech averaged 5.8, with Intel, Microsoft and Dell repeat buyers (see Figure 11).

In 2008 and 2009 retail was a larger than average repeat buyer at 3.9 campaigns per advertiser. Communication messages about product discounts, in-store promotions and overall cost-savings resonate in a tight economic environment.

Retailers have learned that Internet users spend considerable time online reading the news. And, with the economy as a backdrop, the retail vertical performed well on news publishing channels in 2008 and continues to do so in 2009.

POINTROLL VIDEO IMPRESSION AND CAMPAIGN SUMMARY BY YEAR: 2005–2008

	2005	2006	2007	2008
Total Video Impressions	5,581,395,316	11,888,650,430	23,169,803,833	27,532,592,005
% Change	n/a	113.0%	94.9%	18.8%
Total Video Advertisers	246	513	492	546
Total Video Campaigns	504	1,234	1,504	1,732
Campaigns/Advertiser	2.05	2.41	3.06	3.17
Avg. Impressions/Advertiser	22,688,599	23,174,757	47,093,097	50,425,993
Avg. Impressions/Campaign	11,074,197	9,634,239	15,405,455	15,896,416

Source: Pointroll

Figure 11



PART 2

A Media-Planning Knowledge Base: Calibrating In-Banner Video Success Goals

PointRoll format definitions

Expandable ads: Expandable ads require user initiation, such as a mouse-over, to activate. They average a 6% interaction rate and a .2% click-thru. Accidental rollovers are accounted for in calculations (see Figure 12).

Pre expandable ads: These ads expand automatically when the page loads, and then retract into a banner window. They average a 13.98% interaction rate (which includes user activity to close down the ad) and .5% click-thru (see Figure 12).

Anchored video ads: Anchored ads are able to move around the page, and prove elusive for the user to close. The ad retracts into a banner window after display and averages a 41% interaction rate (which includes user activity associated with closing the ad) and 2.39% click-thru (see Figure 12).

Non-expanding ads (“polite” messages): The user doesn’t have to interact with it for a video experience to be delivered. It averages a 4% interaction rate and a .14% click-thru (see Figure 12).

PointRoll also offers multiple format options. An in-banner video execution may auto-play in a panel without audio, and would require the user to click on the audio icon in order to hear the audio.

Advertisers that want to closely track video completion and interaction place “play” icons on top of the video. This option is very similar in design to media player-based content segments. Because advertisers are eager to know how many people actually clicked to play the video, it is also becoming a more prominent execution.

POINTROLL VIDEO ENGAGEMENT BY FORMAT

Display Format	Interaction Rate	Average Brand Interaction Time (Sec)	Panel CTR	Total CTR
Expandable	5.97%	12.90	1.64%	0.20%
Pre-Expandable	13.98%	25.81	0.64%	0.54%
Anchored Float	41.14%	17.43	2.54%	2.39%
Polite (non-expandable)	3.97%	N/A	0.17%	0.14%
PointRoll Video average	6.35%	13.77	0.59%	0.23%

*Source PointRoll Benchmarking Data || July 2008 – June 2009 || Sorted by Interaction Rate
 *Includes campaign data for auto-play and user-initiated video impressions only
 *Vertical Total Branding Metrics and Direct Response Metrics exclude Polite display format
 *Includes all action types (mouse over, click, mouse delay, flash action)

Figure 12

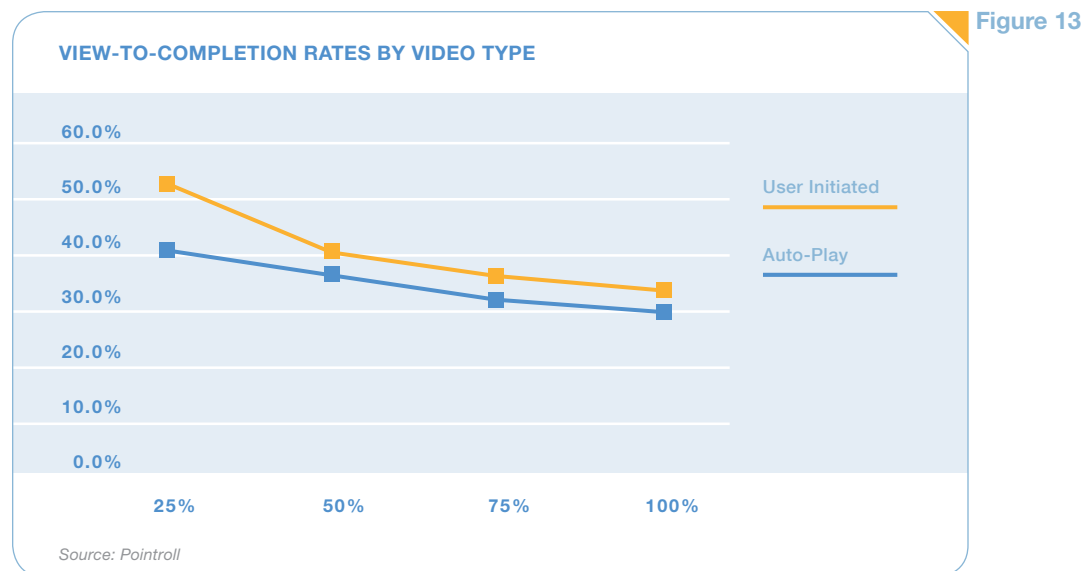
View-to-completion rate benchmarking: Auto-Play vs. User-Initiated

