

THE ESSENTIALS OF DIGITAL VIDEO ADVERTISING

Seven Best Practices for More Effective US Campaigns

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Paul Verna

Contributors: Rebecca Chadwick, Sean Creamer, Amy Rotondo



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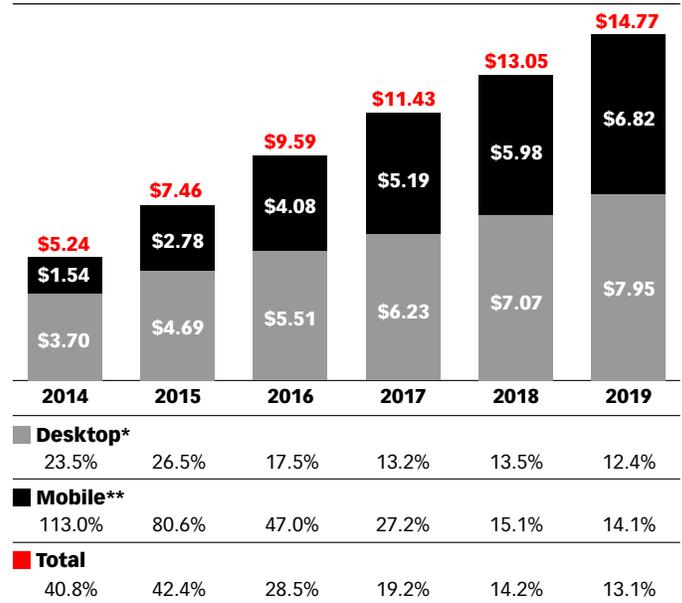
THE ESSENTIALS OF DIGITAL VIDEO ADVERTISING: SEVEN BEST PRACTICES FOR MORE EFFECTIVE US CAMPAIGNS

The US digital video advertising market is on pace to nearly double by 2019. This growth will be led by an ongoing shift toward mobile viewing, a host of digital platforms that now prioritize video and a growing assortment of content against which to advertise.

- With billions of dollars in play, participants in the digital video ecosystem are more interested than ever in adopting best practices that will help them make the most out of ad campaigns.
- Current best practices reflect a market that's gone through a metamorphosis over the past year. What works today isn't necessarily what worked a year ago.
- Recent trends that are driving new best practices include an expansion of mostly social platforms that prioritize short, in-feed clips; videos that play automatically with the sound off; a need to account for a growing range of screen sizes, aspect ratios, ad lengths and other specs that are inherent to each platform; and an emphasis on measuring and tracking ad performance, which starts with making sure clips are viewable in the first place.

WHAT'S IN THIS REPORT? This report summarizes seven essential best practices in digital video advertising, compiled from extensive conversations with leaders across a broad spectrum of the industry, including brand marketers, agencies, ad tech firms, multichannel networks, platforms and publishers. Expert insights cover user experience, mobile, multiscreen and multiplatform strategies, native advertising, creative approaches, measurement and more. Although all of the best practices outlined here are in use to some degree, few marketers and agencies are giving full priority to all of these items. This report takes the position that all of these points are essential to ensuring successful digital video ad campaigns.

US Digital Video Ad Spending, by Device, 2014-2019
billions and % change



Note: includes advertising that appears before, during or after digital video content in a video player; *includes advertising that appears on desktop and laptop computers and other internet-connected devices; **includes mobile phones and tablets
Source: eMarketer, Sep 2015

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KEY STAT: US digital video ad spending will grow at a compound annual growth rate (CAGR) of 18.6% from 2015 to 2019, totaling \$14.77 billion by the end of the forecast period.

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BEST PRACTICE NO. 1: PUT USER EXPERIENCE FIRST (AND FORGET EVERYTHING ELSE)

It seems obvious, doesn't it? Advertisers look to win over consumers, so surely they want to provide an engaging, pleasing and relevant experience to those users. And yet any casual internet user can tell you that digital video advertising is often a bad experience. The upsurge in ad blocking is an ominous reminder of this reality.

