

# BrightRoll Video Advertising Report

Q1 | 2011



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and we expect to see spending increase  
significantly...**

**- Tod Sacerdoti, CEO**

### *Allow us to introduce ourselves....*

For the third consecutive year, we at BrightRoll conducted our annual agency survey to gauge the views and opinions of media buyers and executives from the country's leading advertising agencies. As to be expected, the results of this year's survey show that buyers generally view online video as an effective medium to engage with consumers, forecasting further adoption in the coming year. Online video's trifecta of reporting, research and targeting capabilities are viewed as the category's most valued features.

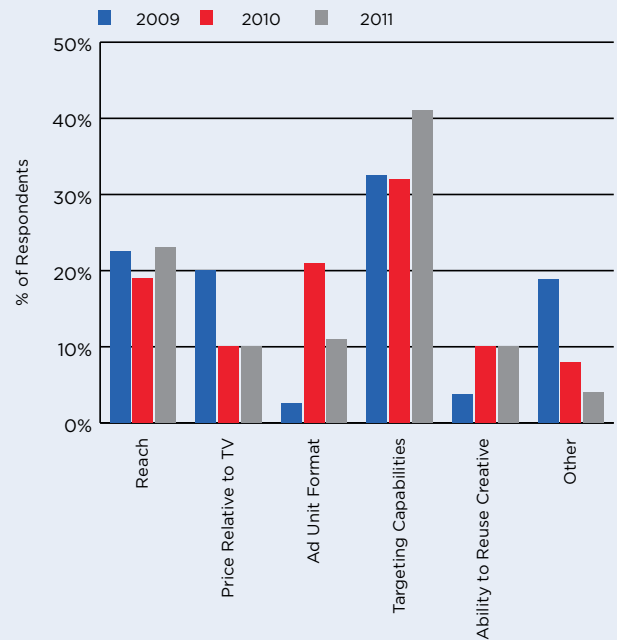
The online video space continues to progress as ad dollars follow consumers online, especially given that users are now spending more time on the internet and away from their televisions. However, there is room for improvement as agency respondents still see the cost of online video as the most prohibitive barrier to adoption. Despite these obstacles, it's clear that agencies, and the brands they represent, view online video as an effective means to reach desired audiences. The findings in this report will provide some perspective on the current role online video plays in the advertising landscape.

"Our annual survey is a chance for us to take the pulse of the online video advertising space, to ensure not only that we are helping our clients reach their target audiences, but that BrightRoll is contributing to the growth of the category in an impactful way," said BrightRoll CEO Tod Sacerdoti. "This year's results are especially promising, and we expect to see spending increase in the category significantly, driven by industry-wide advancements in technology and standards."

## Trending: Value in Video

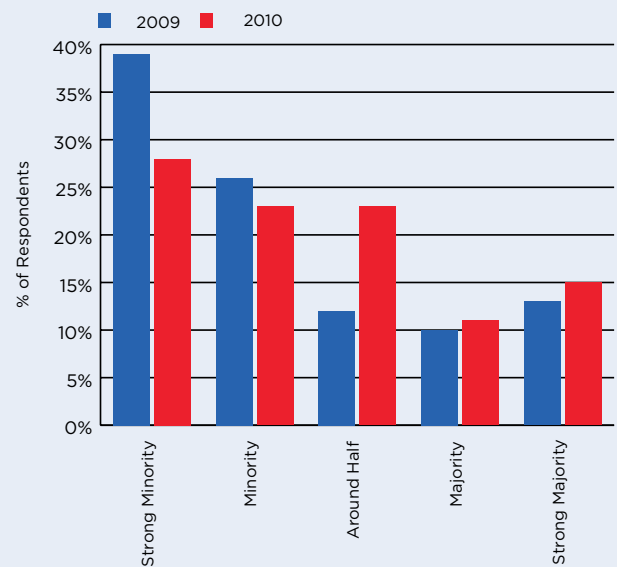
Respondents to this year's agency survey indicated that online video advertising's ability to target highly defined audiences remains the medium's most important advantage as the topic saw a 9% increase from last year's survey.