View-to-completion averages from 2008 to 2009, based on both auto-play and user-initiated data, break out as follows:

- ▶ 66% of the viewer population watched 25% of the video
- ▶ 57% of the viewer population watched 50% of the video
- ▶ 51% of the viewer population watched 75% of the video
- ▶ 48% of the viewer population watched 100% of the video

Higher completion rates are associated with the user-initiated unit, which suggests that higher interaction and brand time rates associated with auto-play (forced) video ad executions are driven in part by user activity closing down the unit.

The data shows (see Figure 13) that view-to-completion rates for online video (auto-play and user-initiated) have declined steadily over that past four years.



Combined view-to-completion rates holding steady 2005–2008

Viewing user-initiated view-to-completion alone reveals a different dynamic: view-to-completion rates hold steady or trend upward for the less intrusive execution. (see Figure 14).

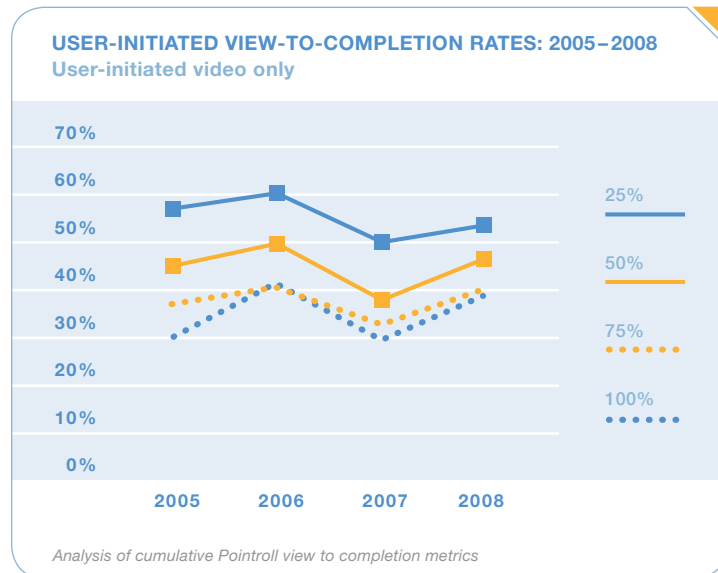


Figure 14

Does length matter?

Every element of an ad determines the corresponding completion and interaction rates. When planning an online video campaign, remember that length matters. A LiveRail review of online video advertising actually discovered that the average completion rate for 30-second in-stream units (84%) is higher than that of 15-second units (79%) (*State of the Industry: LiveRail's Q4 2008 Review of Online Video Advertising*) (see Figure 15).

U.S. IN-STREAM ONLINE VIDEO ADVERTISING METRICS, Q4 2008

Average completion rate for 15-second in-stream units	79%
Average completion rate for 30-second in-stream units	84%
Click-through rate from in-stream ads to advertisers' Websites	1.9%
Average CPM	\$16.40
Current size of the market	\$540 million
In-stream ads % of total online video ads	63.8%

Note: includes pre-, mid- and post-roll
Source: LiveRail, "State of the Industry: LiveRail's Q4 2008 Review of Online Video Advertising," January 19, 2009

Figure 15

Publishers agree that 30-second ads are acceptable for pre-roll but not always preferable. There is some publisher consensus that shorter is better to provide a better overall consumer experience. The market, however, includes many different length executions from 8 seconds to 30 seconds. Some networks/sites only accept 15-second ads (i.e. Worldnow), even though this limitation results in less than 100% sellout rates.

In-banner video executions, however, operate independently of the content playback experience, and can provide marketers greater latitude for longer videos, even minutes in length.

