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playbook:

The Ultimate Digital Video Guide

11:09 / 20:15

HD

introduction

When it comes to media, video is a near universal medium. It's the foundation of television, the hottest thing on desktop web and an emerging star on smartphones and tablets. And video is video is video on whatever screen it may appear on—for the most part, viewers don't discriminate, so why should the digital advertising industry? Advertisers love video because it possesses the storytelling qualities of television (sight, sound and motion, baby!) while publishers are enamored with video's ability to drive engagement and time spent on site (and revenue too, while we're at it).

About the only place you can't find video is in print publications... And that's just for the moment.

Digital video monetization is top of mind for both advertisers and publishers, having risen to a level of prominence close to (if not higher than) display. The ease with which viewers can access digital video, on demand and on any device, throughout any point of their day-to-day lives, has fundamentally changed the media-consuming experience, including the advertising component.

For younger viewers, digital formats are a given, and linear television by and large is no longer the go-to format for consuming video. Older viewers are supplementing their tried and true TV-viewing habits with an increasing amount of video on their growing number of devices.

In turn, this has led to a sea change in the way video advertising is bought and sold. Advertisers, keenly aware of being where their audience's eyeballs are, have been pouring more and more dollars into their digital efforts. In many cases, this new spending coming into digital would have been TV spending just five or 10 years ago. This is all very promising for digital publishers and video content providers, who are keen to benefit from the lucrative video marketplace.

However, monetizing digital video in a way that advertisers can see the value of their investments is not simply a matter of just standing around and picking up IOs. Publishers are often flummoxed by what transaction channels will drive the most revenue, and brands have questions about how to reach their audiences in brand-safe digital environments.

This playbook will offer a comprehensive guide for publishers on the contemporary digital video marketplace by illuminating the terminology around the space and explaining the various transaction channels including direct, networks, programmatic and outstream. In addition, we'll dive into digital video measurement (GRP-based metrics) and viewability. In effect, we hope to impart a solid foundation for which to build your digital video advertising acumen.

U.S. digital video ad spend is predicted to hit

$12.7 billion in 2018

| Source: eMarketer

02 what's a playbook?

A playbook is an extension of what the AdMonsters community has been doing at our conferences for more than 14 years. A playbook solidifies what has made our events "must attend" for many digital strategists. By bringing people together to share learnings and best practices in a focused way, people can create a plan and avoid hours—if not days—of doing research on their own.

The AdMonsters playbook concept takes existing AdMonsters content (from conferences and AdMonsters.com) and, with the help of the AdMonsters community, "crowd sources" a document that outlines best practices on a particular topic. Our belief is that this will allow for a free exchange of ideas with the benefit of curation for accuracy. This document does not get into specifics around individual solution providers intentionally.

Great effort has gone into writing the playbook in a fashion that applies to as many publishers as possible without becoming too general. In a technology-driven industry like digital advertising, information quickly becomes obsolete. The intention is that, based on the feedback of the AdMonsters community, the next version of this playbook will start to take shape and, with additional contributors, grow in both depth and breadth. Publication of future versions will be scheduled based upon the needs of the community.

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The Player:

What differentiates digital video advertising first and foremost from display advertising is the video player. See, when the call goes out for a display ad, the display ad server is sending the ad right to the page. With video, the call is sent from the player and then served directly back. The player is basically an intermediary, running the ad and communicating with the page. (Outstream video works a little differently, but we'll get to that.)

To misquote Biggie Smalls, *mo' variables, mo' complications.* User data is passed through the player and errors may cause latency or even freeze the player to everyone's detriment. At the same time, the player can coordinate with content on the page to run companion ads.

Players can be home-built by digital content providers (e.g., Hulu) or provided by third-party companies such as Brightcove, Ooyala and JW Player; the advantage of the latter is that they likely will have established integrations with video advertising companies (e.g., servers, networks), while proprietary solutions will need to create integrations. Custom solutions can have built-in options specific to your site, including user interactions.

Third-party video players will allow publishers to keep 100% of the revenue monetized against content; they make the majority of their revenue through content licensing. Third-party video players may also have built-in ad products with hookups to networks and other advertising platforms. These are likely to offer publishers less options than other supply-facing companies focused on digital video advertising.