Advertisers are guilty of the most obvious video errors, but publishers and platform providers sometimes share the blame. Among the more egregious offenses are serving the same video pre-roll multiple times during a content series, forcing long-form ads ahead of short-form videos, reusing video spots without regard to screen aspect ratios, and autoplaying—with audio!—without the user's permission.

Almost any advertiser worth their salt knows that these lackluster experiences won't deliver the desired results. And yet bad user experience is, if not the rule, certainly more than mere exception.

EXPERT INSIGHTS

"The quality of the video experience makes a huge difference in the impact it has on consumers. Over the past year, many brands have stepped up their efforts in video to not only buy the right audience and demographic, but to buy the right experiences." —Jonah Goodhart, Moat

"Always take into consideration the user experience when you're thinking about how and where video may be triggered. Each publisher and each app may have a specific behavior that's unique to how that user uses the app, whether it's swiping, browsing, reading or playing a game. If you're a marketer, you want to ask your partner, 'What's the natural use case of the user within this environment?'" —Chris Cunningham, ironSource

BEST PRACTICE NO. 2: BE MOBILE OR ELSE

Given the massive shift toward smartphone and tablet video, focusing on the user experience means, by necessity, putting a premium on mobile. In 2015, for the first time ever, average daily time spent watching digital video on mobile devices in the US surpassed desktop time, according to data from comScore Inc., Nielsen and ZenithOptimedia. By 2017, mobile time will be almost double its desktop counterpart.

US Digital Video and TV Viewer Metrics, 2012-2017

	2012	2013	2014	2015	2016	2017
Monthly digital video viewers (millions)	171.6	186.2	195.6	204.6	213.6	221.4
Monthly traditional TV viewers (millions)	283.9	286.7	285.1	282.3	278.0	272.5
Daily time spent with digital video (minutes)	50	52	57	64	70	77
—Via mobile devices	12	17	25	34	42	51
—Via desktop/nonmobile devices	38	35	32	30	28	26

Source: comScore Inc., Nielsen and ZenithOptimedia as cited in ZenithOptimedia, "Online Video Forecasts," July 31, 2015

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Since advertising follows viewership, it's no surprise that video is one of the fastest growing areas of US mobile ad spending. Mobile video ad spending in the US jumped 80.6% in 2015 and is forecast to see double-digit growth through 2019, according to eMarketer. Those growth rates exceed search and other subsets of the display category, such as banners, rich media and sponsorships. It should be noted, however, that one of the nonvideo display categories is "other," which includes Facebook News Feed ads and Twitter Promoted Tweets, which are increasingly video oriented. However, even with this caveat, it's clear that mobile video advertising is headed for steep growth and destined to become an increasingly important part of the mix for marketers and agencies.

US Mobile Ad Spending Growth, by Format, 2014-2019

% change

	2014	2015	2016	2017	2018	2019
Display	81.7%	61.2%	38.8%	21.5%	13.8%	13.0%
—Video	113.0%	80.6%	47.0%	27.2%	15.1%	14.1%
—Banners, rich media, sponsorships and other*	76.8%	57.5%	37.0%	20.1%	13.5%	12.7%
Search	77.2%	56.2%	36.2%	19.6%	13.2%	12.5%
SMS/MMS/P2P messaging	-3.3%	9.4%	2.7%	-3.6%	-6.6%	-2.7%
Other (classifieds, email, lead gen)	181.1%	85.7%	59.4%	34.3%	26.9%	19.0%
Total	79.5%	59.0%	38.0%	21.0%	14.0%	13.0%

Note: ad spending on tablets is included; *includes ads such as Facebook's News Feed Ads and Twitter's Promoted Tweets
Source: eMarketer, Sep 2015

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In dollar terms, spending on US mobile video ads is smaller than search and the combination of the other display categories, and eMarketer expects this will remain through the end of our forecast period. However, the gaps will start to narrow as video grows at a faster pace than the other formats.