Super Size Me

There are two ends of the spectrum that bracket view-to-completion rates related to unit size: Large horizontal units perform well, and small rectangles perform superbly. More specifically, the small rectangle is a format utilized on instant messaging sites, and nested inside the chat window. So, context plays an important role in the success of view-to-completion goals, when relating to size (see Figure 16).

Figure 16

VIEW-TO-COMPLETION RATES BY UNIT SIZE Pointroll Campaign Metrics 2008–2009				
<i>Unit Size</i>	<i>Video 25% Completion Rate</i>	<i>Video 50% Completion Rate</i>	<i>Video 75% Completion Rate</i>	<i>Video 100% Completion Rate</i>
Large Horizontal Banner	69.61%	60.39%	53.55%	51.53%
Medium Horizontal Banner	51.42%	46.35%	42.86%	40.71%
Small Horizontal Banner	35.30%	28.94%	25.22%	23.00%
Extra Large Rectangle	40.47%	32.55%	28.18%	25.66%
Large Rectangle	66.37%	58.15%	52.23%	48.71%
Medium Rectangle	23.51%	17.93%	16.15%	15.36%
Small Rectangle	52.76%	49.47%	46.35%	47.99%
Vertical Rectangle	25.76%	23.83%	22.46%	21.99%
Skyscraper	64.50%	57.39%	50.95%	48.69%
Untethered	81.39%	73.12%	65.48%	61.11%
Averages	64.69%	56.52%	50.54%	47.65%

*Source PointRoll Benchmarking Data || July 2008–June 2009 || Sorted by Completion Rate
*Includes campaign data for Forced and Non-Forced Video impressions only
*Includes all action types (mouse over, click, mouse delay, flash action)

In addition, large rectangles perform at above average rates compared to all view-to-completion rates, whereas as small rectangles perform superbly compared to unit size averages. Small horizontal banners underperform.

Video size and achieving campaign goals is in large measure a function of how contextual the format is to the user experience.

Understanding benchmarking and campaign effectiveness: Data drives better execution and creative efficiencies

Statistical analysis of video advertising online is both an art and science. Statistics point media spending toward accountability and efficiency, and can project engagement patterns associated with a planned campaign. However, the data is also useful for understanding what users don't do with a specific creative, and how that might affect creative production, pre-planning and ROI.

For example, click-through rates may be less relevant as part of campaign goals if the creative was designed to deliver a first impression without additional engagement: In this scenario, view-to-completion rates would be a relevant benchmark.

Agencies, marketers and advertisers use benchmarks when considering types of sites, sizes of the ads and various points of measurement when planning creative features and the overall media buy. Metrics are used for pre-planning, campaign optimization and final analysis.

The data comes from a library of approximately 85 billion PointRoll impressions delivered over thousands of campaigns in 2008 (see Figure 17).

The average advertiser vertical interaction rate was 6.29% in 2008 to 2009. Approximately 14 seconds were spent on each brand, and direct response metrics averaged at .6% (panel click-thru) and 0.2% (total click-thru).

The computer and technology vertical includes campaigns run by Intel, Microsoft and Adobe.

Figure 17

INTERACTION RATES BY ADVERTISER VERTICAL:
Pointroll Video 2008–2009

<i>Vertical</i>	<i>Branding Metric Interaction Rate</i>	<i>Branding Metric Avg. Time Spent (Sec)</i>	<i>DR Metric Panel CTR</i>	<i>DR Metric Total CTR</i>
Computers & Technology	14.62%	27.91	0.34%	0.26%
Pharmaceutical	11.66%	10.74	0.38%	0.22%
Toys & Games Manufacturers	9.15%	21.13	1.57%	1.32%
Books, Magazines, and Publications	8.71%	13.19	0.49%	0.57%
Retail	7.74%	13.67	1.20%	0.40%
Apparel Manufacturers	7.58%	12.33	0.49%	0.13%
Manufacturing	7.57%	13.26	1.62%	0.52%
Real Estate	6.74%	6.61	0.46%	0.08%
Telecommunications	6.53%	12.15	0.37%	0.15%
Finance	6.46%	12.12	0.69%	0.21%
Food & Beverage Manufacturers	6.38%	15.87	0.40%	0.24%
Travel & Tourism	6.37%	14.96	0.45%	0.22%
Sports & Fitness	6.34%	18.10	0.30%	0.13%
Entertainment	6.33%	15.40	0.44%	0.19%
Consumer Goods Manufacturers	5.99%	13.23	0.44%	0.19%
Transportation, Shipping, & Freight	5.53%	9.45	0.44%	0.12%
Home Improvement, Furnishings, & Durable Goods	5.49%	9.83	0.22%	0.12%
Non-Profit Organizations	5.38%	8.59	0.69%	0.14%
Automotive	4.86%	12.80	1.16%	0.24%
HealthCare	4.75%	10.07	0.23%	0.10%
Education	4.60%	11.65	0.38%	0.15%
Internet	4.55%	21.73	0.56%	0.35%
Restaurants & Food Service	4.00%	11.60	0.38%	0.23%
Training/Demos/Retired	3.90%	57.95	0.08%	0.08%
Government	3.86%	26.18	0.52%	0.28%
Consumer Electronics Manufacturers	3.44%	12.74	0.31%	0.17%
Insurance	2.46%	10.74	0.17%	0.12%
Energy, Utilities, & Chemicals	2.34%	12.16	0.11%	0.07%
PointRoll Video Average	6.29%	13.77	0.59%	0.23%