Sidebar: YouTube and Facebook

You ever hear of this YouTube company? You know, that video distribution network that gets around 8 billion video views a day? You may have noticed that many digital publishers load original content on YouTube and up-and-comer Facebook (4 billion video views daily). If your content draws enough traffic, these distribution networks may offer you a revenue-share agreement around digital advertising. Some companies like Machinima and Maker Studios have built impressive businesses atop their YouTube channels.

However, as a provider of premium video content, such content distribution should really just supplement your on-site video revenue or drive users to more proprietary content—think longer form. While YouTube and Facebook will do all the heavy lifting in terms of drawing demand and serving ads, they take a big slice of revenue for those services (almost half!). In attention to retaining revenue, monetizing video on-site will allow you to offer clients more customized offerings, such as advanced targeting and private marketplaces.

Sidebar: Video Syndication

A typical revenue stream for video players is syndication. Player providers offer distribution of a publisher's digital video content to a host of sites and apps across multiple platforms (e.g., desktop, mobile, OTT/connected TV). These deals will either include licensing fees or revenue shares based on the monetization of the syndicated content.

VAST:

With all these different players out there, you might be wondering how advertisers are able to supply the proper video content to each and every one. Indeed, the early days of video monetization required advertisers to code their creative to the specifications of each third-party and proprietary video player they wanted to work with—similar to how most display advertising was hard-coded site by site in the stone ages of digital advertising. As you can imagine, this did not scale well and limited the amount of video advertising and revenue. The third-party display advertising template didn't apply because of the presence of the player, so a new standard needed to be developed. Enter **VAST:** the Video Ad Serving Template.

Like the third-party display ad-serving template, VAST is an XML schema developed by the IAB that serves as a communication layer between third-party ad servers and video players. VAST basically enables an ad server and player to talk to each other— It doesn't play the ad or determine how the ad fits into the user's experience. As long as both the player and the ad server (as well as any third-party tech involved) understand VAST, a video ad can be served and will play alongside any video content.

VAST tells the video player the video exists; where it's hosted; and its length, bitrate, file format and dimensions. It can also communicate tracking information about click-throughs, the length the video is played, a tracking pixel, data about companion ads (meant to load in or near the player at the same time as the video ad itself), and more.

The majority of players and ad servers in the industry are compatible with at least VAST 2.0. The latest version of the standard, VAST 3.0, was released in 2012 and is backwards compatible with parties using 2.0. VAST 3.0 enables players to remit which types of ad formats they accept among: linear ads, non-linear ads, skippable linear ads, linear ads with companions and ad pods (groups of video ads—like TV commercial breaks). Not every publishers will choose to support all of these, but unlike before, VAST 3.0 enables the player to communicate to the server which formats it will and won't accept before a unit comes its way. In addition, the IAB promises this update has better error reporting and more advanced event tracking.

At the time of this playbook's publication, **VAST 4.0** had just been introduced for public comment. New features in this version includes support for: ad-stitching in more basic video players; creative ID programs such as Ad-ID; and functionality for verification and viewability measurement.

VPAID:

While VAST helped bring tremendous advertiser scalability and developer efficiency to video, but what it does is very limited. **VPAID**—Video Player Ad-Serving Interface Definition—is an interface that allows greater functionality

for the ad unit. Through VPAID, which is layered on top of VAST, the ad unit can communicate with the video player, and the player gives the ad a set of common functionalities to execute on. Yup, VPAID is more akin to an application.

Those functionalities allow for greater interactivity with the ad unit and the player on the viewer's end. For the buyer, VPAID can be used to collect more enhanced insights about the playback and around user interactivity metrics—this comes in particularly handy for measuring video viewability, though VAST 4.0 offers support for this too.

VPAID can also be used as a buy-side decisioning engine for programmatic transactions. This enables a winning bidder to throw its own nested auctions, which may return an empty VAST if there was no winning bid. This is known as a VPAID error, and video SSPs have countered its effects by hosting simultaneous auctions on the supply side. This is one of the concerns around VPAID, but it highlights an overarching theme: VPAID allows far too much buyer control to run additional applications while yielding publisher security.

The other major dilemma is that VPAID uses .SWF files to deliver interactive elements through Adobe Flash. Flash does not function on mobile devices, which means it's pretty much ignored when video ads are served to smartphones and tablets—the players defaults to VAST. Although major desktop web browsers are now pausing Flash applications deemed non-essential to a page's content, a video ad doesn't fit that bill and can still be loaded via Flash. However, it's obvious Flash is finally on its way out, and might take VPAID with it.

Adoption of VPAID is not low, but it's definitely not as widespread VAST.

