

DIGITAL VIDEO ADVERTISING BEST PRACTICES 2018

**Connecting the Dots Across
Screens and Formats**

FEBRUARY 2018

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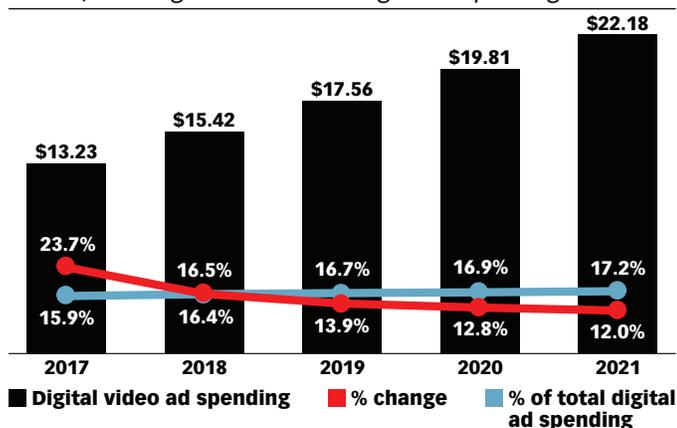
DIGITAL VIDEO ADVERTISING BEST PRACTICES 2018: CONNECTING THE DOTS ACROSS SCREENS AND FORMATS

The US digital video advertising industry's growth is unmistakable: Between 2018 and 2021, it will increase by double-digit percentages annually, topping \$22 billion by the end of that period. It is also gaining in complexity. Each year brings new formats, devices, platforms, ways of transacting video ads and, accordingly, new best practices.

- Some of the best practices industry experts shared in early 2017 continue to be top of mind, including focusing on short ads, front-loading branding elements, using detailed targeting criteria, and making ads contextually relevant to the space around them.
- Other best practices have taken hold over the past year, in areas such as outstream video, brand safety and fraud reduction. Some of these were in response to specific events and trends that unfolded in 2017.
- Connected TV advertising will be a big focus for 2018. The audience is primed and ready, the devices are numerous and increasingly sophisticated, and there are multiple content platforms to support the ecosystem. The last remaining piece of the puzzle is a robust ad economy, and by many indications this will be the year when it starts to scale.

WHAT'S IN THIS REPORT? Best practices in digital video advertising from more than 20 industry experts, including executives at ad agencies, brand marketers, publishers, ad exchanges and tech firms. Their insights are grouped into 15 categories that span such areas as creative approaches, targeting criteria, user experience, relevance and frequency capping.

US Digital Video Ad Spending, 2017-2021
billions, % change and % of total digital ad spending



Note: includes in-banner, in-stream and in-text; includes advertising that appears on desktop and laptop computers as well as mobile phones, tablets and other internet-connected devices

Source: eMarketer, March 2017; confirmed and republished, Aug 2017

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KEY STAT: US digital video ad spending will grow at double-digit annual rates through at least 2021, reaching \$22.18 billion by that time, or 17.2% of all digital ad spending.

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CREATE PLATFORM-SPECIFIC ADVERTISING

These days, there are more devices and platforms than ever before on which to place video ads. Smartphones, tablets, desktops/laptops and connected TVs demand different aspect ratios, resolutions and ad durations. The same is true of the many content platforms in the mix, including YouTube, Facebook, Instagram, Twitter, Snapchat and over-the-top (OTT) streaming services.

This complexity in advertising venues challenges brand marketers to be creative in how they plan and execute their campaigns. Although best practices vary widely in this area, a common theme is to create ads specifically for each platform.

EXPERT INSIGHTS

“To adapt content for different platforms, you have to think about length, messaging and exactly where the ad is going to be placed, and how the user is going to interact and engage with it.” —*Jenna Gaudio, Head of Marketing, Vydia*

“Different mobile and video platforms have such different consumption behaviors. You really need to make sure you’re optimizing the creative accordingly, or you’ll get fatigue or just brand frustration from the users having to sit through a 30-second spot where they shouldn’t have to.” —*Sarah Warner, Digital Investment Lead, Programmatic and Video, GroupM*

“Our philosophy is that content should always be designed with a connection to the audience in mind. When it comes to mobile, brands often use [TV commercials] or desktop creative for a mobile environment and expect it to work. This is not the right approach and never will be.” —*Ben Phillips, Global Head of Mobile, MediaCom*

EXPERTS SOUND OFF ON ... SOUND OFF!

