

## Marketing Minute ~ The Growing Paradigm of Online Video Advertising

OK, my favorite TV show (the only one I really follow) is Fringe on Fox Network. But, I watch it on my computer, so I don't have to see all of the commercials, as well as it being more convenient. But, there are still commercials, and I try to wait patiently for them to finish before I can click again and pick up my show where I left off. Moving images, whether on film or video, can create magic. The supremacy of the television commercial is based on its much overstated ability to evoke a complex emotional/rational response that results in brand awareness, sales and loyalty.

But what if you unlink this advertising medium from the television screen and let it flow to other screens—to millions of computer screens and millions more phone screens? Better yet, what if 20% of the online population starts making its own videos? All of this is happening in a world where the U.S. consumer probably is spending as much time online as watching television. Let's amend that—today, you can even watch your favorite TV shows on your computer.

Are there more distribution channels for the same commercials, or are whole new models for advertising coming into being? Are the paradigms for video programming, historically defined by TV networks, about to be re-invented not once but several times over?

The actions of corporations as large as NBC Universal, News Corp., Google and Procter & Gamble make it clear that the release of TV commercials—or videos—from TV to the Web has seismic implications. Even more evident is that despite all that has occurred in the world of Web video over the last couple of years, the rise of consumer-generated content, the daily announcements about new online video advertising formats and the availability of TV programming on the Web, for example—we are only seeing the beginning.

This is a great time to experiment with the new and current video formats. The time is now. Get over the longing for the good old days of the 30-second television commercial and basic online banner ad.

Basically, there are three categories of video format most types of advertising fall into.

### **Ads in video content: pros and cons.**

These are colloquially known as 'pre-roll' and usually involve putting a pre-existing TV spot in content that has been downloaded to the consumer or that the consumer is watching on a site. The ratio of commercial to content here can be as much as 15 seconds of commercial to two minutes of programming or a 30-second spot running before a full-hour episode.

A variation of the pre-roll, called simple right, involves transplanting the old video model to the Internet. Here, consumers pay for programming by watching a commercial. Like the old model, however, there is no guarantee that consumers watch the commercials or remember them. There isn't proof that after downloading it, they have even watched the show. And, what's more, there are no Nielsen numbers to analyze and offer an approximation of reality.

Even less is understood about the mindset of the consumer who has just spent a minute or more downloading the programming. First, there is the basic psychology of recall—after 40 to 60 minutes of content, will anyone remember the commercial? This has never bothered the purveyors of cinema advertising, but at a \$35 to \$40 cost per thousand, it should at least vaguely worry buyers of pre-roll. Then there is the consumer's investment of time waiting for the download. After that, does he or she really want to see an ad?

Experimenting with pre-roll ads will give advertisers a place to put their TV commercials, but it will offer only a little learning and even less on investment. Here we have little measurement, no option to click and a possible backlash from consumers. Not a good laboratory for those experimental dollars.

### **Ads on video: pros and cons**

A newer, much-heralded format can be most easily seen and bought on YouTube: ads on video. Available for a \$20 CPM, the format runs an animated or static ad on the bottom third of a video. The ad starts about 15 seconds into the video and is clickable.

As sites selling this format enable advertisers to target by demographics and monitor content, this sounds fine. No transplant of the old model here; ads are in direct competition with programming for the attention of the consumer—in the same frame at exactly the same time. That's experimental and appropriate for the era of attention deficit disorder and multitasking. But does it work?

(Continued on Page 2)

The bottom line is human eyes can really only focus on one thing at a time so, with these ads, there are very real concerns about getting and holding attention, as well as the pesky but important ad recall.

Yet, no one really knows how ads or brands will do in this new environment. In addition, marketers do not know exactly what creative works best in this format. As it is likely that some version of ad on video will be around on social networking sites for the next few years, it's probably worth a little experimental investment to see what works—if anything.

### **Online video advertising: pros and cons**

Online video advertising can be described as banners that just run a video but are clickable. Unless customized to have a call to action or a click button, these ads are just more blurry images at the top of a Web page. If you haven't dipped into this yet, don't start now.

Integrating video into the action of the banner is a more interesting iteration of this format. Some versions enable the consumer to choose directions in the video. Around the last four years, this can be a highly effective tool for products consumers want more information about—travel, health and consumer electronics come to mind. When the ads are well-structured, you can learn a lot about what consumers want and get all the benefits of Internet measurement and clickthrough.

There also are a couple of really safe bets that may have been discovered over the past two years. Advertisers will spend too much on traditional TV advertising even as the TV networks dilute that investment by wildly distributing that content across screens. The most watched piece of video will not be a commercial.

Today, we are seeing more and more informative videos on websites. Combined with the popularity of YouTube and the social networks (where you can also add a link to a video), we will begin seeing less and less TV commercials, but instead see a complementary use of both. There may be full versions on TV, shorter versions on the Web, and even faster, shorter ones on our SmartPhones. Quite a marketing kick!

---

**Adapted from an original article by Kathy Sharpe in eM+C magazine, January 2008. I have added in some updates that have been used over the past couple of years.**

Information provided for you by ~

**Marilyn K. Dayton, Business/Marketing Specialist**

<http://www.marketingandbizpro.com> ~ [marilyn@marketingandbizpro.com](mailto:marilyn@marketingandbizpro.com)

**860-389-2521**