Instream Ads:

In much of the discussion around digital video, we'll hear people differentiating between instream and outstream ads. In-stream ads are units served into the video player and are largely analogous to traditional TV ad spots. Depending on where they're placed throughout the duration of the video content, in-stream ads are broken down into pre-roll, mid-roll and post-roll.

Pre-roll is the most common placement, and it seems intuitive for capturing the viewer's attention. The viewer hasn't watched the video yet and is less likely to navigate away. Advertisers generally like pre-roll because they've seen favorable results around branding metrics. Furthermore, as a publisher, if you're hosting mostly short-form content, you might not want to aim for in-stream placements beyond pre-roll.

For longer-form content, mid-roll has regularly shown higher completion rates than pre- or post-roll. Mid-roll and post-roll mimic traditional TV—so it should be interesting to see how these placements fare over the next decade or more, as increasing numbers of viewers for whom TV is not the normative standard enter audiences. For now, though, pre-, mid- and post-roll placements all seem very familiar to media buyers coming into digital from TV. They draw an easy parallel between the two mediums.

48% of consumers expect to see a video ad when they watch videos online; **72% of consumers** will sit through digital video ads if they want to watch the content. | Source: Tremor Video Playback Panel

03 video basics

Many advertisers will create in-stream ads by repurposing ad creative from TV, favoring traditional 15- or 30-second spots. However, one of the most common complaints from viewers about digital video ads is that the ad is often disproportionately long for the content they've come to watch on the digital property. Research suggests the amount of time viewers are asked to watch an ad should be more closely proportioned to the amount of time they expect to spend watching the content. In addition, ads designed for video—as well as the device or screen viewed-upon—have shown more favorable response from users.

Outstream Units

Outstream ads are served into units anywhere on the page outside of the video player. Where a standard display ad might be placed, instead there's a unit that plays video; or space is opened within the content feed to insert a player.

While demand for digital video is high, advertisers want to buy into premium environments where inventory is limited. The supply of user-generated content and other material not considered brand-safe is high, but ultimately undesirable from the advertiser's perspective. The amount of time required to sift out quality content and brand-safe environments is prohibitive—it's a very long tail, and many brands don't want to deal with it.

For premium publishers, selling out of video inventory is typically not a problem—they would sell more if they could. In addition many premium publishers don't offer video content, so they can't sell in-stream placements. Outstream video allows even publishers that don't offer video content otherwise a chance to satisfy advertisers' demand for video, and it allows advertisers the opportunity to place video into an environment where they trust the content is "premium." Outstream can also be a boon for publishers aiming to monetize mobile web or apps.

According to eMarketer and Forrester, 77% of agencies worldwide and 70% of advertisers in 2015 are prioritizing outstream video as a means of enhancing client ad portfolios. It's especially important for publishers to look at outstream opportunities because of the relative ease of, and demand for, transacting on this inventory in the programmatic marketplace. Several ad networks offering oustream video services have popped up while major video ad servers and SSPs are jumping into this territory.

Unfortunately, poor implementation of out-stream right now is reminding users of the web advertising's more annoying days—e.g., auto-play video ads with sound on popping up in banners. A publisher offering out-stream ads needs to think about the right places to places these ads and how they're triggered to play.

Increasingly, publishers have found solid opportunities for outstream placements in line with the way users consume content—between paragraphs of text, for example. For a better user experience, and better results for the advertiser, they should play only when scrolled into view or when the user is interacting with the part of the page where the ad is loaded.

Handy Terminology:

Ad Pod:
Typically three or more video ads grouped together in a manner similar to television commercial breaks.

Companion Ad:
A piece of display advertising that is synced with a video ad and appears around the player.

Overlay:
A media element (e.g., text, graphic) that appears atop the video content. This may be linked to an ad (e.g., a call to action) or a piece of separate advertising.

Linear Television:
What you might call “traditional television”—video content streamed via cable, satellite or antenna.

video tech & tools

Video Ad Servers

Something's gotta deliver those ads to the player! A video ad server is very much like a display ad server, and chances are your display ad server also serves video. Whether you use your display ad server to also serve video will be a matter of organizational preference—some companies prefer the efficiencies that come with united ad servers while others shoot for best-in-breed technology in each channel. Typically ad serving companies prove stronger in one channel versus another, though you could luckily find a display and video ad serving provider that excels at both or simply better fits your needs.