With increasing amounts of video content and advertising viewed on smartphones, advertisers need to think about conveying brand messages visually in the first few seconds of a video ad, whether through logos, subtitles or other creative elements. Advertisers have to assume that users prefer to have video ads play without sound by default, with the option to switch on audio if desired.

Not only does the default sound-off setting mandate a visual-first approach, but shorter ad durations also impose a need to project branding elements in the first few seconds of the video.

EXPERT INSIGHTS

“The vast majority of audiences watch videos with the sound off. Brands have a mere 1.7 seconds to make an impression, based on the average scroll rate for platforms such as Facebook, so they must develop video that is to the point.” —*Ben Phillips, MediaCom*

“Put in subtitles, or do videos that ... can emote without having to be explained by sound. And think about that in the context of your video content strategy when you’re creating—not after the fact.” —*Joy Dean, Director, Partnerships and Platform Sales, Widespace UK*

MATCH PRE-ROLL DURATION TO CLIP LENGTH

In addition to keeping ads short, advertisers should pay close attention to matching the length of the ad to the content it supports. A 1-5 ratio of ad to content is a good guideline, according to one executive, but a commonsense approach is avoiding long pre-rolls before short clips.

EXPERT INSIGHTS

“There’s a problem with lack of attention to the ratio between pre-roll duration and the duration of the video. The most obvious example is the 30-second pre-roll, which is a direct import from television. When you put it in front of a clip that’s 1 minute, 15 seconds, that’s asking a lot of the user.” —*Julian March, Managing Director, Games, Music and Video, Future*

“We’ve been watching this trend for some time toward shorter video lengths. We’re tracking what’s happening on Snapchat, where video ads are regularly 5 seconds. Whether we love it or hate it, shorter storytelling is something that will be here with us for the next few years.” —*Todd Krizelman, CEO and Co-Founder, MediaRadar*

PLAN FOR FORMAT COMPLEXITY AT THE CREATIVE STAGE

Too often, the short edits that populate social and mobile platforms are created after the fact rather than in advance—for example, the advertiser creates a 30-second TV spot and then cobbles together the social and digital video elements. Instead, advertisers should focus on streamlining this process at the conception stage of the campaign.

EXPERT INSIGHTS

“Before, you’d choose the creative, then you’d do your storytelling and then you’d find ways to cut or slice. Now we’ll plan for many different creative permutations as we start the creative build and production process. We use real-time optimization for placing our bid management on the buy, and we use our tier 1, tier 2 or tier 3 criteria based on what kind of premium inventory we either want or don’t want.” —*Michael Priem, CEO, Modern Impact*

“Buyers need to be savvy that video no longer means a single pre-roll ad. It could mean a pre-roll ad, but it could [also] mean a linear video unit; it could mean an outstream, in-article unit.” —*Eric Hoffert, Senior Vice President, Video Technology, AppNexus*

EMBRACE AUDIENCE-BASED BUYING

As advertisers spend more of their budgets on digital video, the old age-and-gender approach to TV advertising is giving way to a far more precise methodology that takes into account other audience characteristics, such as behavior and location. Targeting also increasingly accounts for the devices on which ads are consumed, and the ways in which users migrate from one screen to another. The industry is still in the early stages of harnessing this trove of user data, but progress is being made toward the utopian goal of true audience-based marketing.

EXPERT INSIGHTS

“We’re seeing a big move toward audience-based buying. Rather than target a general group, you can zero in on people who bought your product in the past three months, or spent X dollars on it, or signed up for your service or a competitor’s service. Not only do you want audience-based buys, you want to make sure you don’t look at it in silos anymore. You don’t want to target just in mobile or just in display or just in connected TV.”
—*Damian Garbaccio, Executive Vice President, Nielsen Marketing Cloud*

“You can definitely get people who are in your demographic, but are they also in your psychographic? They might be 18-to-34-year-old males, but are they gamers? You might find that there is a 55-year-old female who is more of a gamer than a 19-year-old male, and that’s who you’re going after if you’re selling Call of Duty. It’s really important to seek out the right audience first and then take it from there.”
—*Stacey Politi, Senior Vice President, Marketing, First Look Media*

“Understanding the platforms—and the mindsets of the people who use them—is really important when you start to think about the type of advertising and content you create.”
—*Chris Hogue, Vice President, Isobar*

DELIVER RELEVANCE

One of the byproducts of refined targeting is the ability to deliver ads users find useful, and therefore presumably less annoying or intrusive.