**Source PointRoll Benchmarking Data || July 2008 – June 2009 || Sorted by Interaction Rate
 *Includes campaign data for Forced and Non Forced Video impressions only
 *Total Branding Metrics and Direct Response Metrics exclude Polite display format
 Includes all action types (mouse over, click, mouse delay, flash action)

Games, music, information, kids and news lead publisher channel interaction rates in 2008 and 2009

Games and music & streaming media sites led publisher channels in 2008 with higher than average interaction rates.

Interestingly, computer and technology verticals performed at below average publisher channel interaction rates, an indication that Adobe and Intel were not running their campaigns on those channels, which provides a contrast in location strategy employed when compared to automotive campaigns run on some publisher channels (see Figure 18).

Figure 18

INTERACTION RATES BY PUBLISHING CHANNEL: 2008–2009

Channel ID	Interaction Rate	Average Brand Interaction Time (Sec)	Panel CTR	PRCTR
Games	19.01%	16.04	0.64%	0.34%
Music & Streaming Media	9.19%	10.59	0.48%	0.15%
Kids & Family	8.05%	13.93	1.76%	0.63%
Yellow & White Pages	7.39%	9.75	0.93%	0.37%
Portals & Search Engines	7.21%	14.62	1.67%	0.37%
Sports & Recreation	7.18%	12.06	0.53%	0.13%
Travel	6.82%	12.80	0.74%	0.15%
B2B	6.71%	11.97	1.10%	0.19%
Womens Interest	6.66%	13.25	0.41%	0.12%
Home & Garden	6.65%	14.44	0.55%	0.17%
News	6.56%	12.08	0.64%	0.16%
Advertising/Marketing	6.55%	10.59	1.52%	0.22%
Entertainment	6.43%	14.00	0.59%	0.14%
Health & Fitness	6.23%	10.72	0.49%	0.13%
Ad Network	6.20%	12.91	1.42%	0.20%
Comics & Humor	5.99%	13.86	0.51%	0.12%
Community	5.64%	15.18	0.88%	0.17%
Shopping & Auction	5.54%	7.10	0.84%	0.13%
Computing & Technology	5.49%	12.46	0.54%	0.12%
Local/Regional	5.48%	11.92	0.48%	0.12%
Learning & Reference	5.45%	11.87	0.79%	0.18%
Employment	5.06%	9.65	0.50%	0.10%
Business & Finance	4.19%	10.51	0.47%	0.08%
Automotive	2.81%	8.08	0.72%	0.09%
Grand Total	6.93%	13.77	1.22%	0.25%

*Source PointRoll Benchmarking Data || July 2008 – June 2009 || Sorted by Interaction Rate

*Includes campaign data for Forced and Non Forced Video impressions only

*Total Branding Metrics and Direct Response Metrics exclude Polite display format

*Includes all action types (mouse over, click, mouse delay, flash action)

The automotive vertical and publisher channels

Note that while the automotive vertical has a lower than average interaction rate (2.09%), it has a higher than average click through rate (.48%). This data suggests several possibilities (See Figure 19).