US Mobile Ad Spending, by Format, 2014-2019

billions

	2014	2015	2016	2017	2018	2019
Display	\$9.65	\$15.55	\$21.58	\$26.21	\$29.83	\$33.70
—Banners, rich media, sponsorships and other*	\$8.11	\$12.77	\$17.50	\$21.02	\$23.85	\$26.89
—Video	\$1.54	\$2.78	\$4.08	\$5.19	\$5.98	\$6.82
Search	\$8.72	\$13.62	\$18.54	\$22.18	\$25.11	\$28.25
SMS/MMS/P2P messaging	\$0.24	\$0.26	\$0.27	\$0.26	\$0.24	\$0.23
Other (classifieds, email, lead gen)	\$0.55	\$1.02	\$1.63	\$2.18	\$2.77	\$3.30
Total	\$19.15	\$30.45	\$42.01	\$50.84	\$57.95	\$65.49

Note: ad spending on tablets is included; numbers may not add up to total due to rounding; *includes ads such as Facebook's News Feed Ads and Twitter's Promoted Tweets

Source: eMarketer, Sep 2015

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The bottom line is that video consumption and, to a lesser extent, advertising are moving from desktop to mobile environments. The implications for marketers are clear, and many have assimilated the need to tailor ads to smaller touchscreens. However, a surprisingly large portion of the ad community continues to miss opportunities to play to the strengths of mobile consumption and smartphone and tablet interfaces. The video ad buying community isn't just wed to overly simplistic digital models—some are still thinking in terms of the TV model.

EXPERT INSIGHTS

"It's important for brands and advertisers to keep in mind that people are no longer tethered to an original television viewing experience in the living room. They're now consuming content of all types across mobile devices and in all sorts of different locations, so brands really need to start thinking about video platforms like YouTube as the place where they're going to reach this consumer whose behavior has completely changed. Advertisers are responding, and we've seen something like 100% growth in revenue coming through mobile advertising on YouTube." —*Jamie Byrne, YouTube Creators, YouTube*

"We need to think about mobile as a specific channel and create specific assets for it. Using a derivative of a video produced for other channels is usually not successful." —*Djamel Agaoua, Cheetah Mobile*

"With mobile, you can have interactive elements and they should be touchable. You're going to tap or swipe; it's a very touchy-feely device. But we've been shocked at how much of the creative that comes over to us doesn't go by these best practices." —*Lauren Wiener, Tremor Video*

BEST PRACTICE NO. 3: BE A MULTISCREEN NINJA

As important as mobile is, putting too much emphasis on that channel can leave holes in a marketer's digital video ad strategy. Desktop is still important, as are emerging platforms like connected TV. What works on one of these screens doesn't necessarily work on another, so marketers that design for one screen at the expense of another are missing an opportunity.

Although this seems obvious—surely everyone knows that users are consuming content on whatever device is at hand—you wouldn't know it from the video advertising on those devices. Many marketers and agencies have made inroads toward a true multiscreen mentality, but in the words of one expert, “we're not quite there yet.”

EXPERT INSIGHTS

“Consumers' media habits have become so fragmented that a multiscreen approach to digital video is no longer optional. Brands need to consider all potential video touchpoints—desktop, mobile, tablet, smart TVs, game consoles, OTT [over-the-top] devices, etc.—and craft a strategy not just for the media buy but also for the creative that's best suited for each screen.”

—*Jenny Schauer, DigitasLBi*

“In the future when marketers are doing their 30-second spot, they're also going to think about a 10-second script. It'll be done at the beginning vs. after they've already created their big expensive one. They'll think, 'Now what am I going to do for mobile, what am I going to do for Vine?' If you can plan the whole thing out at the beginning, that's truly an all-screen mentality from a creative perspective, and we're not quite there yet.”

—*Lauren Wiener, Tremor Video*

BEST PRACTICE NO. 4: BE A MULTIPLATFORM NINJA

Designing for multiple devices isn't rocket science. It's basically a matter of accounting for various screen sizes and aspect ratios. However, creating ads for multiple platforms is more of a moving target, as there are new ones cropping up all the time, each with its own technical and creative specs, including length, whether the ad plays automatically or has to be clicked to start, whether it's skippable, whether audio is on or off by default, whether the video loops, etc.