While your ad server should definitely be compatible with VAST 2.0 and preferably 3.0, VPAID is not necessarily a requirement for the reasons cited before. At the same time, VPAID is a necessity for allowing advertisers to use viewability measurement tools.

Your video ad server should:

- Easily integrate with your third-party video player (i.e., plug-n-play) or be willing to build out an integration for your proprietary player.
- Support the IAB video specifications and standard units (for companion ads as well).
- Support both instream and outstream units.
- Deliver across screens: desktop, mobile, tablet, OTT, etc. This includes transcoding video assets to the correct format in near real-time, including optimizing for screen, player size, device, etc. But delivering is the tip of the iceberg—your video ad server should have a smart interface for managing cross-screen deployment.
- Offer customizable reporting with near real-time results and easy-to-understand dashboards.
- Geo-target to the zip code level.
- Offer flexible setups to allow for customization across sites.
- Have integrations with multiple video ad networks and SSPs and passback management for monetizing indirect sales.

Sidebar: Flash Video vs. HTML5 Video

Adobe Flash has long been an easy way to condense and deliver video assets, but the technology is virtually useless outside of desktop web. As use and acceptance of Flash wanes, more video advertising is being delivered via HTML5. These files tend to be larger than Flash files as they require multiple versions of creatives to comply with different browser specifications. In addition, publisher players must also be enabled to read HTML5 files, although most HTML5 comps do have backup Flash loading. HTML5 is definitely the future, but the industry is still in a transitional moment as Flash limps toward the exit.

04 video tech & tools

Ad Networks

We mentioned earlier that, because advertiser demand for video is so high, many premium video content providers can regularly sell out of all their inventory through direct channels. Note we said "many," not all—there's still plenty of non-direct-sold inventory out there to monetize. That amount is growing all the time as more digital publishers enter into the digital video fray or buck up their available content.

Just like in display, ad networks can prove a fruitful resource on the indirect side while providing a steady revenue stream with little publisher effort. However, ad networks are far less transparent than programmatic channels, offering less control over the advertisers coming through and the prices they are paying. Sales channel conflict is always lurking. In addition, the quality of advertising coming through ad networks can be questionable; ops personnel should make sure to monitor the creative coming through and shift priority levels accordingly. Finally, real-time scanning for malvertising/malware is a necessity as video is an increasingly popular delivery chute for bad actors.

Because there are many video ad networks out there, publishers can be choosy and shoot for those with consistently high fill rates, beneficial (or negotiable) payment terms and enhanced control over acceptable advertisers (both brands themselves and categories).

SSPs

A video SSP is a great tool for managing both direct and indirect video transactions. In general, they create workflow and transactional efficiencies across a host of demand sources, automating many laborious processes. In addition to introducing new demand sources through programmatic channels, SSPs offer control over the demand waterfall to aid in yield optimization and maximizing publisher revenue. A good SSP partner will also help prevent channel conflict by working in concert with the direct sales team.

Like ad servers, many SSPs offer display and video services, though SSPs that specialize in video may offer certain perks, such as latency management. If slow-loading display ads are a nuisance in display, slow-loading video ads are a full-blown menace. Few things corrode user experience like latency in video ad loading, particularly with pre-roll ads standing between viewer and desired content.

Service providers that don't specialize in video can run into bandwidth restraints when trying to serve video ads (which tend to be a little larger than display ads), sometimes causing connections to time out. Not only is that annoying for users, it costs publishers monetization opportunities. Video SSPs are better at managing demand sources and alleviating latency woes while ensuring an ad actually shows up.

Besides, it's becoming commonplace for publishers to employ multiple SSPs, so you should at least experiment with video-focused SSPs to see what kind of demand and revenue they draw, as well as how they perform on a delivery level.

Programmatic

Video SSPs are helpful conduits for publishers diving into the growing programmatic video space. Advertisers are increasingly showing a desire to transact video programmatically, particularly since it enables them to target using their first-party data, leverage publisher first-party data, or target against demographic data in real time. For publishers, programmatic offers greater control over indirect transactions in terms of pricing and buyers
In addition, non-broadcast video content producers use programmatic resources to find demand for their maturing libraries. Broadcasters can sell their digital inventory directly with audience guarantees based on their linear reach, but digital-only publishers don't have the same luxury and can struggle to draw direct buys at the prices they desire. Through programmatic, non-broadcasters allow advertisers to find their audiences (or potentially lookalikes) and judge how much they are worth. In effect, programmatic is a terrific research tool for pricing and evaluating demand (this applies for broadcasters as well).