Figure 19

AUTOMOTIVE VERTICAL BY PUBLISHING CHANNEL:

Pointroll Campaigns 2008–2009

Publisher Channel	Branding Metric Interaction Rate	Branding Metric Avg. Time Spent (Sec)	DR Metric Panel CTR	DR Metric PRCTR
Music & Streaming Media	5.98%	9.11	0.71%	0.20%
Portals & Search Engines	5.29%	10.37	2.52%	0.49%
Ad Network	5.03%	14.34	1.41%	0.21%
News	4.48%	12.65	0.47%	0.13%
Games	4.26%	9.68	0.30%	0.10%
Travel	4.07%	27.06	0.31%	0.09%
Sports & Recreation	4.03%	14.52	0.24%	0.11%
Entertainment	3.96%	29.29	0.23%	0.10%
Computing & Technology	3.55%	13.51	0.73%	0.09%
Community	3.51%	20.86	0.34%	0.16%
B2B	2.77%	12.99	0.09%	0.10%
Automotive	2.09%	13.79	0.76%	0.48%
Grand Total	4.86%	13.15	1.52%	0.31%

*Source PointRoll Benchmarking Data || July 2008 – June 2009 || Sorted by Interaction Rate

*Includes campaign data for Forced and Non Forced Video impressions only

*Vertical Total Branding Metrics and Direct Response Metrics exclude Polite display format

*Includes all action types (mouse over, click, mouse delay, flash action)

First of all, the lower interaction rate could indicate that the execution was a non-user initiated video (auto-play) format, or that the creative was designed to deliver impressions without additional clicks.

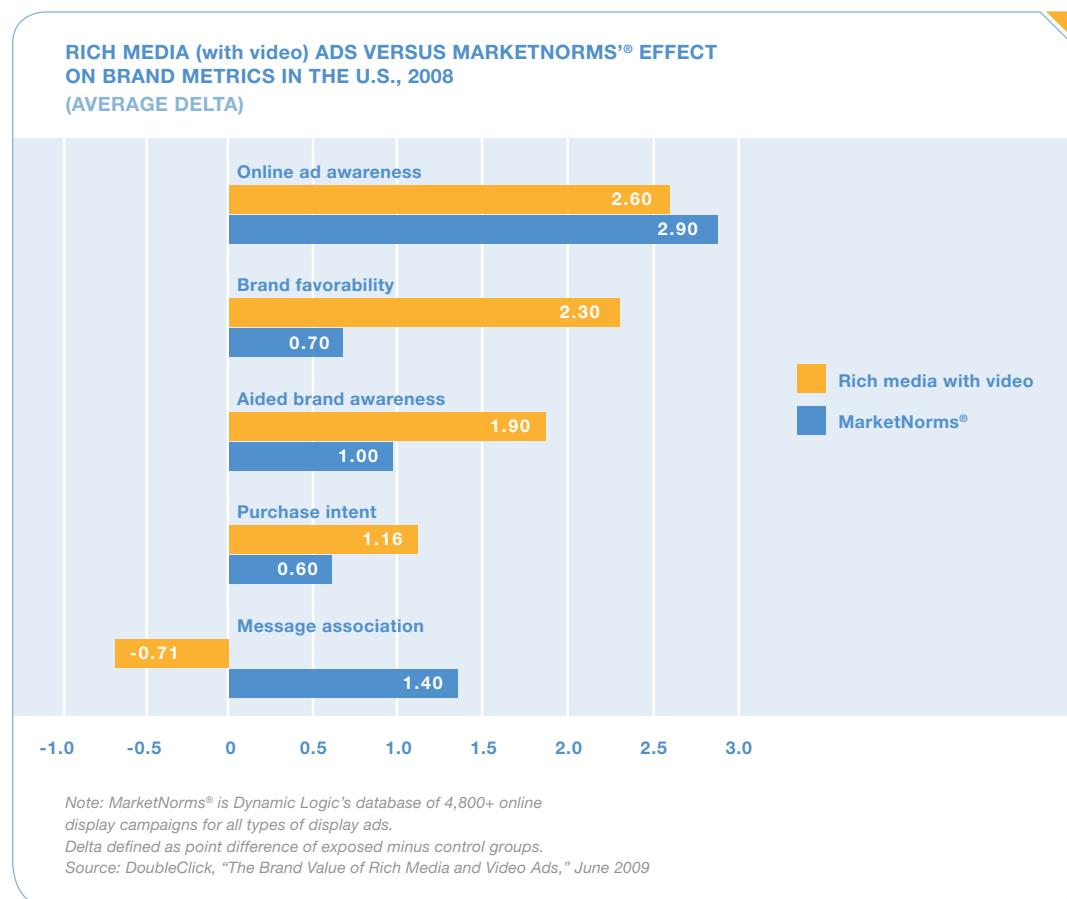
Secondly, it could also imply that the call to action within the initial video banner was not as compelling as the material found once users did click through.

Thirdly, this trend may also tell us that by the time users have gone to those sites, they may in fact already have an idea about what type of car they are interested in, and less likely to click into an advertisement from a brand already excluded.

The data shows that on music and streaming media sites, for example, there were both high interaction rates and time spent on brand message metrics, with lower or average direct response activity. The creative was either a user-initiated execution and designed to deliver a first impression (branding) with less emphasis on click-through, or the click-through material was not as compelling as the initial creative.

