

# VIDEO

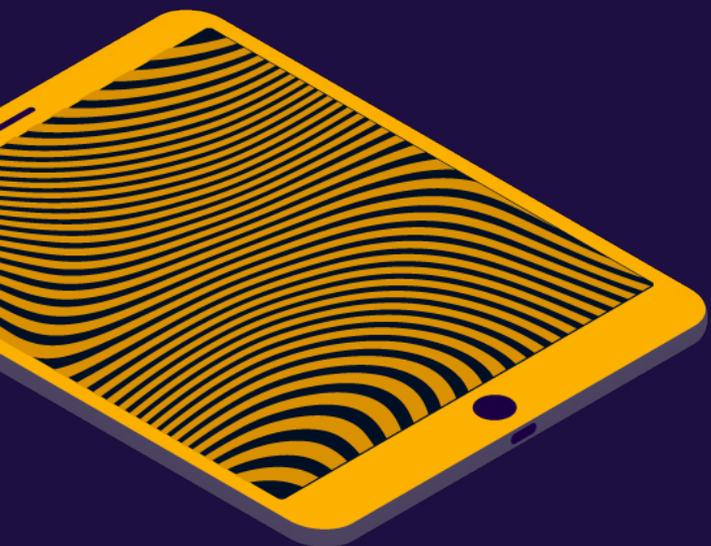
INTERRUPTED

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# INTRODUCTION

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Video has almost always been interrupted.

Even in the early days of television, interruptive ad experiences have stood between viewers and the content they tuned in to watch. Now, however, consumers are plugged into a massive array of video platforms, and they've grown accustomed to a new level of control over what they watch across a full spectrum of available screens. Namely, they can skip the ads after just a few seconds. The interrupted has become, for publishers and advertisers, the interruptor.

One result of this shift has been a massive change in expectations around completion rates and engagement metrics of all kinds. And the stakes around format and audience engagement continue to rise. According to eMarketer, video now accounts for more than 25 percent of all digital ad spending, amounting to more than \$30 billion each year.

From January to February, 2020, Digiday surveyed more than 300 industry leaders from agencies, publishers and brands. Across the responses, 36 percent represented publishers and 36 percent agencies; 25 percent represented brand respondents and 3 percent came from other sectors such as ad tech. From their answers, we learned about how they're building

video-ad strategies and campaigns that can address interruption, user experiences, skippable ads and an expanding view of dynamic video-ad formats. We discovered that while marketers are investing more in video ads than ever before, they're also struggling to elicit robust engagement from users, in large part because users opt to skip or tune-out ads they find annoying or interruptive. Among other notable findings:

- Maintaining engagement is a huge consideration, with 44 percent of video ad pros citing low engagement as their top concern.
- Format is paramount: 87 percent said that formats played a role in making their ad strategy effective.
- Interruption looms large, with 45 percent of industry pros saying consumer demand for non-interruptive experiences will heavily impact video strategy in the future.

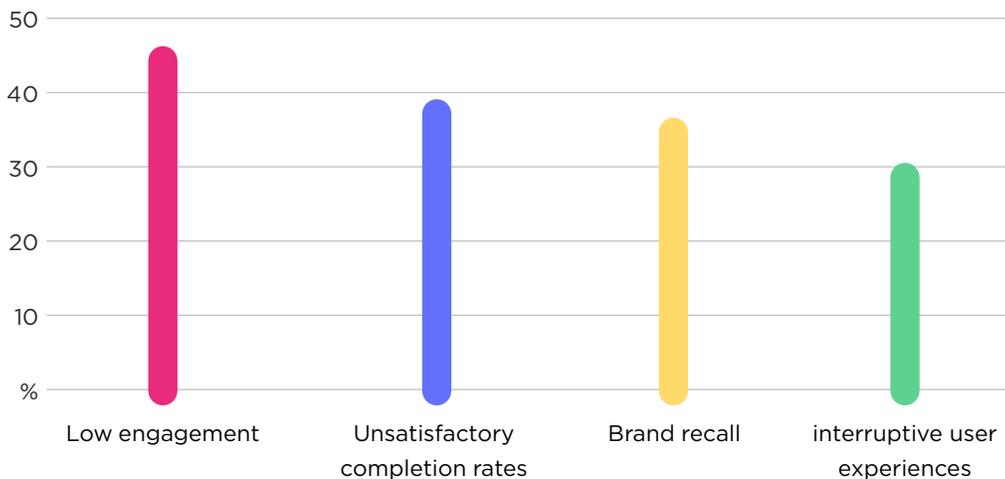
The question becomes, how can marketers move from the present state of video advertising to a more ideal dynamic — driving better user experiences, engagement and creative approaches to formats — and what will the future hold for those that do?