Programmatic video is quite a different beast from programmatic display (so much that we have a separate playbook all about it), in particular due to the presence of (wait for it!) the player. RTB auctions are actually held within the player (sometimes to a publisher's detriment—see the earlier entry on VPAID and VPAID errors). Also unlike display, private marketplaces are proving more popular (and lucrative) than the open marketplace.

As we explained in a playbook dedicated to video private marketplaces, these channels are akin to a publisher's video VIP room, with Deal ID acting as the coveted pass for entry. Video advertisers are willing to pay a premium to receive priority access to publisher video inventory. This assists them in reaching their targeted audiences at a transparent price.

Many publishers we've spoken to have entered the programmatic video space not through jumping into the open marketplace, but via a private marketplace deal brought to them by a DSP. With tight connections to brands, media agencies and trading desks, video-focused DSPs can prove great sources for demand, so establishing close relationships is a profitable exercise. In addition, video DSPs are known for making guaranteed fill arrangements with publishers somewhat akin to network deals, but the quality of advertisers tends to be higher.

In addition, DSPs can be great partners for video audience extension. When inventory is scarce—and it can get scarce fast in digital video thanks to high demand—publishers can bolster their supply and IOs by targeting their audiences (and lookalikes) on third-party sites. This is particularly useful for publishers with high-value audience segments and limited video inventory.

DSPs offer turnkey solutions for audience extension, shouldering the hunting and transaction load for publishers (at a price). SSPs, DMPs and ad networks also offer similar services, and a publisher itself can hit the exchanges and/or arrange private marketplace deals for audience extension efforts.

This section is a mere synopsis of programmatic video advertising; for a deeper dive including strategies for channel implementation and management, check out AdMonsters' **programmatic video playbooks** and our **website content.** More good reading can be found in AdMonsters' **audience extension playbooks.**

04 video tech & tools

Programmatic channels will account for

28% (2.8 billion)

of all U.S. digital video ad spending in 2015.

| Source: eMarketer

Sidebar: Programmatic ≠ Automatic

One of the biggest misconceptions in digital advertising is that programmatic equals automatic. To dispel this notion, turn to the definition of programmatic: it's an adjective relating that something is "following a plan, policy or program." And who comes up with the program? Humans, aka homo sapiens, people, peeps, citizens of Earth. Programmatic advertising is merely a tool, one that requires a good deal of TLC from flesh-and-blood mortals to work revenue wonders.

Digital GRPs

Despite trade headlines swearing that TV advertising is on a precipitous decline, it's well known in the media world that TV buyers command the lion's share of advertising dollars. This is why the incredible rise in video ad spending over the last few years can be linked to the introduction of digital panel-based metrics—most notably Nielsen Digital Advertising Ratings (DAR) and comScore Validated Campaign Essentials (vCE).

These metrics enable advertisers to view digital video performance in the form of GRPs, which are the currency of linear television advertising. Basically, digital video now speaks in a language that linear TV buyers understand, and uses metrics (GRPs) that can be compared against TV performance and is tied to product sales and other tangible metrics. Digital GRPs is a long-awaited tool for meaningful audience analysis across channels—online and offline.

But it's a brave new world for digital folk—suddenly campaigns (direct and indirect sold) are being judged by their OCR/vCE composition rates, or the percentage of impressions that hit a certain demographic (i.e., age and gender). And advertisers want to buy campaigns guaranteed against demographics rather than impressions served, meaning they only pay for ads that land in-demo.

Let's say a publisher guarantees 1 million impressions against a certain demographic—e.g., males aged 25 to 54. Not every impression the publisher serves will hit the target demo, and whether an ad impression did is judged on a post-impression basis by the anointed measuring company using panel data.

To reach the goal of 1 million, a publisher may serve 1.5 million impressions total—that extra 500,000 simply "wasted"—they're labeled "extended reach" for the advertiser, but are chalked up as waste for the publisher. So in guaranteeing against demos, publishers must raise CPMs to accommodate for the lost inventory.

Publishers will leverage third-party demographic data to build a better in-demo composition rates, but this can get expensive quite quickly. They will also churn first-party data through DMPs to resemble demographic sets, and then use these to improve composition rates. These can also be used to simulate demo targeting in private marketplaces. Publishers with registration data may have an advantage in targeting actual demographics if they collect age and gender.