Lower engagement metrics with automotive creative on automotive channels could illustrate consumer orientation toward models they may have already excluded as a buyer, while the far higher click through rates are indicative of their interest in models they have not excluded while exploring those sites (see Figure 20).

Figure 20



When to use, and why to use?

The major question though, now that video can be used for so many creative purposes within an ad unit, is WHEN to use it, and WHY. Video has impact! In a recent Dynamic Logic study, online video outperformed traditional rich media in several areas in the purchase funnel, such as brand favorability, aided brand awareness, purchase intent and message association (*The Brand Value of Rich Media and Video Ads*, June 2009).

Market practices

In terms of visual elements, designing an online campaign incorporating video is similar in many ways to designing a targeted television campaign. However, digital video advertising involves many more options and variables during planning than television advertising requires.

The online video buy process includes:

- 1) Assessing marketing objectives:** Is the campaign goal awareness, brand building, data capture, direct response, maximizing available inventory (reach) or one of many other options?
- 2) Creative execution:** Choices include auto-start/forced video, expandable ad units, synched video (to a box), supported formats, HD encode rates, micro site production, etc. Take into consideration that users may not have audio on. Be sure to brand clearly with visuals as well as sound.
- 3) Placement:** What sites, affiliations, networks, and platforms (Brightcove, thePlatform et al) support the campaign's reach, demographic and targeting goals? Know where your audience is viewing video. News, weather, and entertainment video content is most commonly viewed online. These categories and sports video content is most commonly viewed on mobile devices.
- 4) Reach:** Options range from high-volume portals such as Google, Yahoo, AOL and Comcast which perform very well, to more enthusiast-driven and niche sites that include ReadersDigest.com, FoodTV.com, MarthaStewart.com, Glam.com, TMZ.com or HGTVPro.com that also perform well.
- 5) Reporting and tracking:** Determine what verification and measurement statistics are meaningful and valuable.

Best Practices

- ▶ **Standardization and pre-roll video length:** 15-30 seconds.
- ▶ **Pre-roll market norms:** Most sites will accept 30-second spots, but there are publisher platforms that only accept 15-second spots (i.e. Worldnow).
- ▶ **In-banner segment:** Video can accommodate longer creative execution (greater latitude to produce longer-form creative executions utilizing in-banner video, which can run more than one minute in length), but the majority of executions are 30-seconds or less.
- ▶ **Clear call to action:** When utilizing expandable ads allow 2–3 seconds for engagement: Let users become aware that they can, and are encouraged to interact with the message.
- ▶ **Explicit interactivity:** Let users know what they are expected to do within the ad experience and include a rollover call to action in the banner immediately.
- ▶ **Create a great “front door”:** The video banner is the front door to an execution. The better it is, the more likely the user is to engage. A call to action (an arrow to play icon) or rollover inducement are important engagement triggers.
- ▶ **More video:** Clearly indicate if multiple videos are contained inside the ad unit, and encourage users to interact with them all.
- ▶ **Original media for the medium:** Audiovisual innovation creates campaign engagement and an ROI analysis may warrant the additional investment. Many leading brands including Kellogg’s have shot creative specifically for online campaigns incorporating advances such as Synched Ad Technology (two ad units interacting with each other).
- ▶ **Encoding:** The process of converting the client supplied video into a format for web delivery (for our purposes, an FLV is created).
- ▶ **Quality:** Some advertisers prefer all audiences to see the same quality of video, which suggests progressive download delivery.
- ▶ **High Definition is an option:** Some advertisers want the highest quality video (streaming or progressive download). Premium HD content is being published on broadcast TV sites such as ABC.com, Discovery.com and others.
- ▶ **Rights:** Some advertisers don’t want elements of the creative message in a user’s cache (to accommodate rights issues) which makes streaming more appropriate.