However, whether relevance is truly a virtue is a matter of debate. September 2017 survey data from ad technology company Taykey showed that US advertisers consider relevance among the most important aspects of a quality advertising environment—tied with reputable publishers. On the other hand, more US internet users said that personalized video ads detracted from, rather than enhanced, the viewing experience, according to a July 2017 IBM Cloud Video study.

These conflicting findings notwithstanding, advertisers continue to strive for relevance. Some go as far as to say that relevance can make a difference in whether an ad is considered annoying or helpful.

EXPERT INSIGHTS

“Embracing audience-based buying wherever possible is really important. Advertisers and platforms are sitting on a treasure trove of first-, second- and third-party data, so they have the ability to serve content that’s relevant to their audience.”
—*Allison Metcalfe, General Manager, LiveRamp TV*

“Finding the right audience through targeting and placement is more important than ever, because you can really see a difference in your performance if you’re tapping into the right people. Today’s consumer is savvier. ... They’re really open to ads that are relevant to them and they understand a little bit more about how advertising works. Marketing them something they are interested in isn’t so much an annoyance, as it can be seen as helpful.”
—*Stacey Politi, First Look Media*

“As a lifestyle publisher that has a lot of evergreen content, we’ve been making sure we have a contextually relevant video for all our top-performing pages. When someone gets to a page through Google, email or any of our channels, we want to make sure they’re seeing a large video [that is] contextually relevant to that title and the contents of the article in the hero position [a large banner typically placed front and center on a webpage] on the page.”
—*Matt Minoff, Chief Digital Officer, Meredith Corporation*

EMPHASIZE BRAND SAFETY AND A POSITIVE USER EXPERIENCE

In 2017, well-publicized instances of brand safety issues on leading digital and social video platforms were plentiful. Now, marketers and agencies are extra sensitive to the importance of protecting the brands they represent, and of delivering an overall positive user experience. In programmatic environments, this has meant more buying on private marketplaces as opposed to open exchanges, or at least being hyperaware of the risks of the latter.

EXPERT INSIGHTS

“There’s more attention than ever before to brand safety and buying on private marketplaces, and those that do buy on open exchanges are more comfortable with the risk. There’s more sophistication in the market. If someone’s going to buy really cheap inventory, they know that’s going to come with risk.” —*Todd Krizelman, MediaRadar*

“One tactic many publishers have used is creating a sticky player experience with a big video player at the top of the page, and as someone scrolls down, the player rides along with that, which ensures viewability. That’s been an important and effective tactic.” —*Matt Minoff, Meredith Corporation*

“If I’m an advertiser, I don’t want my brand associated with a poor user experience that is only trying to maximize an ad unit by showing a falsely reported click. That’s one of our biggest challenges right now in the industry. You want to make sure you’re getting solid performance because you’re engaging the audience, not because your audience was tricked into an incentivized click.” —*Michael Priem, Modern Impact*

USE ADS.TXT TO COMBAT AD FRAUD

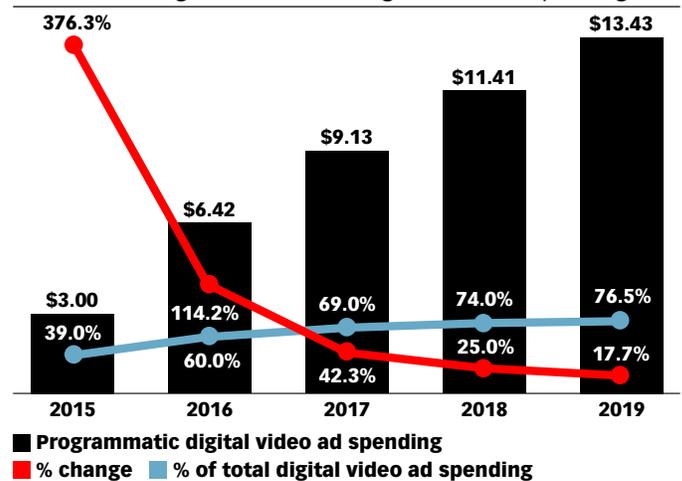
In 2017, the Interactive Advertising Bureau (IAB) Tech Lab unveiled the ads.txt initiative, a standard designed to combat counterfeit inventory and increase transparency in the programmatic advertising ecosystem.