### Which aspect of online video do your clients view as most valuable?



Agencies are undeniably shifting more focus towards online video as 27% responded that more than half of their RFPs in 2010 included an online video component. Although online video continues to mature rapidly, it's evident that the category still has plenty of room to grow.

### Looking back, what extent of your digital RFPs in the past year included an online component?



## Hot Topic: Targeting

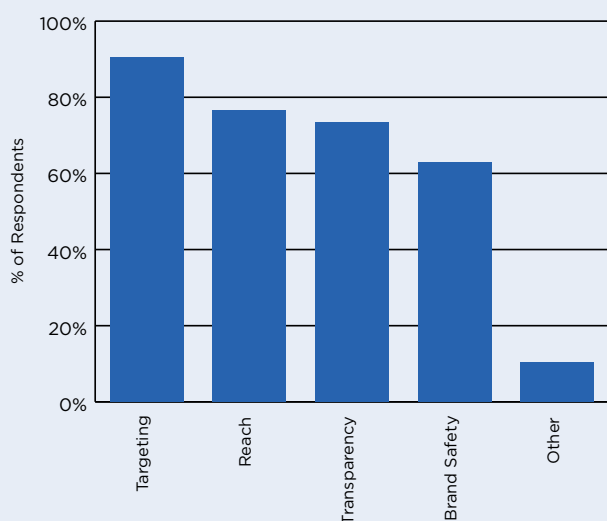
Agency respondents were in agreement (91%) that targeting capabilities, whether demo, site or audience, remain an important consideration for advertisers when buying online video.

Of all forms of targeting, respondents indicated that behavioral targeting is the most valuable (27%). Although behavioral targeting is clearly viewed as beneficial, the practice has yet to become widespread among advertisers.

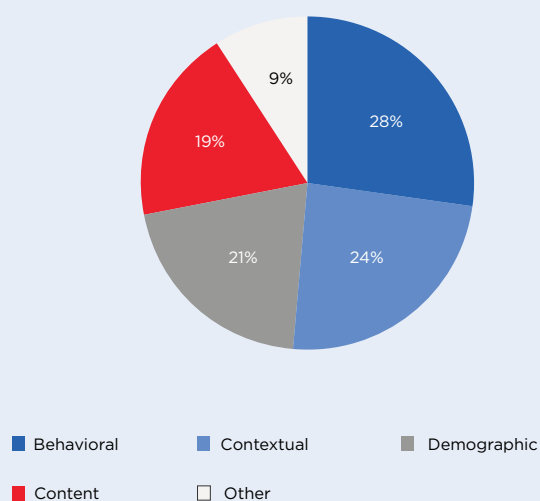
Looking ahead, half of all agency respondents indicated that 40% or more of their ads will leverage behavioral targeting.

Of all forms of targeting, agency respondents indicated that behavioral targeting is the most valuable...

Which of the following factors do you consider when buying online video?



What form of targeting do you find most valuable for online video advertising?



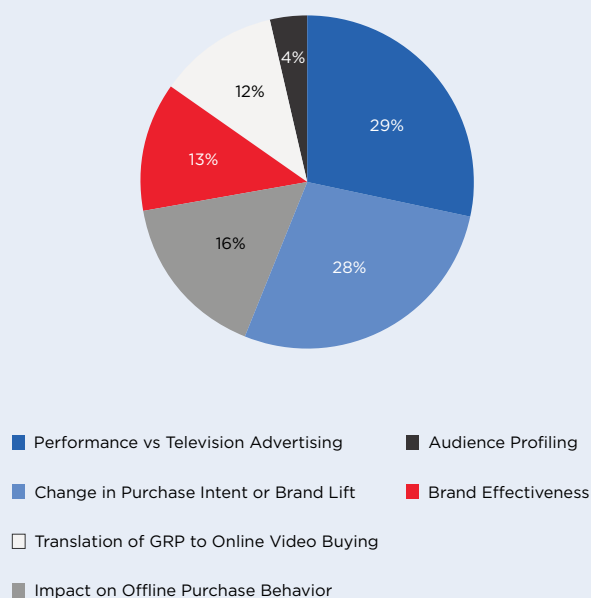
**96%** of respondents agree that research provides value to clients, but only **35%** had admitted to conducting any...