- ▶ **Brand sensitivity:** Brands are protective, risk-averse, and cautious as the level of inventory expands online. While there is an increasing level of comfort and acceptance of expanded inventory, messaging and any potential placement surprises should be anticipated and greatly reduced.
- ▶ **The medium is becoming much more mainstream:** there are increasing opportunities for monetizing against premium content in user generated video channels as more distribution agreements are put in place between rights holders and large hosting environments such as YouTube.
- ▶ **Preparation:** Prepping your video, and making sure it is ready for conversion for online delivery helps to ensure that your video will be delivered in the best quality possible. Have any placards, unwanted production house titles, and end cards removed before submitting the video. Make sure the video has not already been compressed for web delivery. Compressing and converting previously converted video reduces images quality! Make sure the video is in the proper aspect ratio for your creative. A creative that is set up for a 4:3 video will improperly stretch and squash a 16:9 video.
- ▶ **Know the technical submission guidelines:**
 - Submission format for Flash Player 8 or higher video delivery:
 - Codec: H.264
 - File wrapper: mp4, mpeg4, mov, m4v
 - Audio setting: AAC, 44.1 kHz
 - Bit rate: > 2 Mbps
 - Submission format for Flash Player 8 or higher With Alpha Channel:
 - Codec: Animation – Best Quality; RGB + Alpha Channels Included
 - File wrapper: mov, avi
 - Audio setting: AAC, 44.1 kHz
 - Bit rate: > 2 Mbps
 - Submission format for Flash Player 7 video delivery:
 - Codec: Animation – Best Quality
 - File wrapper: mov, avi
 - Audio setting: AAC, 44.1 kHz
 - Bit rate: > 2 Mbps



PART 3

Online Video Advertising Terminology

Ad Network: 3rd party ad sales often referred to as remnant inventory. Inventory representation and campaign management providers that aggregate unsold (remnant) inventory from premium sites (typically pre-roll), and also handle media sales and serving for groups of second and third-tier content sites.

Alpha Channel: An additional video channel (layer of information) that includes transparency information.

Aspect Ratio: The ratio of height to width that the video has been created. Typical aspect ratios are 4:3, the standard for older television sets, and 16:9 — which is the new standard for TV, as well as theaters.

Avail: An advertising unit, representative of video inventory or allocation on a site, an affiliation of sites or an ad network.

Available inventory: The number of content views seen per impression delivered. For video sites, inventory can range from one pre-roll placed in before a content stream (typically seen on premium cable news sites) to multiple rolls inserted every 1–3 streams (typical of mainstream entertainment sites or portals). Frequency of insertion is set by the site or publisher, and it averaged 1.5 views per pre-roll video impression served in 2008 on sites with pre-roll inventory.

Bandwidth: The amount of data a user can handle in a given second across the Internet.

Bandwidth Detection: Determining a user's connection speed and then serving the appropriate video stream based on the connection detected.

Bit-Rate: Total amount of file information transmitted to users in a given second.

Buffer Time: Specific to streaming video. Amount of video loaded ahead of when the video starts to play; provides a “buffer” against any lags in the download of the video.

CDN (Content Delivery Network): Network across the Internet which delivers video to users.

CPC/CPE: A paid-per-action rich media unit. CPC, or CPE (cost per execution) is priced per action basis (i.e. \$0.30/click). The execution can involve an in-page video spot or an interactive overlay appearing in the bottom quarter of the video frame.

CPM: A measured value exchange between audience reach and media spend. This is a cost per thousand impressions delivered calculation. For example, a \$50,000 campaign might be bought/sold at \$25 CPM (\$25/1,000, or \$0.025 per delivered impression). Thus, a 2,000,000 impression campaign implies $\$0.025 \times 2,000,000$, or \$50,000 to arrive at a gross media spend figure.

Codec: An acronym for “Compression/Decompression,” it is an algorithm used to compress a video into a smaller file size. The codec that is used to compress the video must also be used to decompress the video when it is viewed.

Compression: Process of compressing video to a specified codec to reduce file size for more manageable viewing and delivery.

FMS (Flash Media Server): Adobe server used to deliver Flash video. Must be used to deliver Flash Video Files (FLV's) in a streaming format. Progressive videos are downloaded from our servers, not the FMS.

Flash Version Detection: Method of determining which version of the Flash player (6/7 or 8,9,10) a user is viewing the ad in.

Full Screen Video: Expansion of the video viewing area to the full size of user's screen. This requires the use of at least Flash 9 and needs a longer development and lead time to be implemented.

HD Video: High Definition video. Video is encoded at a much higher bit-rate ensuring amazing video quality but exponentially increasing file size. Associate cost up-charges apply.

In-banner/Embedded ad unit: Delivered in a pre-sized banner box or window, and not directly to the content streams requested by the user. This ad unit can be auto-play, or user-initiated. This execution generates, by far, the largest share of media spend online associated with video advertising. This flexible unit can be executed in multiple ways, including auto-start (begins to run when the page is loaded) or user-initiated (commences once the start arrow is clicked). The impressions may also have auto-sound, or user-initiated sound.

In-game video unit: Video impressions delivered inside casual game environments, including RealArcade, Yahoo Games and others. Spots are typically delivered once the game is downloaded and before first level play, or between levels.