# USER EXPERIENCE WILL ALWAYS COME FIRST

Within the data we gathered, we saw that nearly a third of the brands — 29 percent — cited concerns about the interruptions that can change video viewers' experiences for the worse.

## WHAT ARE YOUR TOP TWO CONCERNS IN YOUR VIDEO ADVERTISING CAMPAIGNS?





It is an important finding, considering almost every single respondent told us that user experience is a critical consideration for their video strategy. Among those, 85 percent said it fell somewhere between “somewhat important” and “very important.” Only two percent said it was “not at all important.”

Taylor Wiegert, vp and planning director at the Martin Agency — the firm is responsible for one of the more well-known, and [well-received, “unskippable” pre-roll ads](#) of the past decade — pointed out that even platforms, most notably YouTube, have begun to introduce video-ad policies intended to improve users’ experiences.

“I think that with what Google is doing, placing limitations on mid-roll and interruptive ads, things are now swinging the other way for media to actually be more respectful of the user’s time,” said Wiegert. “So hopefully we’ll start to find that balance ... and people will become less annoyed by how video is presented.”

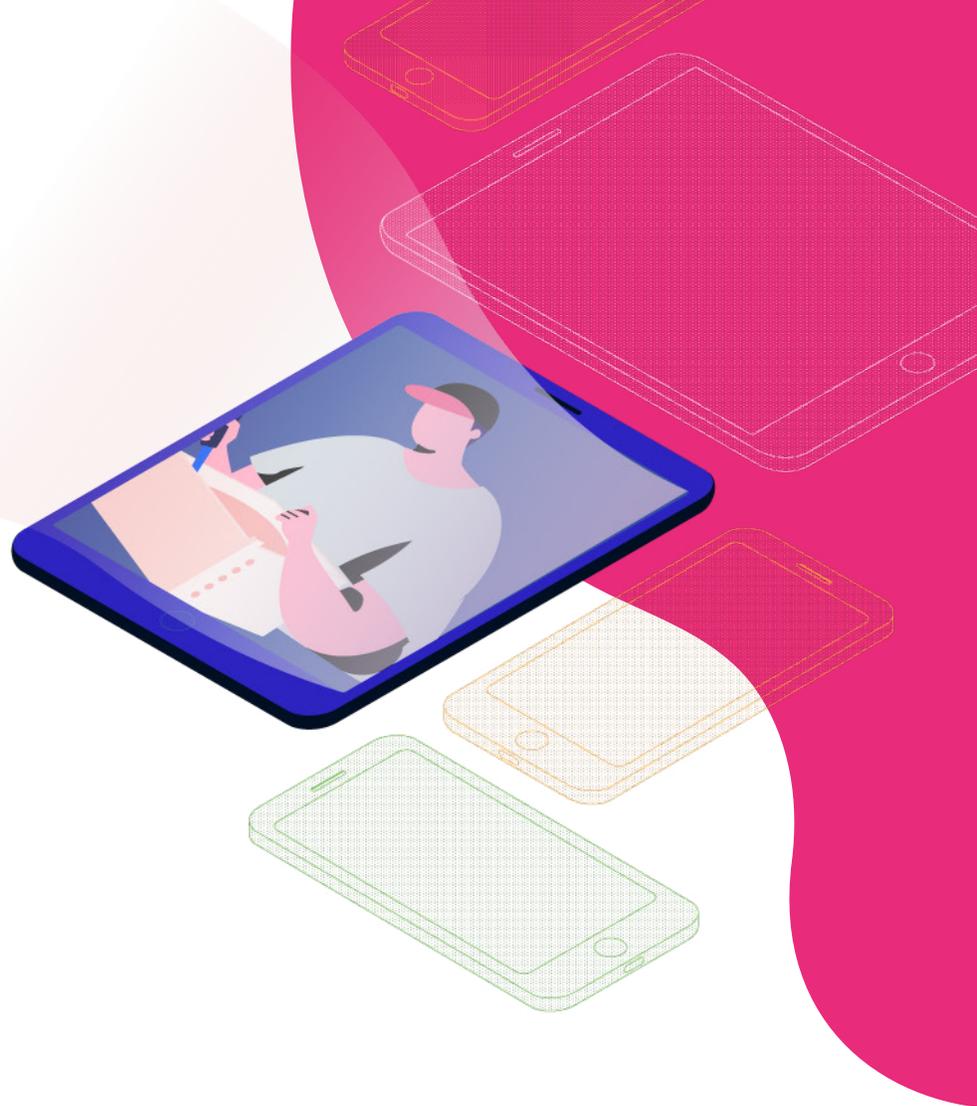
However, while such restrictions have begun to play a role in making in-stream ad experiences more hospitable to users, they’ve also created new constraints around how marketers can express themselves through traditional in-stream formats. To a significant extent, Wiegert pointed out, it’s incumbent upon marketers to find creative and innovative ways to work within in-stream formats.