### *A Call for Research and Reporting*

As the industry continues to thrive, the need for research on the efficacy of online video advertising continues to grow. An overwhelming 96% of respondents agree that research provides value to clients, but only 35% had admitted to conducting any such research. This disparity suggests that there may be a lack of education and exposure within the online video advertising space as to how to properly leverage research.

Research provides the advertiser with indispensable insight into a campaign's performance, which allows for optimization of future campaigns. Interest in research that compares the performance of online video advertising to television continues to be on the mind of the advertiser as the topic saw seven percent increase from 2010 to 2011.

Which area of online video advertising would you most like to see additional research on?



# 65%

## of respondents plan to reallocate campaign dollars from TV to online video...

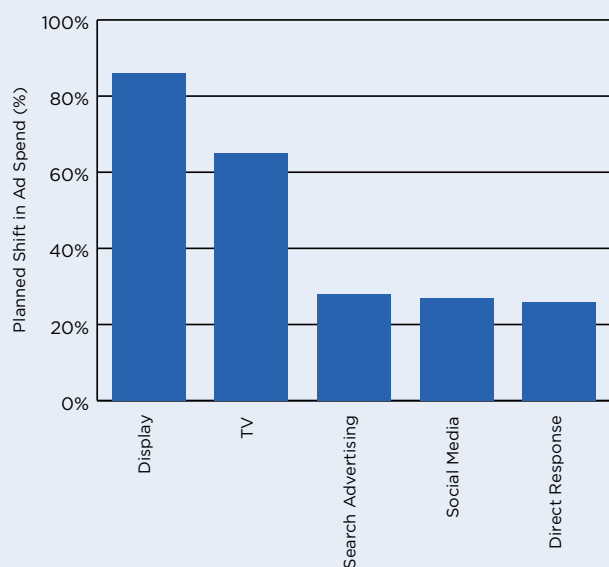
### From TV to Online Video

The increase in time spent online by consumers continues to fuel the adoption of online video advertising. The average number of hours Americans spend online has been growing at a pace of 6% per year, while the average number of hours spent watching TV has actually been declining 1% annually, according to a recent study from eMarketer.

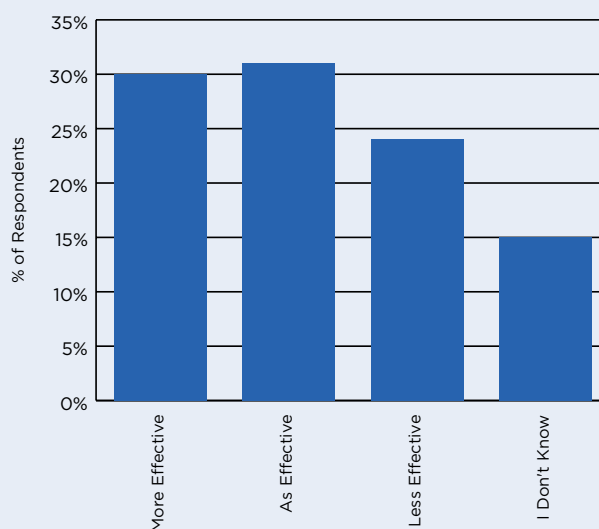
An ever-increasing amount of money and attention is being shifted from traditional media to online video with 65% of respondents planning to reallocate campaign dollars from TV to online video.

When asked to compare the effectiveness of the two formats, 30% of respondents believe online video advertising to be a more effective than TV.