You're excused if you find this system a bit inefficient—especially for the world's most measurable medium—but guaranteeing against demographics has been ported from the linear world. Advertisers have long known consumer eyeballs are viewing more and more content on digital channels, but they've been reluctant to throw spend at the space over concerns about reaching target audiences and being able to compare performance across marketing channels.

Because GRPs are the language of TV and can be used for cross-channel audience analysis, DAR and vCE have effectively opened digital video's floodgates to advertiser budgets, exploding demand. They have validated digital video as a viable and vital marketing channel, even if placing a seemingly gratuitous burden on publishers. Hey, you can only complain so much when the cash is rolling in.

However, the tide rolls both ways—elements of digital are increasingly worming their way into linear television through services like video on-demand. In time, the two sides will converge and welcome a cross-channel metric that incorporates the smartest elements of digital and linear measurement. Of course we have no timetable for this development... We just keep looking for the signs.

Handy Terminology

GRP:

Stands for Gross Ratings Point, a metric calculated by multiplying the percentage of the target audience reached by the frequency an ad is seen in a specific campaign.

Demographics:

Data that represent specific sections of a population, typically based on characteristics like gender, age, marital status, number of children, race, income, etc. For TV and digital video advertisers, age and gender are must-haves.

Viewability

On the supply side, video advertising is rife with potential bad behavior: hidden players and auto-play video ads beneath the fold are just the tip of the iceberg. As ad spend in digital video took off and a slew of research suggested that a high percentage of video ads were never being seen, a loud call for viewability metrics was made largely by the buy side.

On June 30, 2014, the Media Ratings Council lifted its advisory against transacting video on a viewability basis. Though the standard of 50% in-view for two seconds is often maligned as too soft, the MRC never imagined it as a hard benchmark, but a baseline—an ad half in view for two seconds merely had the "opportunity to be seen." Advertisers and publishers can negotiate variations (e.g., 100% in-view for three seconds) on a campaign by campaign basis. This can become a point of contention in the negotiation of terms and conditions, and burden publishers with a huge amount of varying targets.

Similar to display, there are wide variations in the reporting of various video viewability providers. Also, they run into the same issues with display of "dark viewability"—in-view impressions that cannot be measured by a service provider and erroneously considered out-of-view. Aggravating this issue is the fact that most video viewability measurement tools use VPAID to make their calculations; if a video player or ad server is lacking VPAID or only have partial adoption, the tool may not be able to work. (VAST 4.0, now in public comment, offers support for viewability measurement.)

As we mentioned above, guaranteeing against demos causes publishers to lose a fair deal of inventory. Viewability also—correctly or incorrectly—invalidates

a share of inventory. Guaranteeing against both makes many publishers push up CPMs to unpalatable levels for advertisers. In choosing one or the other, advertisers tend to pick demos because GRPs are such valuable tools on a cross-channel basis.

Overall, video viewability is good for the entire industry—advertisers ensure their creatives are seen while only well-meaning, quality publishers are rewarded with spend. However, the measurement technology needs to mature greatly—and fast. Execution has left something to be desired. Furthermore, the biggest purveyors of non-viewable video inventory are pulling in their booty through programmatic channels and networks, while it's the premium publishers that are asked to add viewability to guaranteed sales.

Other Video Metrics

Click-Through Rate. Yep, just like a display ad, you can click through a video. Although average CTR is low, it can be useful in judging campaign performance, particularly if there's a call to action in the creative or an overlay. Video advertising is typically used for branding purposes rather than direct-response, so cost-per-click campaigns are not bountiful. However, for some types of advertising—e.g., a movie preview with a link to buy tickets—this price method could be advantageous.

Engagement. Cost-per-engagement is a complement to CTR—did the video encourage a user to take an action? It could be as simple as hitting "skip."

Completed View. This metric is particularly useful when offering users the ability to skip an advertisement. Advertisers are experimenting with using long-form content in skippable video ads and judging the length viewed as a proxy for user engagement. Cost-per-completed-view is a pricing method popular in outstream formats.

Sidebar: Non-Human Traffic

Another point of concern with video advertising is invalid traffic. Those damn dirty bots are smart enough to click on a video player and chalk up ad impressions! To ensure advertisers that actual human beings are watching their ads, publishers can work with vendors that detect bots in real time and prevent video ads from being served or played to them.