As a result of this growing complexity, media buying has become more difficult over the past year. Social venues such as Facebook, Twitter and Snapchat put video advertising in the forefront of their monetization strategies, and new platforms such as Periscope further disrupted the ecosystem. In this fragmented world, it no longer makes sense to compartmentalize advertising budgets into discrete areas. Marketers and agencies need to take a broad view of their TV/video campaigns and break down walls that separate traditional, digital and social media programs.

Buying across platforms is simply a way of keeping up with consumer behavior, which is, after all, what every marketer tries to tap into. It's easier said than done given the way corporate marketing departments and ad agencies are structured, and given technical limitations of many programmatic platforms. Nevertheless, harmonizing buying decisions across multiple screens—traditional and digital—is an essential component of effective advertising, and one that will emerge as a differentiator among marketers, agencies and ad tech providers.

EXPERT INSIGHTS

“No one has ever been fired for buying TV on a Thursday night. But now, digital video is going to be extremely important, and some of these people that aren’t anticipating alternatives to the TV spot on a Thursday night, they actually will be fired.” —*Mark Borum, Reelio*

“Marketers are wondering how they can create holistic media programs for video. They’re asking, ‘Why do I buy Facebook, why do I buy YouTube, why do I buy local cable and how do I tie that all together?’ Those questions come up frequently, and agencies don’t have an automated way to explain the attribution funnel. So I expect in 2016 there’ll be a lot of research done around video as an omnichannel or attribution model.” —*Melissa Kihara, GroupM / Xaxis*

“We make it our job to know these platforms so that we can take an idea for a brand and express it at scale across the whole ecosystem, without the brand having to know everything, shoot everything and cut everything.” —*Charlie Echeverry, MiTú Network*

BEST PRACTICE NO. 5: THINK NATIVE

At the heart of understanding screens and platforms is having an instinctive sense of how to use each medium effectively. Basically, it means marketers need to think of all digital video advertising as native—whether it’s a pre-roll on YouTube; a six-second branded clip on Vine; an in-feed video on Facebook, Twitter, Snapchat or other social or messaging venue; or a page takeover on a media site. In the best of cases, marketers use each platform’s inherent properties to advance storytelling.

YouTube’s Byrne points to a series of ads from Geico as an example of an effective use of the platform’s TrueView skippable ad format. The ads feature a voiceover that cuts in within a few seconds with the message: “You can’t skip this Geico ad because it’s already over.” The message is followed by what appears to be a freeze frame, but the action continues in surreal ways. In one clip, a family is starting dinner around the kitchen table. After the freeze frame, the family dog leaps onto the table and begins eating off the plates while the family members remain frozen in place. On close observation, however, the family members’ expressions change and their hands move, indicating that they’re not in an actual freeze frame.

“Those are fantastic examples of a brand that really understands the platform and has used the creative format to innovate and break through,” said Byrne. “In some cases it’s about getting your message across in the first few seconds, but it’s also about the creative hook. You really need a hook in that first five to 10 seconds to get people to stay tuned in.”

Other experts also shared insights about the importance of making an emotional connection with audiences, regardless of the ad format. This is true of media ads and branded content alike.

EXPERT INSIGHTS

“When a marketer can create an emotional reaction and the brand is essentially coming along for the ride, that’s when affinity happens. That’s where the longevity and the sharing of the earned media happen. It’s not that short-term thinking of ‘company X brings you this and by the way this is how company X fixes this and by the way this is how company X fixes that.’ It’s truly about bringing something of value, some utility, some emotional response to it, and the brand is associated.”