What percent of your ad spend from the following categories do you plan to shift towards online video?



In your experience, how effective is online video advertising when compared to TV?



## Proliferating Choices for the Ad Buyer

The online video ad industry saw widespread innovation over the course of 2010, as new metrics were established, new units emerged, and new purchasing platforms were introduced through exchanges. That said, the results of this survey reveal that the adoption of these new tools is still in progress.

### Purchasing Metrics

Echoing opinions from the previous year, this year's findings revealed that there is a high demand for more flexible and varied pricing models based on engagement and performance. Both of these metrics allow buyers to capitalize on online video's potential for audience engagement, while avoiding overpayment or payment for engagement with the wrong consumers, and will likely continue to enjoy increased adoption.

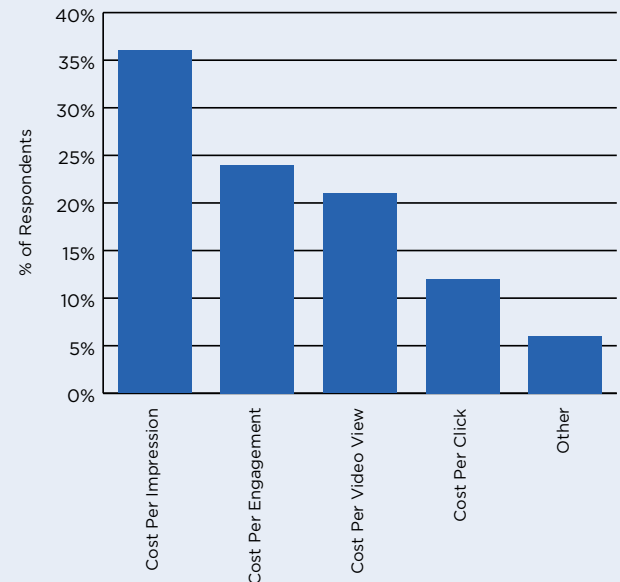
### Purchasing Ad Units

On the ad unit front, 91% felt that pre-roll performs better than in-banner video. A majority of respondents also agreed that pre-roll is more effective (67%) and has stronger engagement (61%). Respondents were not as confident with pre-roll's ability to interact with the brand as 52% sided with in-banner video.

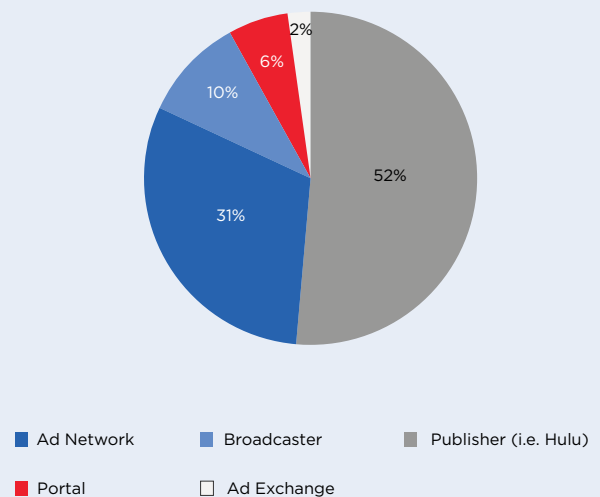
### Purchasing Platforms

Buying directly from online publishers remains the dominant means of purchasing inventory for the third year in a row. Despite the introduction of ad exchanges from several of the largest companies in the space, adoption to this platform is slow to develop. This suggests the need for further education that highlights the benefits and advantages exchanges have to offer.