06 mobile video & emerging channels

Video as a format is universal across screens, with content (which includes advertising) easily ported from device to device. This is a particular advantage considering the numerous emerging screens that are attracting consumer eyeballs. While device fragmentation may cause its fair share of headaches, it's a comfort knowing that you only need one format to reach—and monetize—your audience.

Only **one in five consumers** feel the digital ads they're receiving are relevant to them, but those who did were **2.5 times more likely** to find online video ads more enjoyable than TV ads | Source: Tremor Video Playback Panel

Mobile

Mobile has long been the thorn of thorns in a publisher's side. Mobile traffic continuously cuts into desktop, yet the platform proves a devil to monetize. The limited amount of screen puts a giant damper on the effect of display advertising, and the units tend to annoy users more than anything else. Advertisers aren't interested in buying mobile display inventory through direct sales, especially when they can scavenge the mobile display exchanges for CPMs that would make long-tail desktop blush.

However, there is a light at the end of the tunnel: mobile video. According to Ooyala, mobile video views were on target to exceed half of all online video plays in 2015; Cisco estimates that video will account for 69% of all mobile traffic in 2018.

As the most personal of all devices, watching a video is something of an intimate experience—users tend to be more engaged and even receptive to messaging. Advertisers have something of a captive audience for their mobile pre-roll—with no other tabs to swipe to, users are willing to sit through an advertisement to get to their content. (At the same, mobile video viewers are very sensitive about pre-roll length.)

Mobile video pre-roll is only the beginning. Mobile interstitials that feature video can be served on any and every publisher with a mobile presence—app or web. The video supply is suddenly less scarce as ads can be served on any mobile display inventory (although frequency capping is a publisher's friend).

Certainly users are upset about the way these mobile video ads are sucking away their precious data? Sure, there are data drain concerns (particularly on mobile web), but mobile video ad files tend to be quite small, and technology like HTTP live streaming (HLS) has quelled most latency concerns.

Video is excelling on mobile programmatic channels, especially with private marketplaces. And the recent introduction of panel-based metrics for mobile devices will increasingly pull advertiser spend into the channel.

Connected TV Devices

Considering the ubiquity of video, it doesn't seem surprising that the connected device revolution really kicked off with televisions. eMarketer estimates that by 2018, 191.4 million US Internet users will access digital content via connected TV devices, including smart TVs, over-the-top devices (Apple TV, Roku) and gaming consoles.

06 mobile video & emerging channels

Connected TV is also an exciting new distribution and revenue stream for all digital video content providers, particularly ones without channels in the normal cable bundle. Broadcasters and non-broadcasters alike can build applications for these devices and monetize views, as an increasing number of video ad servers and SSPs are delivering into the channel. It's pretty amazing for digital-only video companies as they can easily make the leap from desktop to TV screen.

At this point, the data reporting from the channels is minimal, along the lines of geolocation and device type. However, users typically subscribe to channels for access, which means digital content providers can grab demographic data that can be targeted against. This makes it easy to deliver direct-sold campaigns guaranteed against demos, which make TV advertisers break into joyous backflips. However, AdMonsters publishers have reported growing success with connected TV inventory through programmatic channels, especially private marketplaces. Advertisers keep pumping more spend through programmatic, and connected TV inventory allows them hunt down demos in real-time. It's a two-for-one bonus.

The downside is fragmentation: to drive scale, content providers must build and maintain applications for multiple devices, and then market these apps to encourage user adoption. How do you decide which platforms are worth the effort? Different operating systems also make for monetization troubles—which ad servers or SSPs deliver into which devices?

Will one of these device types win out and become the predominant tool for streaming digital video content on the boob tube? Hard to say, but in the near future preference is split among the devices as each have their own advantages: smart TVs require no intermediaries to get online; OTT devices tend to have bigger content/channel libraries and friendlier interfaces; and gaming consoles tend to include BluRay players and offer the ability to... Well, play video games. (We'll note that some smart TVs and OTT devices also offer video games, but not of the same caliber.)

Nonetheless, the opportunity here for digital video publishers, particularly non-broadcasters looking to distribute and monetize their content on the big(ger) screen, is hot, and they should be doing all they can to invade the channel. As for knowing which platforms to jump on now, take a look at who is ruling connected TV/OTT device market share.