The standard allows publishers to drop a text code on their web servers that specifies which companies are allowed to sell their inventory. Programmatic buyers can use ads.txt as a way to identify supply partners certified to sell on behalf of a particular publisher.

Programmatic buys are expected to make up 76.5% of all US video ad spending by 2019, eMarketer estimates. This underscores the importance of any standard that helps ensure quality and authenticity.

US Programmatic Digital Video Ad Spending, 2015-2019

billions, % change and % of total digital video ad spending



Note: digital display ads transacted via an API, including everything from publisher-erected APIs to more standardized RTB technology; includes advertising that appears on desktop/laptop computers, mobile phones, tablets and other internet-connected devices; includes advertising that appears before, during or after digital video content in a video player
 Source: eMarketer, Oct 2017

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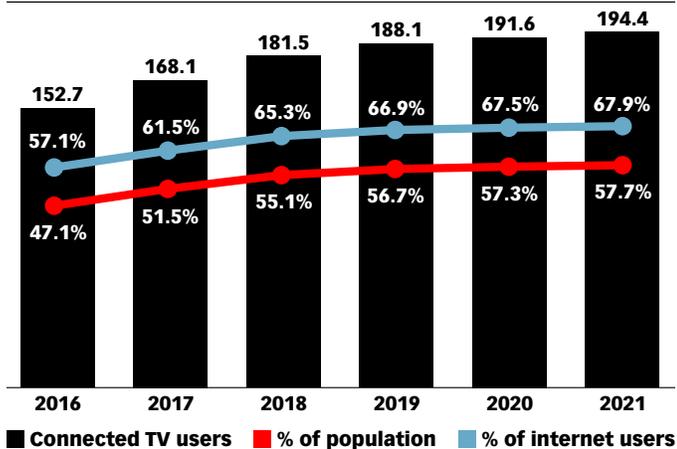
EXPERT INSIGHTS

“[Ads.txt] allows publishers to declare who their authorizers are, so then as buyers we can choose to just buy from those sources. That one action alone is really going to help clean up some of the fraud we’re seeing today.” —*Danielle Krauter, Vice President, Media Strategy, Goodway Group*

PREPARE TO RAMP UP CONNECTED TV ADVERTISING

At an estimated 181.5 million people, the US connected TV audience will represent nearly two-thirds of internet users and over half of the population in 2018—a massive group by any reckoning, and expected to get even bigger through at least the end of our forecast period.

US Connected TV Users and Penetration, 2016-2021
millions, % of population and % of internet users



Note: individuals of any age who use the internet through a connected TV at least once per month
Source: eMarketer, July 2017

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Despite their impressive numbers, these viewers are underserved by advertising designed specifically for that platform. While it's true that many connected TV viewers watch live TV programming that carries the same, or similar, ad loads as its linear counterpart, and many consume strictly subscription-supported media such as Netflix, a sizable portion of this audience is primed for ads that take advantage of the visual properties and data-mining capabilities of the medium.

While industry execs aren't going as far as to declare 2018 "the year of connected TV advertising"—and some are even more skeptical—many feel that the industry is on the verge of a tipping point.

EXPERT INSIGHTS

"[For connected TV,] you need a strategy where you can make your inventory available across that broad range of devices, whether it's a game console, a smart TV or another connected TV device. Having a comprehensive platform that integrates advertising, either client-side or server-side, is a best practice." —Eric Hoffert, AppNexus

"It feels like traditional agencies are fearful of advertising on connected TV because they can't verify, target or really understand who is seeing their ads, or how often their ads are being seen. But as soon as that is worked out, [connected TV advertising] is going to explode. And because the TV is connected to the internet and the same IP address, there are going to be huge targeting capabilities that are unheard of in television." —Stacey Politi, First Look Media

"As TV ratings continue to show that more and more streams are taking over, you're going to see advertisers say, 'Wow, I wouldn't have been a TV advertiser, but I definitely would be a connected TV advertiser because of what that model means, and how I can target and reach my specific audiences.'" —Michael Priem, Modern Impact

"On one hand, there's a lot more inventory available on connected TV platforms. At the same time, I haven't seen any improvement on their metrics. The ability to target or segment on these platforms hasn't changed. And there's still a trust issue for the actual metrics themselves—the completion, the viewability. Until that trust issue has been resolved, [connected TV advertising is] not going to explode in terms of acceptance." —Dvir Doron, Chief Marketing and Business Development Officer, Cedato

PAY ATTENTION TO FREQUENCY CAPPING

One of the factors that has inhibited connected TV advertising, as well as other video ads on long-form content, is the lack of frequency capping. Advertisers—and the consumers they target—have long complained that the same spots tend to appear over and over on long-form programming. Fortunately, there are signs that the industry is finally zeroing in on this problem.