—Noah Fenn, AOL

“In order to generate not only engagement and views but shares and social actions, any piece of content, particularly a video, needs to evoke an emotion at some level. Today’s consumer is presented with hundreds of content pieces throughout their day, and what is indisputable is that the videos that can spark an emotion are ultimately the most successful. Success is measured not only by how many times the clips are viewed, but by the engagement rate at which consumers interact and share the content.” —Rafael Urbina, Batanga Media

“Branded video content is most effective when the audience drives the distribution strategy, and the channels that make up that strategy drive creative choices. Starting with the creative conceit of a 6-second Vine is going to lead to a different end product than a 15-second Instagram video or a 90-second Facebook video.”

—Mike McAvoy, The Onion

BEST PRACTICE NO. 6: THINK SHORT ... AND VISUAL

Every evolutionary step in digital video advertising has led to shorter clips. Early on, the de facto standard was 30-second pre-rolls that were often repurposed from TV campaigns. As consumers started losing patience with half-minute ads, 15-second spots became the norm. Then, YouTube’s skippable ad format essentially shortened attention spans to the five-second interval before the skip button becomes active. Along these lines, Instagram started with a maximum length of 15 seconds and has since launched the Boomerang app, which delivers GIF-like videos that last all of one second. Vine videos are limited to six seconds.

In this “Honey, I Shrunk The Ad” world, grabbing the viewer’s attention within a few seconds has become more important than ever. And not only do marketers need to make an impression quickly, but more and more they have to do it through visuals because formats such as Facebook’s autoplay don’t use sound until the user clicks on the ad.

EXPERT INSIGHTS

“Keeping it short as possible is a best practice, and as we migrate to mobile first, sound is important because people are often in an environment that’s not conducive to sound, like a bar or a subway. Your content needs to work reasonably well without sound.” —Matthew Waghorn, Huge

“When people are scrolling through their Facebook News Feed, or Twitter, or Vine or The New York Times app, it’s a fundamentally different creative experience to have the sound off. A brand that is telling a story in a sound-off environment needs to use motion. I’ve seen some entertainment clients do this well, where three seconds into the sound-off video, there’s a cue for a movie title and local listings, so even though you’re not hearing anything, you could still take action. That sort of blending of branded content with native advertising is useful.” —Melissa Kihara, GroupM / Xaxis

“I would suggest keeping the length of video as short as possible, ideally eight to 12 seconds vs. the more traditional 20 to 30 seconds.” —Chris Cunningham, ironSource

“Short attention spans plus increased mobile use mean short mobile ads—five seconds.”

—Laura Lee, Margaritaville

BEST PRACTICE NO. 7: MEASURE AND TRACK ... AND MEASURE ... AND TRACK

For years, the conventional wisdom has been that digital advertising provides data insights that make up for its relative lack of reach and scale compared with TV. While this paradigm remains true for digital as a whole and for video in particular, blunt metrics such as views and clicks no longer suffice as indicators of campaign success.

As video consumption and advertising continue to spread across multiple devices, marketers and agencies need to correlate an increasingly complex set of metrics that span traditional, panel-based inputs to emerging technologies such as digital device matching. The specifics vary from one campaign to another, but the need to ramp up the tracking and measuring of ads is universal and essential.

Of all the benchmarks used to measure the effectiveness of digital ad campaigns, viewability has emerged as one of the most important and controversial ones. Important because it hardly matters how good an ad is if the viewer doesn't actually get to see it. And controversial because industry standards for what constitutes a viewable ad are not satisfactory to a large segment of the digital advertising community. Similar dynamics apply to completion rates.

Many feel that anything less than a 100% viewability standard is an unacceptable compromise, yet industry bodies such as the Media Ratings Council use a lower bar, and major platforms such as Facebook count an autoplay video as complete if it played for as little as 3 seconds. Sometimes, those ads play unintentionally out of view of the user's feed, and with the sound off.

The pitched battle over viewability, completion rates and other benchmarks will continue, but regardless of how it plays out, marketers and agencies will be best served by not settling for half measures and insisting that their ads be fully viewable.