Programmatic TV

In spite of the fact that programmatic TV is a hot-button topic in digital right now, you'd be forgiven if you still weren't entirely clear on what it means or how it works. It turns out programmatic TV is an umbrella term, encompassing a number of still-evolving channels:

- **Video spots within OTT devices or connected TVs (e.g., Roku, Apple TV)**
- **On-demand digital television (Hulu, CBS All Access)**
- **Live digital television streams (SlingTV, Bloomberg)**
- **Dynamically inserted advertising in MSO-based video on demand (Comcast VOD)**
- **Addressable linear television**

06 mobile video & emerging channels

Advertisers and media buyers who had historically been very active in traditional broadcast TV have been flooding into the digital space in recent years, pulled in by stats revealing just how many sets of eyeballs (and what kind, demographically) are on digital. Those buyers from TV know they want to transact programmatically, but they want the measurement in metrics they understand. Their influence now is changing the way digital media is transacted and measured.

Generally speaking, buyers coming in from traditional broadcast want to reach audiences who watch TV (and TV-like) content regardless of when, where and which device they decide to watch it. To manage inventory at optimal yield, you need a very involved infrastructure to synthesize these data sets across linear broadcast and distinct digital distribution channels. As one source explained to us, managing this inventory involves establishing "a singular campaign identifier that flows through both sets of pipes, a benchmark of how every single distribution channel is performing at a campaign level."

This raises some interesting questions about what will happen to the traditional TV buy: Will upfronts still mean anything, with so much spending going toward programmatic? Buyers from traditional broadcast are entrenched in their habits, and their buying power holds a lot of sway—enough to bring their transaction methods into digital.

But what programmatic promises is more granular targeting and clearer understanding of campaign performance. For some large brands that sit on an exceptional amount of customer and audience data (think about auto, education or other verticals where a purchase is major and pretty infrequent), programmatic offers the opportunity to zero-in on their best consumers or potentials, while offering analytics beyond traditional broadcast.

Programmatic TV is also a means of uncovering high-value audiences beyond what GRPs would measure. A source gave us the example of how a high concentration of wealthy individuals with an interest in the world economy might be tuned into financial reports broadcast at 6 a.m.—not what many consider "prime time." In programmatic TV, TV itself becomes just one channel out of many, each of which demands consideration for how broadcaster-publishers can best monetize it.

There's no end in sight for the growth of digital video consumption among audiences. There's also seemingly no end of video content being produced and distributed for an ever-growing amount of devices and platforms. Unlike TV, the barrier to entry in creating video content is practically nil. And thanks to outstream video, publishers can create video ad inventory just about anywhere they can imagine.

While digital video is a very exciting advertising channel exploding in growth, it's also quite a complicated space. We hope these pages have given you a solid overview of the many facets involved in digital video advertising. Wrapping your head around the role of video ad standards and the variety of service providers and demand partners is tough enough; throwing in digital GRPs and video viewability might be too much for most mere mortals.

Next steps? Well, you should dive in—confidently immerse yourself in the world of digital video. Also, talk to your peers—you'll find digital video people are eager to share their learnings and bounce ideas off others.

Finally, keep your eyes peeled because this space is fast-changing: the standards are regularly updated, the transaction tools are always morphing, and the metrics are in a royal state of flux. Buckle your seatbelt, because this is going to be a bumpy—and very fun—ride.

08 about

admonsters

AdMonsters is the global leader in strategic insight on the future of digital media and advertising technology. Through our conferences, website, original research and consulting services, we offer unparalleled in-person experiences and unique, high-quality content focused on media operations, monetization, technology, strategy, platforms and trends. Founded in 1999, AdMonsters began serving the advertising operations professional through live media and its online community. We provided a forum to share best practices, explore new technology platforms and build relationships. Today's expanding ecosystem now includes publishers and content creators, agencies, SSPs, DMPs, DSPs, RTB and service providers, technology and platform developers, advertising networks, brands, and investors.

This vibrant community is forward-looking and results-oriented. Their success depends on strategic insights about technology and monetization, and the exchange of actionable peer-to-peer best practices. AdMonsters has built its reputation on providing objective editorial leadership based on deep, real-world expertise. We have continued to evolve our editorial strategy to address the changing needs of the market and as a result, AdMonsters has attracted a highly focused audience who are at the forefront of the industry, and leading marketing partners have found AdMonsters to be a powerful channel to reach these decision makers. Today, our portfolio of integrated media solutions includes industry leading live events, our innovative Connect content solutions, email marketing programs, and more.

As of March 2015, AdMonsters is part of the Access Intelligence family of companies.

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09

about

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