EXPERT INSIGHTS

“We know that frequency was an issue upfront for consumers and advertisers, but we’re seeing that’s already starting to improve. Within the past year, brands have worked closely with publishers to ensure that frequency capping is in place with connected TV, so it’s becoming less of an issue.” —*Beth Weeks, Associate Media Director, DigitasLBI*

HARNESS YOUR DATA

For years, marketers have harnessed the metadata embedded in video ads. However, as the ecosystem becomes more fragmented, making effective use of that data becomes a higher priority and a bigger technical challenge. The platforms on which marketers advertise are only as good as the user data they generate, and campaigns are only as good as the extent to which they collect, analyze and use that data.

EXPERT INSIGHTS

“A critical best practice is making sure that content is metadata rich, that it begins ‘collecting’ from the moment it’s conceived all the way through editing, final production and delivery. Understanding that metadata is an increasingly critical part of the online video puzzle is key. If you have content that’s rich in metadata, you’re going to be better able to monetize it. And if the data is well-conceived and applicable, you’ll be able to maximize its value.” —*Jim O’Neill, Ooyala*

“There is a ripe opportunity to be more targeted on OTT platforms on connected TVs. OTT really allows advertisers the ability to layer on first-party or third-party data. We know about the capabilities of linear TV and addressable TV, but it’s much more seamless to integrate some of that first- or third-party data in the OTT space.” —*Beth Weeks, DigitasLBI*

MAKE OUTSTREAM VIDEO CONTEXTUALLY RELEVANT, AND SILENT

Over the past couple of years, outstream video ads—units served in nonvideo environments such as text articles, games and social feeds—have allowed publishers to charge a higher cost per thousand (CPM) than they would get for comparable display or banner units. The units typically only play when they're at least 50% in-view, and they stop if the user scrolls past them.

Although outstream ads are not counted in eMarketer's estimates of video ad spending, they are an increasingly important part of the digital video marketing canon. Two best practices have emerged that most practitioners agree on: ensuring some degree of relevance between the ad and the surrounding content, and making sure the ad plays without audio by default.

For a deeper look into outstream video advertising, see [eMarketer's July 2017 report](#).

EXPERT INSIGHTS

"One of the most important things with outstream is to be really spot on with the integration and the targeting. If the content doesn't match what they're reading, the user's going to go right through. You lost them." —*Edna Li, Director, Solutions Marketing, Exponential*

"In-feed or outstream videos are often consumed at a time when volume cannot be utilized. It's a matter of educating our clients on best practices as they relate to subtitles, but also building impactful creative that delivers a message—not necessarily with sound." —*Sarah Warner, GroupM*

"The big thing I hope every publisher has learned is don't autoplay with sound. That has consistently been the biggest pet peeve of consumers—having video play with sound when they're scrolling through. The other thing is the stories need to be crafted in a way that's relevant to the reader and fits well within the space." —*Chris Hogue, Isobar*

KEEP FOCUSING ON VIEWABILITY

An ad that's not seen can't make an impression, so advertisers paying on a CPM basis are wasting money on inventory that's not viewable.

Although viewability rates have generally improved as buyers, sellers and middlemen have implemented more rigorous thresholds than the original Media Rating Council (MRC) standard—50% of the ad viewed for at least 2 seconds—the problem persists. Industry experts recommend continuing to focus on making video ads as visible as possible.

EXPERT INSIGHTS

"Make your inventory as viewable as possible. The days of tucking video players at the bottom of pages and autoplaying them where they can't be seen are not sustainable, and you have to find a way to get more organic video views. Publishers are going to have to find new tools and new ways to actually get people to click on their video content, and that probably means creating more high-quality content and doing a better job of promoting that content." —*Matt Minoff, Meredith Corporation*

"More and more advertisers want to pay for only viewable impressions. When they work with their agencies, they don't want to use the classic CPM model; they want to use what they call vCPM. That makes perfect sense, because why do you need to pay for something that nobody actually saw?" —*George Levin, CEO and Co-Founder, Getintent*

DON'T OVERLOOK PERFORMANCE MARKETING

Most video advertising is oriented toward branding goals rather than more direct outcomes. However, there is a place for video in the lower parts of the sales funnel, particularly as video becomes a more mobile-centric medium with shorter units and more potential for interactivity.