EXPERT INSIGHTS

"In the early days of digital video, the industry had no choice but to take the legacy model from TV and simply execute it on a smaller screen using one-dimensional metrics for both buying and reporting. Today, the applications for data within digital video are much more expansive. We have more insights and planning tools than ever before, more ways to buy and execute that put data in the driver's seat, and more robust tracking and measurement options for optimizations in real time."
—*Jenny Schauer, DigitasLBI*

"Make sure that the most valuable data sets are available, not just traditional survey-based data or the panel-based data that's been the currency for television for years. If you're going to make the investment in time and effort and dollars into programmatic, make sure there are unique data sets that are incrementally valuable to the business and give you visibility into audiences beyond blunt identifiers." —*Dan Ackerman, AOL*

"It's important to use rich data and metrics—not just audience data, but performance data and multitouch attribution in video, whether it's branded video or programmatic, to help advertisers understand how their video is performing against their bottom line and their business impact metrics." —*Nicole Willner, AOL*

"New metrics will determine value: retention and time viewed, as opposed to cost per view or CPM."
—*Mike McAvoy, The Onion*

"Understand not only what you're buying but the potential impact to the consumer experience, not to mention your results. Was the ad viewable to a human being? Was it partially viewable? Was it viewable but the audio was muted? Was the audio on but the video wasn't there? Understanding success will require that at the very least your ad ran and a consumer could possibly see it (and perhaps hear it). Know for sure what happened; otherwise your baseline won't be much of a baseline."
—*Jonah Goodhart, Moat*

EMARKETER INTERVIEWS

“Marketers still want a completed view, but the digital video ecosystem has not standardized what a completed view is, and that is causing a lot of issues. We want to ensure that our clients are only paying for things that have a completed view. But our standards for what is considered a completed view are similar to TV, and the reason is that television is transparent to our clients. You know what you’re getting. And digital has to be the same: You have to know what you’re getting.” —*Melissa Kihara, GroupM / Xaxis*

“There is a logical correlation: If you eliminate fraud, your viewability naturally goes up. Nonhuman traffic is not seen by humans and, therefore, is not viewable. From the fraud and viewability perspective, the display world has moved dramatically in the last 18 months. Video is a little behind. There’s a lot of money at stake in it, and the CPMs are much higher, which means the fraud has a strong incentive to continue innovating there. But it’s going to play itself out naturally over time.”
—*Andrew Pancer, Dstillery*



Dan Ackerman
Senior Vice President, Programmatic TV
AOL

Interview conducted on September 9, 2015



Djamel Agaoua
Senior Vice President
Cheetah Mobile

Interview conducted on August 28, 2015



Mark Borum
Co-Founder and Vice President, Marketing
Reelio

Interview conducted on August 27, 2015



Jamie Byrne
Director, YouTube Creators
YouTube

Interview conducted on September 11, 2015



Chris Cunningham
Head of Mobile and Global Brand Partnerships
ironSource

Interview conducted on September 8, 2015



Charlie Echeverry
Chief Revenue Officer
MiTú Network

Interview conducted on August 26, 2015



Noah Fenn
Head of Video Sales and Strategy
AOL

Interview conducted on September 9, 2015



Jonah Goodhart
Co-Founder and CEO
Moat

Interview conducted on September 3, 2015



Melissa Kihara
Vice President,
Global Media Product Management
GroupM / Xaxis

Interview conducted on September 3, 2015



Laura Lee
Chief Digital Officer and President, Media
Margaritaville

Interview conducted on September 18, 2015



Mike McAvoy
President and CEO

The Onion

Interview conducted on September 7, 2015



Andrew Pancer
COO

Dstillery

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Jenny Schauer
Vice President and Director, Media

DigitasLBI

Interview conducted on September 8, 2015



Rafael Urbina
Chairman and CEO

Batanga Media

Interview conducted on September 1, 2015



Matthew Waghorn
Group Director, Communications Planning

Huge

Interview conducted on August 27, 2015



Lauren Wiener
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Dana Hill	Director of Production
Stephanie Meyer	Senior Production Artist
Kris Oser	Deputy Editorial Director
Ezra Palmer	Editorial Director
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