In-Stream Video: Often called "Pre-Roll"; generic term for the insertion of video ad content within a video stream at any point (pre-roll is specifically before the start of the video content).

Interactive Video: An interactive experience within the video itself. Solely related to Flash. Can utilize streaming or progressive, but not all videos are suitable for this execution due to their rapid movements.

Media Rep firm/Ad Network: A sales organization that represents available inventory, and brokers the actual placement of media through ad agencies and directly with clients/advertisers, often remnant pre-roll inventory.

Mid-roll: An execution typically utilized with long-form episodic content on premium content sites. The video spots are sequenced into 30-minute or 60-minute show in 3 – 5 pods, with one ad per pod.

Overlays: Interactive banners running on the bottom quarter of a pre-roll video ad, in-page video ad, premium syndicated video or indexed/search-related video. The unit gained traction in 2008, and is forecast to continue this trend in 2009 and beyond.

Player Formats: Various player formats for video playback; primary formats are Flash, Windows Media Player, QuickTime and Java.

Post-roll ad: A video ad that runs/streams after the requested file has been viewed.

Pre-roll ad (also called in-stream video): An ad that runs/streams immediately after a file is clicked on, but before the actual content requested is delivered.

Progressive Video: Method of video delivery where user must download a large portion of video before play can begin. Remainder of video downloads in background during playback.

RFP: Request for proposal. Agencies, advertisers, marketers and brand managers will typically submit RFPs to multiple publishers (a dozen or more), sites and networks and selective choose the right proposal that offers price, performance guarantees, demographic targeting and reach.

Reach: The total unique audience reached by a particular site, network of branded sites, show, channel or even content segment, syndication platform, ad network, through affiliation and aggregation.

Resolution: The measurement of relative detail in a video, typically given in pixels of width and height.

Streaming: Method of video delivery where user downloads small bits of video data based on their bandwidth as the video plays.

Total Streams: Total video streams or views served.

Video Ad/Content CMS/Indexing: Video content and advertising management platforms and systems. A diverse set of applications gfggA to better exploit content libraries by making them more accessible and addressable, and includes video indexing, video search, metadata libraries and metaplayers.

Video CMS/Ad management platform: A 3rd party technology platform and management provider that standardizes the scheduling, execution, playback, player environment and overall management of paid media. This is a very vibrant and diverse group of solution providers ranging from Brightcove to Eyewonder, PointRoll, Adapt.TV, VideoEgg, ScanScout, Move Networks, thePlatform, The Feedroom and many others.

Video metadata libraries: Videos are being indexed into actionable content libraries. The elements of a video (down to the frame level, originator, actors, air dates etc.) can be analyzed and categorized.

Widget: An embeddable application (in this case video player) that operates in multiple environments, and based on location conforms to pre-programmed business rules and advertising utilization.



PART 4

Why PointRoll?

Why PointRoll?

When considering a video and rich media provider effectiveness and efficiency should play a key role. Further, both the experience and depth of knowledge of a provider as well as the technological tools and capabilities offered should be reviewed and tested.

PointRoll is the leader in rich media digital advertising, putting advertisers and agencies in the driver's seat with industry leading knowledge, experience, and digital solutions for both online and mobile rich media display applications. Well versed in the challenges facing marketers, PointRoll enables you to efficiently create, target, and deploy successful rich media campaigns that maximize both budget and ad effectiveness. PointRoll provides consultation and campaign insight backed by industry-leading data and more than 85 billion annual rich media impressions served in 2009 to date.

- ▶ PointRoll enables marketers to easily navigate and leverage online display advertising with tools such as AdControl and AdPortal
- ▶ PointRoll educates marketers on web 2.0 strategies that can be leveraged in the display space including mobile, video, social networking, and dynamic ad creation and delivery
- ▶ PointRoll rich media enables marketers to increase conversion rates from online ads and inquiries
- ▶ PointRoll provides timely and thoughtful pre-campaign direction and mid/post campaign analysis including industry and competitive performance comparisons
- ▶ PointRoll provides early creative process support including concepting ideas, recommending successful features and functionality, shortening production time through asset review and tools
- ▶ PointRoll provides best in class ad delivery, development and measurement technology
- ▶ PointRoll works with leading website publishers including Yahoo!, MSN, AOL, Cars.com, ESPN and many more to provide unique integrations and cost savings

From campaign consulting to benchmarking, PointRoll provides marketers with the utmost in education, service, delivery and performance, perfected through working with more than half of the Fortune 500 for over 10 years.

Contact your PointRoll representative today or email info@pointroll.com for more information.