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How To #:

## **Special Report: Online Video Ads - Types, Creative Tips & Success Stories**

**SUMMARY:** Online video advertising is coming into its own. But can you simply use a TV commercial? What length have marketers found to be the most effective?

We have the answers to those questions and more in our latest Special Report. Discover essential marketing know-how, formatting and creative tips. Plus links to lots of useful resources to help you get started.

We're in the calm before the storm of online video advertising. Rich media and video advertising now account for 8% of the total revenue being generated online, according to the first-half 2007 revenue report by the Interactive Advertising Bureau and PricewaterhouseCoopers. This represents a 2-point jump industry wide over last year.

But eMarketer predicts online video ads revenue will hit \$775 million this year, and grow by more than five times by 2011 to \$4.3 billion.

"Pretty soon, you are going to see video icons all over Web pages," says John McIntyre, CEO, PixelFish Inc. "The key to making videos work will be putting the different types in the right environment."

### **Why Consider Video Ads?**

Here are three reasons why online video ads are seen as the industry's \*next big thing\*:

- Visual or fluid ad formats attract more consumer attention than static ones.
- Consumers don't like to work if they don't have to. They would rather watch a five-minute product video demonstration than read three to four Web pages.
- Google's distribution of videos via AdSense could mean an explosion in the marketplace, with online video ads about to go local.

Major players, such as Google, Yahoo!, AOL, Yellow Pages, Yellow Book, Super Pages and Local.com, are going to be an absolute boon to national marketers with local chain-store interests.

Still, video advertising has a couple drawbacks worth mentioning:

- Costs can get out of control if you're not careful.
- Execution can be complex compared to other marketing tactics, in terms of tapping expertise for creative, production, post-production delivery via networks and tracking results.

### **3 Types of Video Ads**

There has been a lot of discussion about videos running on third-party networks that include big user-generated-content sites, such as YouTube, MySpace, MetaCafe and blip.tv. To protect marketers, these sites weed out inappropriate videos before they're posted. And users aren't running scared. But what's out there right now?

First of all, the most widely used ad units running on UGC sites are the following:

o Pre-rolls (ads appear before the content)

By most accounts, these are the top performers. The benefit to pre-rolls is that viewers have just begun playing the video and are unlikely to abandon before experiencing the brand.

o Mid-rolls (during the content)

These have been around for awhile, but they are still kind of the baby in this family -- especially at UGC sites. Many marketers are leery of the "interruption factor" of television. But if you can place them in popular programs, the stickiness factor could succeed for you. People are not going to click out before they see the end of the show.

o Post-rolls (after the content)

These can be tricky. "Right now, the post-roll often only performs at a 40% level compared to the pre-roll," says Neil Perry, CEO, XLNTads.com. "People get to the end of the video clip and they tend to click out before the ad gets going."

### **Other Video Formats**

Other types of online video ads also exist. Here are four basic formats that are most relevant now:

-> Format #1. Banners. It seemed that streaming Flash banner videos would trend downward as marketers' choices became more dynamic. But statistics over the last two years show that in-line banners can perform almost as well as pre-rolls.

An increasing number of vendors also have premiered rollover technology that reportedly works well on banners on content sites and blogs. The systems let viewers mouse-over the ad to start and stop the video without having to click on it.

-> Format #2. Video listings. These let marketers show product demos, testimonials and repurposed TV commercials to reach a large, targeted audience via search marketing. National chains, for instance, can use these to help promote their local businesses with video ads.

PixelFish's McIntyre says this type of advertising will take off in a matter of months. He suggests that marketers would be wise to start off with documentary-styled DIYish productions that cost less than \$1,000 to create.

"CNET is doing that style of video brilliantly. The reason why online videos are attractive to consumers, too, is that it's so much easier than going across town to see and learn the same things about a Chinese restaurant or car repair garage."

-> Format #3. Branded entertainment videos. This longstanding medium is being reinvented online at sites dedicated to original content, such as Heavy.com. Brand managers for CPG firms should be particularly interested in this area due to the potential for product placement. (See T-Mobile's success story below.)

-> Format #4. Text-based overlays. These widget applications allow a marketer to send copy inside the video content itself or at the top or bottom of the player. They're similar to tickers that roll across the bottom of your TV screen.

## What Works Best?

You want to avoid producing a TV vibe, which doesn't normally work online -- especially at user-generated content sites. And while repurposing broadcast commercials should be avoided, if you must, chop them up and present them in a different fashion than what is aired on TV. Nothing tunes viewers out faster than seeing an ad on YouTube that they've already repeatedly caught on FOX.

To bolster the impact of any of the ads, consider buying a display ad to accompany the video. Most sites accepting video ads offer the display ads, which will appear nearby the video player.

However, be sure that the network of sites receiving the video-and-display combo doesn't include ones that are unfriendly to advertisers in general. Make sure your agency handling the media buys is cognizant of this concern.

"With the display ad, the extra visual impression helps overall branding," says B. Scott Taylor, President & Founder, TAOW Productions. "But, it will work much better at an automotive site or a television network site where you expect to see the tactic than it will at an online destination with a lot of Mac users, who really hate feeling like they are getting hit over the head with ads."

Mort Greenberg, President, MetaCafe, says normal campaigns at his site usually run about three months with a median cost of \$45,000. He has found that shorter is better but that longer lengths can work in the right situation.