EXPERT INSIGHTS

"People think of video as a branding initiative, but more and more we're seeing that it works for performance, especially if the videos are shorter. They're able to drive the message in a short amount of time, and then drive the goals as well, in terms of conversion, acquisitions, etc." —*Edna Li, Exponential*

"There's still room for video from a top-of-funnel approach, but it really needs to step away dramatically from pre-roll and repurposed television advertising. From a branding perspective, it still may provide value for agencies and big brands that just want to participate in the inventory. But from a best practices standpoint, we're looking at how we can make video quicker and more interactive. How can we get a stronger call to action from our [video] ad spend?" —*Patrick Hopf, President and Co-Founder, SourceKnowledge*

EXPERIMENT AND ITERATE

With so much of the video advertising industry in a state of flux, many experts we spoke with emphasized the need to be creative and experiment. They also underscored the importance of making multiple iterations of campaign videos to feed the large and expanding range of available platforms.

EXPERT INSIGHTS

"We all talk about this omnichannel journey where people move through the purchase funnel. But we tend to just push the same advertising message in a bunch of different mediums. We don't really look at how we move people from one place to another. If I start in digital video, where might I go next? Or vs. if I first become aware in social video or in-store, where's the next most likely place to go? Then how do I progress the customer through that journey?" —*Chris Hogue, Isobar*

"If you're going to invest the time into making a video, make different iterations of it and test them on different platforms, and then follow the analytics to see which one does best. 'Will video work?' is not the question you should be asking. 'How do I make video work?' is the right question." —*Jenna Gaudio, Vydia*

"One of the things we really focus on is creative optimization. We make hundreds of variants for each campaign, we put them out in the market and let them compete against each other and the rest of the market, and we see which ones win." —*Ross Blanchard, Strategic Partnerships, Vungle*

EMARKETER INTERVIEWS



Ross Blanchard
Strategic Partnerships
Vungle

Interview conducted on December 7, 2017



Joy Dean
Director, Partnerships and Platform Sales
Widespace UK

Interview conducted on January 9, 2018



Vince Errico
Chief Digital Officer
Trusted Media Brands

Interview conducted on January 12, 2018



Jenna Gaudio
Head of Marketing
Vydia

Interview conducted on December 28, 2017



Damian Garbaccio
Executive Vice President
Nielsen Marketing Cloud

Interview conducted on January 9, 2018



Eric Hoffert
Senior Vice President, Video Technology
AppNexus

Interview conducted on January 5, 2018



Patrick Hopf
President and Co-Founder
SourceKnowledge

Interview conducted on January 10, 2018



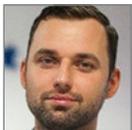
Danielle Krauter
Vice President, Media Strategy
Goodway Group

Interview conducted on January 8, 2018



Edna Li
Director, Solutions Marketing
Exponential

Interview conducted on January 10, 2018



George Levin
CEO and Co-Founder
Getintert

Interview conducted on January 8, 2018



Julian March
Managing Director, Games, Music and Video
Future

Interview conducted on January 9, 2018



Allison Metcalfe
General Manager
LiveRamp TV

Interview conducted on January 8, 2018



Matt Minoff
Chief Digital Officer
Meredith Corporation

Interview conducted on January 5, 2018



Jim O'Neill
Principal Analyst
Ooyala

Interview conducted on January 22, 2018



Ben Phillips
Global Head of Mobile
MediaCom

Interview conducted on January 12, 2018



Stacey Politi
Senior Vice President, Marketing
First Look Media

Interview conducted on January 11, 2018



Michael Priem
CEO
Modern Impact

Interview conducted on January 8, 2018



Sarah Warner
Digital Investment Lead, Programmatic and Video
GroupM

Interview conducted on January 2, 2018



Beth Weeks
Associate Media Director
DigitasLBi

Interview conducted on January 3, 2018



Dvir Doron
Chief Marketing and Business
Development Officer
Cedato

Interview conducted on November 28, 2017

Chris Hogue

Vice President

Isobar

Interview conducted on December 22, 2017

Todd Krizelman

CEO and Co-Founder

MediaRadar

Interview conducted on December 18, 2017

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