“There’s a balance in how you use those first few seconds [in a pre-roll video],” he said. “You have to get the message out there and then try to hook them for a longer period of time ... If you have a story you want to tell that requires someone to view the whole thing, you really do have to hook them early. But that’s a bet that brands have to be willing to make and it has to be a creative idea that will make that bet pay off if someone watches the whole thing.”

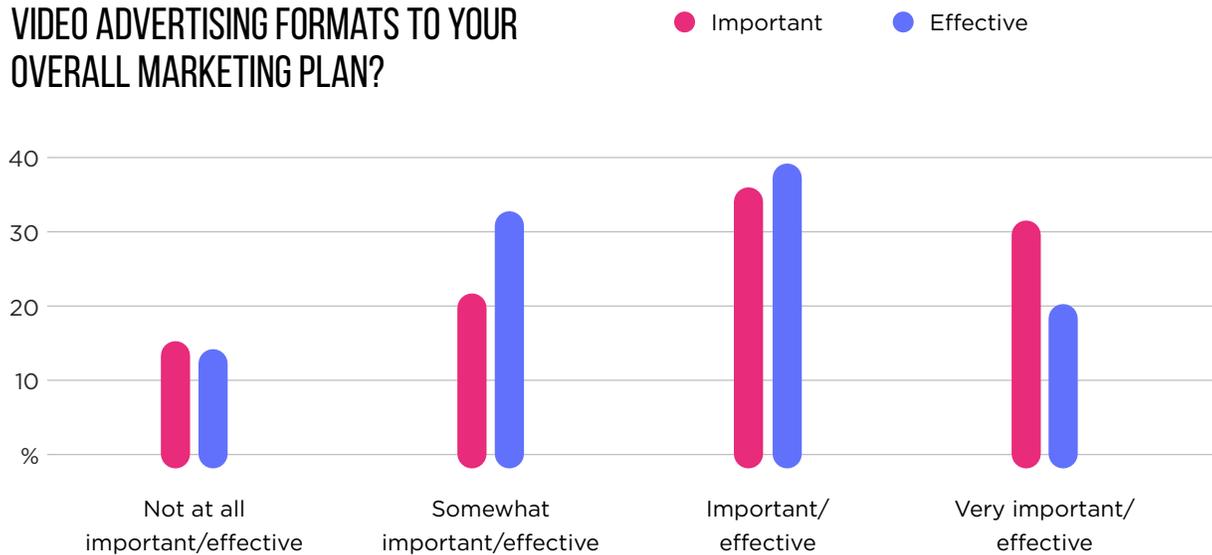
# WHAT VIDEO-AD STRATEGIES ARE LEAVING OUT

The constraints created by today's in-stream inventory have helped further the demand for new and innovative formats. As Wiegert pointed out, "how the video is presented" has become a crucial factor. "I don't really just view online video as falling only into that pre-roll, mid-roll, even post-roll, box."