"The best pre-roll for our environment is less than 10 seconds. Ideally, we will [someday] be able to work with the ad community and create a standard of five seconds, plus or minus a few seconds. I know from abandonment curves that you want to keep pre-roll short-form."

## Success Story: T-Mobile

T-Mobile is one marketer using online branded entertainment on Heavy.com very well. The company has been sponsoring the Internet-only "Ashford Lawrence" series by comedian Donnell Rawlings, which involves 4- and 5-minute episodes or clips.

Before clicking on the first clip, the viewer sees a three-second ad for T-Mobile's campaign, "Talk Longer. Find Out More." The static ad splits into two and then slowly leaves the screen like a set of playhouse curtains opening up.

The episode begins and is flanked by static ads that are viewable and clickable throughout the video. In addition, at least one subtle T-Mobile product placement occurs in each episode. Viewers who choose to watch another episode see a 30-second ad that's similar to a mid-roll.

Of the nine episodes that have been added to the site since spring, each has received at least 400,000 views and some episodes have had more than 700,000 views.

The cost for these campaigns is lower than for a TV spot, as the brand is not responsible for making the video content. And, repurposing broadcast commercials for the mid-rolls doesn't have the same "ugh factor" that seems to permeate their appearances on user-generated content sites.

## 7 Creative Tips

You've seen the types of online video ads out there and what some marketers are doing with them. Here are some dos and don'ts:

-> Tip #1. Do keep your online video ads short. Industry players agree that it's better to make a 5- or 10-

second spot instead of a 15-second one. In fact, 60.6% of consumers surveyed by Advertising.com cited “shorter ads than TV” as the No. 1 factor that would make video ads better.

-> Tip #2. Do get the ball rolling by contacting your agency. Brainstorm to determine the type of ad you need and to work out details, including length of the video, online location of placement, etc.

-> Tip #3. Do keep it real. Simple yet innovative messaging often works best online. “I think it’s important to come up with original ideas when preparing for this space,” says TAOW Productions’ Taylor. “It’s worthwhile to try to separate yourself from what everyone else is saying and doing.”

-> Tip #4. Do test and measure, test and measure. Through your analytics, pay attention to the percent of your entire video being played by the viewers, the abandon rates and, when possible, directly attributable sales conversions.

-> Tip #5. Don’t do something funny in the video unless everyone in your target audience will get it. Instead, do create a campaign that will work at various UGC and content sites so that you can optimize an entire network buy.

Networks aggregate videos from multiple sites, providing you with incremental reach. Because networks gather inventory from multiple channels, they are often priced more competitively than single-site buys. You’ll get more bang for your buck if your ad is funny at both MySpace and ESPN.com.

-> Tip #6. Don’t follow rules of television advertising; they simply don’t apply to the Internet. “Consumers are not looking at this as just some other way to watch television. They want the experience to be different,” says XLNTads.com’s Perry.

-> Tip #7. Don’t immediately sour on post-roll or mid-roll opportunities because there’s more buzz for pre-roll. “It comes back to what are you using video for,” says Shawn Gurn, Interactive Media Director, Moroch. “For instance, if you’re using video to be entertaining and to add that sort of value to it, you can definitely use post-roll.”

*Next time: A marketer’s guide to vendors with online video ad services*

### **Useful links related to this article**

Past Sherpa articles—

Video Surges While Search Lags - 5 Trends to Watch in the Online Content Industry:

<http://www.marketingsherpa.com/article.php?id=29864>

How to Use YouTube to Generate Leads: 7 Video Posting Strategies & Tagging Tips:

<http://www.marketingsherpa.com/article.php?id=30150>

Research data sources --

Advertising.com:

<http://advertising.com/index.php>

Interactive Advertising Bureau:

<http://www.iab.net/>

Online Publishers Association:

<http://www.online-publishers.org/>

PricewaterhouseCoopers:  
<http://www.pwc.com/>

Google AdSense formats page, including video information:  
[https://www.google.com/adsense/static/en\\_US/AdFormats.html](https://www.google.com/adsense/static/en_US/AdFormats.html)

NewTeeVee - industry site and blog dedicated to online video:  
<http://live.newteevee.com/>

Online Video: It's a small world! blog:  
<http://prerollvideo.blogspot.com>

Example of a Macy's mid-roll ad:  
<http://www.harvesteating.com/public/729.cfm>

Links to key video sites --  
YouTube:  
<http://youtube.com>

MySpace:  
<http://myspace.com>

MetaCafe:  
<http://metacafe.com>

blip.tv:  
<http://blip.tv>

Heavy Inc.:  
<http://www.heavy.com/>

Uvouch.com:  
<http://www.uvouch.com>

Imeem.com:  
<http://imeem.com>

Superdeluxe.com:  
<http://superdeluxe.com>

CosmoTV – a video-based search engine site that allows consumers to query for TV shows:  
<http://cozmotv.typepad.com>

Blinkx.com – a video-based search engine site:  
<http://www.blinkx.com/>

Links to sources' sites --  
XLNTads.com:

<http://www.xlntads.com/>

Moroch:

<http://moroch.com>

PixelFish Inc.:

<http://pixelfish.com/>

Taow Productions LLC:

<http://www.taowproductions.com/>

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