### On which metric are you most likely to base your ad spend for online video advertising?



### Who are you most inclined to buy video inventory from?



# Media buyers predict online video to see the largest overall increase in spend in 2011...

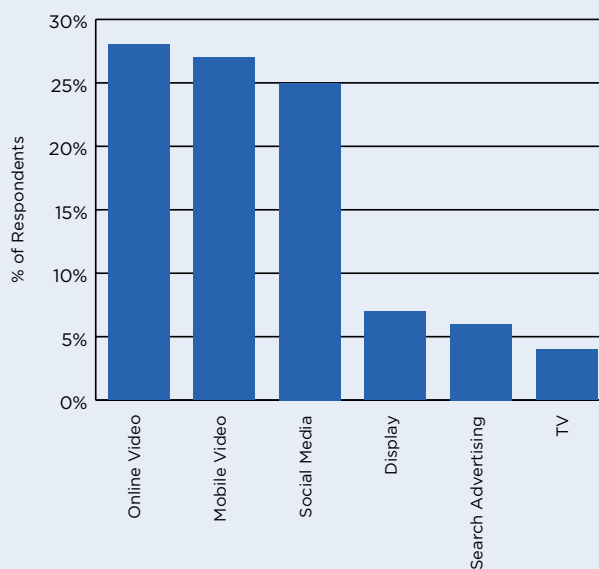
## Promising Future

In a promising sign for the industry, media buyers predict online video to see the largest overall increase in spend in 2011. Ad units offering interactivity and the ability to reach consumers on the go are of the utmost importance to advertisers. One example of this would be mobile ad units. A recent study from the Yankee Group found that Americans now spend an average of one hour and eighteen minutes per day on their mobile phones, and so the interest in mobile video makes sense. Online and mobile video's combination of sight, sound and motion allows brands to reach a sophisticated and highly desirable demographic and is likely to show strong growth throughout 2011.

## Meeting the Needs of Advertisers

Recognizing and consequently tackling online video's limitations is key to ensuring continued success, and this year's survey highlights key areas that need attention. Respondents cited clearer success metrics (36%) and ROI (26%) as the two primary concerns that need to be addressed in order to facilitate further implementation. As with previous years, respondents still view online video's cost as prohibitive, as 23% of respondents felt that lower costs would encourage advertisers to increase their spending in the category. However, this figure is down 9% from Q1 2010. Also down from last year is the call for more defined industry standards, which dropped from 20% to 8%, indicating that increased adoption of VAST and VPAID industry standards has strengthened advertisers' confidence in the industry.

### Which advertising category do you expect to see the largest overall increase in media spend this year?



# A spotlight has been cast on online video advertising, and it is bright...

## *In Conclusion*

There is a fundamental shift in the way Americans are viewing video, and this year's survey reveals that online video advertising is a powerful tool for engaging with today's audience. Targeting capabilities continue to provide a competitive advantage and the industry has seen substantial growth with the adoption of best practices and introduction of new ad units, platforms and pricing models. However, needs for standardized success metrics have yet to be met. Also the lack of education around research seems to be inhibiting agencies and advertisers alike from capitalizing on the valuable insights research provides. Looking forward,

the advertising world continues to rapidly evolve as attention shifts away from traditional media, pushing online video to center stage. A spotlight has been cast on online video advertising, and it is bright.

We at BrightRoll are on a mission to ensure this corner of the online advertising ecosystem continues to flourish and we are dedicated to partnering with companies who share that same vision. We are committed to developing solutions for the advertisers we work with and insights such as these are exactly what we need to get the ball rolling.

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## About BrightRoll

With more than 70 million monthly unique viewers, BrightRoll is the world's largest and most trusted video ad network and the leading provider of online video advertising services. The BrightRoll Network has access to billions of video impressions per month enabling advertisers to execute smart online video campaigns across a massive pool of web and mobile video inventory. BrightRoll's proprietary buying technology, combined with its full site disclosure, detailed performance reports and flexible targeting provide brands and agencies with the reach, frequency and scalability needed to achieve their campaign goals. BrightRoll is a privately held, venture-backed company headquartered in San Francisco, California. For more information visit [www.brightroll.com](http://www.brightroll.com) or read more on BrightRoll's [blog](#).