And video-ad formats matter to the outcomes our respondents want to achieve. Eighty-five percent of our respondents said that format was at least somewhat important to their video strategy. A nearly equal number — 87 percent — said that formats played a role in making their ad strategy at least somewhat effective.



## HOW IMPORTANT/EFFECTIVE ARE VIDEO ADVERTISING FORMATS TO YOUR OVERALL MARKETING PLAN?

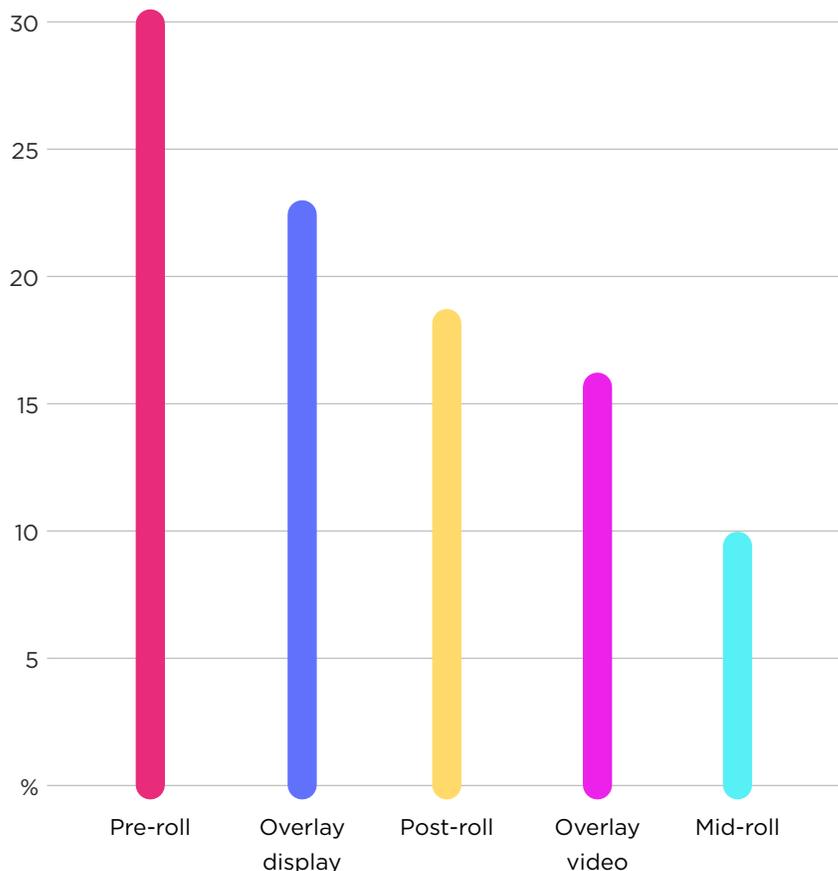


It is true that pre-roll, mid-roll and post-roll ads are not the only units available. However, when we asked respondents about the elements of their video campaigns that have proved most important, we discovered that they're by and large continuing to employ in-stream formats that are easy to skip and ignore — dynamics that are precisely counter to their stated goals.

Here's where the disconnect between user experience and dynamic approaches to ad formats arises.

Approximately 60 percent of video ads are of the in-stream variety, according to eMarketer — a figure that is [unlikely to change](#) in the immediate future. Although format is clearly an important consideration to our marketer respondents' plans, it's also apparent that their strategies at present are leaving some video-ad types to one side. Consider the adjacent chart, which shows how our respondents approach their video-ad format mix.

## WHICH OF THE FOLLOWING VIDEO AD FORMATS DOES YOUR ORGANIZATION MOST OFTEN USE?



As the chart shows, it's notable that one of the most prominent alternatives to in-stream ads is less often used. Overlays, which superimpose video or animated brand messaging over video content — distinct from other in-stream spots in that they do not overtly interrupt underlying content — are the preferred video format of only 16 percent. Overlay display is the favored format of an additional 23 percent. In total, only a little more than one-third of our respondents are exploring overlay opportunities.

That's not the ideal dynamic, experts tell us.

"The dominant platforms are places where people want to interact with other people," said Vikram Bhaskaran,

global head of vertical strategy and marketing at Pinterest. "For advertisers who want to show up in those places, the dominant paradigm has just been to interrupt, or to be funny or to just be louder. But with the rise of ad blocking and of consumers just being more savvy, there's been a pendulum swing back to context."

"In the entertainment world, linear storytelling makes sense," Bhaskaran says. "It's always been how people consume stories." But it's a different story, he added, if users are looking at — for instance — a series of DIY posts on a platform like Pinterest. "A 20 second video is not the best way to consume that content," he said. "If I want to show video and static images in a step-by-step instructional format,

then overlays make a lot of sense."

While, historically, video overlay has been somewhat limited to static formats — mainly text and display — and has more recently expanded to dynamic formats such as animations, perhaps the bigger factor holding overlays back is simple availability.

In the past, no major video platforms other than YouTube have offered overlay inventory. As publishers and programmatic platforms make strides toward scaling video overlay formats across the open web, it will take a vanguard of advertisers to wade in first, adopting the format in new environments and scoring early wins as overlay approaches evolve.

# UNLOCKING REVENUE, BALANCING INTERRUPTIVE VIDEO-AD EXPERIENCES

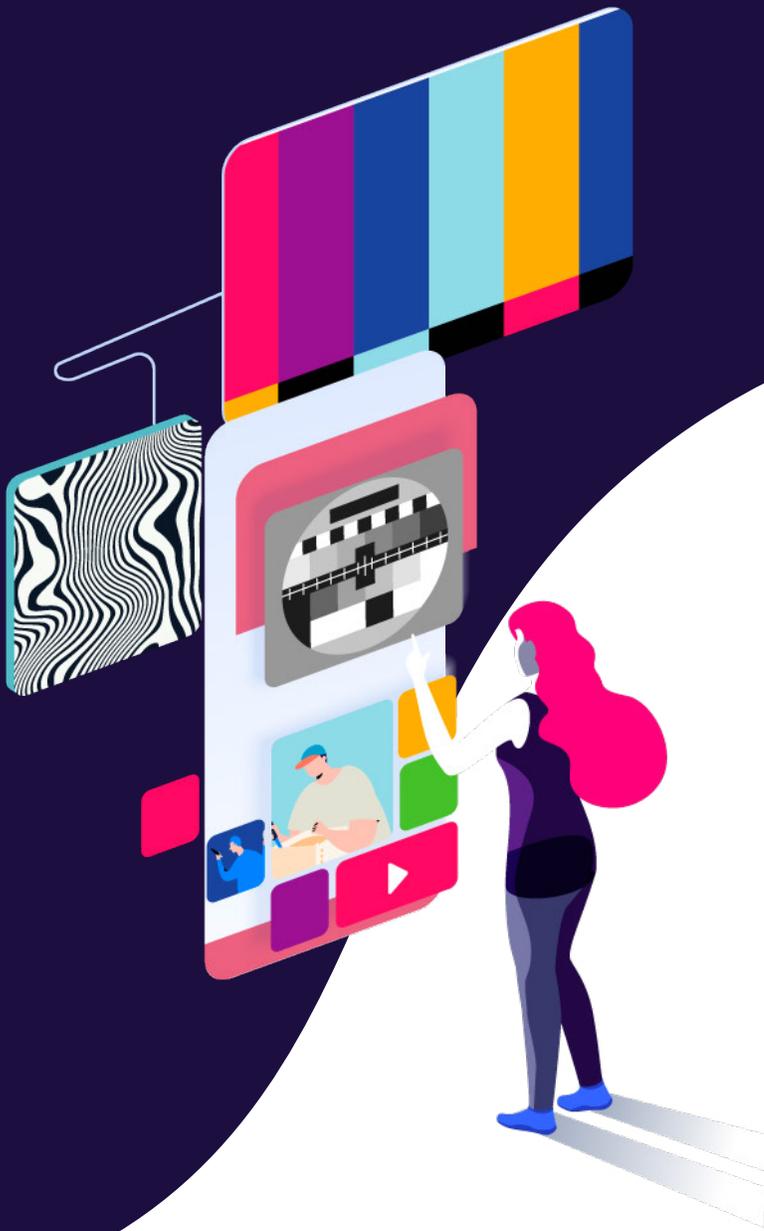
It's still the case that marketers are confining themselves to the realm of linear storytelling. When asked which formats they're using most often, a majority — 58 percent — said that they're primarily using some form of in-stream interruptive ad format.

However, according to the industry pros we interviewed, video overlays are acknowledged as being effective at maintaining engagement levels without being interruptive or alienating. And there's another area where they come in handy: Shoring up revenue gaps created at times by problematic in-stream formats.

As the prior chart shows, only 10 percent favor mid-roll as their primary video ad format. Speaking to that perspective, the head of programmatic at one major publishing group (offering his observations anonymously) explained that mid-roll ads are particularly interruptive in short-form content. Video viewers, he said, balk at the idea of being shown a 30-second just to be rewarded with a few more seconds of content once it's over.

As a result, publishers often leave short-form videos mid-roll free, monetizing them only with pre-roll and post-roll. In other words, the content itself remains an open canvas — and almost certainly a missed revenue opportunity. The programmatic chief told us that overlays are in these cases attractive options. They don't bring content to a dead stop, they generally occupy only one part of the video — usually the lower third — without causing interruptions, and they become a pathway to adding incremental revenue without interrupting or infuriating users.

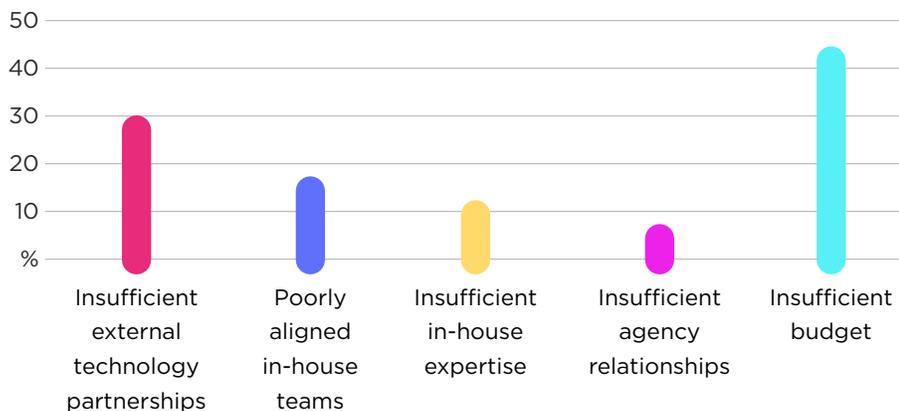




# INTEGRATION OVER INTERRUPTION IN THE VIDEO-AD MIX

While the use of formats such as overlays is likely to be key to the evolution of video advertising, industry pros do see a number of obstacles down that path.

## FOR YOUR ORGANIZATION, WHICH BARRIER TO VIDEO AD INNOVATION IS STRONGEST?



A plurality of respondents see insufficient budget as their biggest obstacle. But this concern is outweighed by a preponderance of other factors, all of which call for close attention to technology partnerships and operational sophistication as well as an educational approach to strengthening user experiences. At present, struggles with identifying robust external technology partnerships, bolstering not-entirely aligned in-house teams, in-house expertise and agency relationships account for 59 percent of what organizations cite as their biggest barriers to in-house innovation.

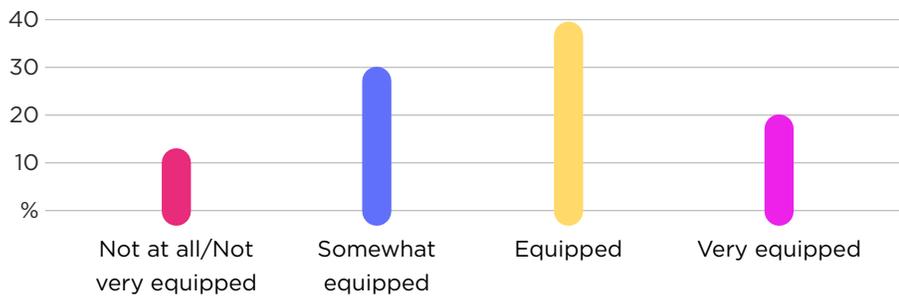
The path forward, especially as more and more platforms become hospitable to video ads, and as the need for new and innovative formats becomes increasingly pressing, must involve a close look at internal efficiencies and expertise. It will require a rethinking of external technology partnerships, and exploration into which format innovations are available. And it will demand an evaluation of how they can be balanced with an integrated strategy that incorporates in-stream ads without making them the end-all-be-all.

A more ideal mix of formats and approaches must include context. Formats are virtual locations where brand-audience conversations initiate

and develop, and they require a close attention to context to be successful.

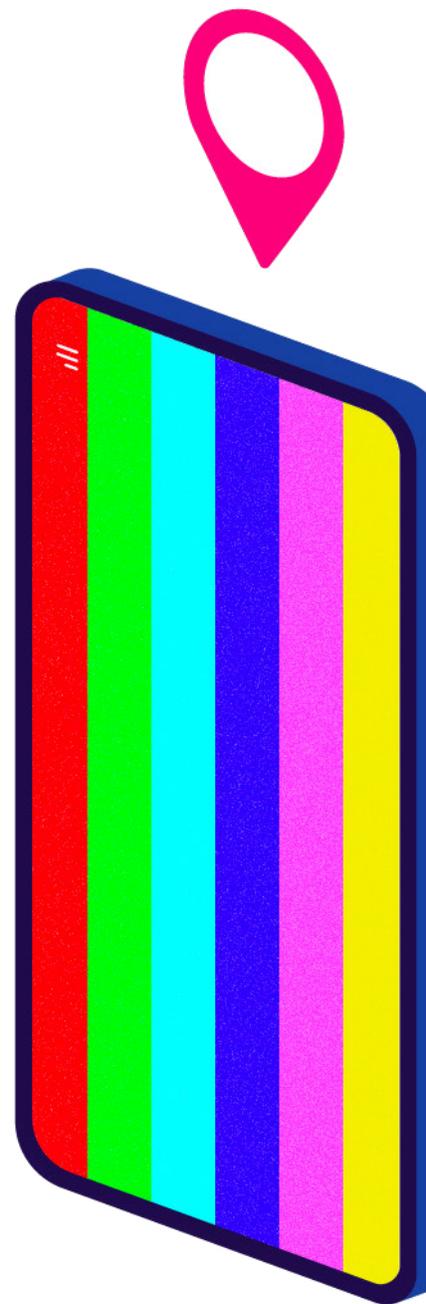
As it stands, however, advertisers and publishers are expressing only tepid optimism about their efforts to contextually align their video ads with audiences. While most expressed some degree of confidence in their ability to achieve contextual alignment, 29 percent said they were only “somewhat” equipped, while a further 12 percent said they were either not very equipped or not at all equipped. In other words, more than 40 percent of respondents express some degree of uncertainty about their ability to be contextually relevant.

## HOW EQUIPPED IS YOUR ORGANIZATION WHEN IT COMES TO CONTEXTUALLY ALIGNING VIDEO ADS WITH AUDIENCES?



Clearly, as advertisers and video-ad stakeholders bring on new tools and new partnerships, they must ask for plans that show not only innovative approaches to formats and mix,

but also speak to the context-rich conversations that audiences want from their content and the advertising that goes with it.



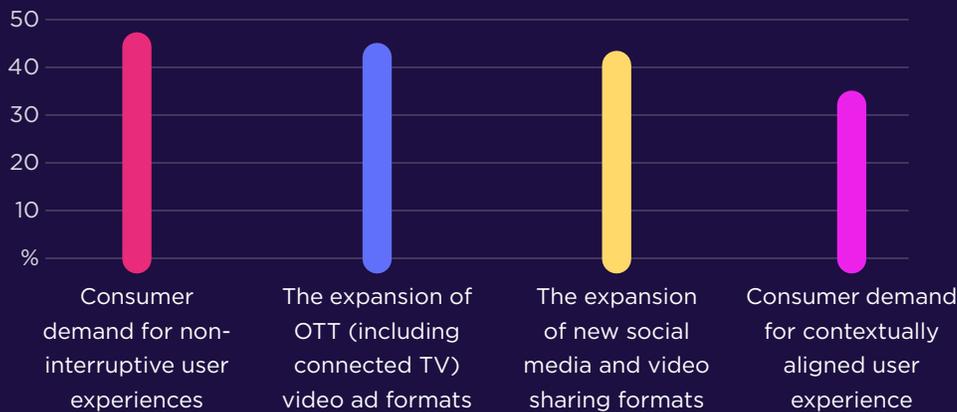
# SOLVING FOR INTERRUPTED VIDEO UNLOCKS AN OMNICHANNEL VISION

When we asked respondents to name the top factors that would impact their video ad strategy in the future, three dominant factors emerged: The expansion of OTT and connected TV

formats, the expansion of social media and video sharing formats and, more than anything else, consumer demand for non-interruptive user experiences.



## WHICH OF THE FOLLOWING FACTORS DO YOU EXPECT WILL HAVE THE GREATEST IMPACT ON YOUR VIDEO AD STRATEGY GOING FORWARD?



Worldwide, there are close to three billion social media users. But the use of connected TVs, while less widespread, is expanding rapidly as well. eMarketer estimates that 57 percent of Americans watched connected TV last year, up from 51 percent in 2018. A3s on other platforms — perhaps even more so — users are demanding non-invasive ad formats on social and connected TV.

While social platforms are already trailblazing on the format front, connected TV faces more hurdles as a scalable video ad platform.

Standardized measurements are hard to come by, fraud is still a major concern and inventory — though rapidly expanding — is still scarce compared to what's available elsewhere in the video ad ecosystem.

On connected TV, the vast majority of video ad formats are of the interruptive in-stream variety. But even that's changing. Hulu, for example, now sells "pause ads" that display on-screen banners when viewers pause their content. According to a study from Brightline, spending on non-traditional

OTT ad formats doubled last year, from \$35 million to \$70 million.

That's a drop in the bucket compared to other OTT spending, of course; OTT ad spend was **estimated at \$2.6 billion last year**. Nonetheless, it represents expansion, and demonstrates that connected TV, like social, can serve as a platform for innovative and non-interruptive ads. It remains to be seen how quickly and on how large a scale video advertisers come to treat it as such.

# BEYOND 'VIDEO INTERRUPTED' TO 'VIDEO INTEGRATED'

In an ideal world, video ads would never cause a moment's irritation. In a sense, it's where ad units around video experiences began. On July 1, 1941, just ahead of a face-off between the Dodgers and the Phillies, watch brand Bulova superimposed an image of a watch-face over a map of the United States. It was, essentially, the very first video ad — and ironically enough, it was highly contextually aligned. Bulova's ad didn't delay the start of the game — in fact, it told users exactly when it would start. Now, nearly eight decades later, some innovators are finally making their way back to contextual relevance. Bulova was onto something.

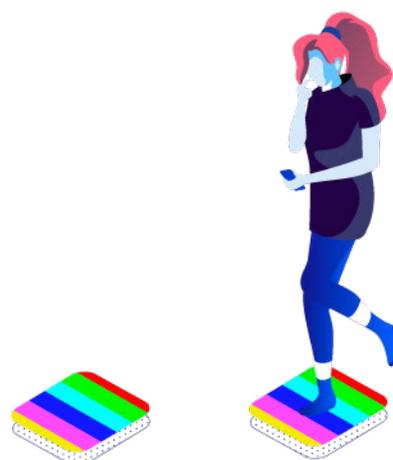
Today, advertisers and publishers alike must take a closer look at integration strategies — after all, in-stream ads aren't going away. There will always be an extreme demand for creative producers who can wage war against

the constraints of those formats, crafting engaging content in the face of modern-day viewers' boundless impatience.

But there are countless instances in which advertisers use these formats even when different formats would almost certainly be more contextually relevant and less alienating. And there are other instances in which advertisers leave content under-monetized — particularly in the middle of short-form content or when videos are paused.

Experts tell us that format innovations — particularly overlays — are a prime way to mitigate interruptive user experiences and create inventory where it otherwise wouldn't exist, boosting incremental revenue for publishers and creating new ad real estate for advertisers.

The video wars will be won not only by those with the most clever and creative content, but by those savvy enough to populate their media mix with a dynamic blend of platforms and formats. Publishers and advertisers must forge innovative approaches, collaborating with experienced partners. And the channels will indeed change. No longer will the conversation focus on interruption and user irritation; advertisers and publishers will realize a future in which video and content can be integrated for a more complete user experience.



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