

ERASE THE SKIP BUTTON

ARE SIX-SECOND ADS
THE ANSWER TO
ANNOYED VIDEO
VIEWERS?

ADWEEK BRANDED

gumgum

SUMMARY OF FINDINGS

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6-SECOND VERSION

Disconnect alert: Pre-roll really annoys viewers. But advertisers still think it's their best option.

30-SECOND AUTOPLAY/SOUND-ON VERSION

Digital video advertisers are still dependent on pre-roll, and most of their campaigns still center on this format. But they also admit that consumers don't like the experience. So they're looking to new formats—especially six-second ads—to boost engagement and make their messages less intrusive.

LONG-FORM VERSION

Pre-roll is and will remain the most common format for digital video advertising.

86 percent of marketers say they're using pre-roll today, more than double the number using any alternative. And while other formats will be explored over the next two years, 84 percent will still be using pre-roll.

But advertisers believe that the pre-roll experience stinks, and that makes people want to skip.

Nearly half of marketers rate the pre-roll experience as poor or fair, and 80 percent say consumers simply don't like pre-roll. They skip it because it is "unengaging" and "intrusive." That's why "annoyed viewers" is the top challenge for digital video advertising.

Poor targeting creates an irritating user experience.

Why are viewers annoyed by pre-roll? Media buyers cite lack of context. Video ads that are delivered regardless of user interest or behavior are just not relevant. This can also lead to brand safety issues, with ads placed next to inappropriate content.

Advertisers see shorter, unskippable ads as the solution to pre-roll's problems.

While 53 percent are using six-second ads today, 77 percent believe they'll be using the format in two years. And more than eight out of 10 advertisers rate six-second ads as very effective (27 percent) or effective (54 percent).

But it's awfully hard to tell a story in six seconds.

Over 60 percent believe the ideal length for digital video pre-roll is less than 10 seconds. Yet, 56 percent of advertisers indicated that creative constraints are the biggest challenge to greater adoption of short video ads.

Engagement metrics could take the place of standard CPMs.

Three-quarters of advertisers agree they're under greater pressure to deliver high view counts today. And 80 percent say they'd be willing to purchase video ads based on time viewed instead of impressions.



YOU CAN SKIP THIS REPORT IN 5...



It should come as no surprise to anyone that advertisers want to embrace digital video. Viewership is going through a state of unprecedented change, as more and more consumers reboot their watching habits from linear TV to original digital programming. And as publishers create more video content, there's more opportunity than ever for advertisers to use sight, sound and motion to build and reinforce brand awareness.

Ad dollars are flowing into digital video. eMarketer forecasts that U.S. digital video ad spending will hit \$15.4 billion in 2018, jumping to more than \$22 billion in 2021.

"Cracking the code with online video is critical for our growth strategy at MetLife Auto & Home," notes Vivian Arestia, avp, U.S. acquisition marketing at MetLife. "The engaging nature of online video is appealing as it allows us to tell a more robust story and engage on a deeper level with our consumer, without the high cost of television."

The benefits of digital video are clear, both from an engagement and audience standpoint. The IAB's April 2018 study, "Digital Video Viewers and Brand Connection," found that the audience for original digital video is younger, more ethnically and racially diverse, more tech-savvy, and it is especially receptive to learning about brands.

So what happens when all consumers want to do is skip the ads?

The challenge of ad skipping is probably as old as advertising itself. People thumb through magazines. DVRs let them bypass TV ads. Web ads face ad blockers. But nothing seems quite as rampant as the skip button on digital video pre-roll, which practically ensures someone will ignore your ad.

But publishers know that they can't charge ad buyers for video views if audiences don't pay attention. So they're playing a game of cat-and-mouse with ad-resistant viewers, trying different formats and different ad lengths to engage users or at least make their ads as unobtrusive as possible. They've set ads to autoplay with the sound on and with the sound off. They've tried "outstream" video ads that run outside the video window. They've reduced the length of their ads to 15 and then six seconds.

To gain a deeper understanding of the challenges advertisers face in today's digital video world, Adweek Branded, on behalf of GumGum, conducted an in-depth survey of more than 300 brand marketers and agencies. The survey focused particularly on issues related to pre-roll effectiveness and the overall video experience.

STOP INTERRUPTING ME

While there is a wide range of different video ad formats, pre-roll ads (that stream before a video plays on a platform like YouTube) remain dominant. That should be expected, given that digital video advertising spawned from more traditional television campaigns, and much of the spend for digital video has been coming from what had been TV budgets.

Plus, many early digital video campaigns were simply repurposed from cable and broadcast. That's why 15- and 30-second spots have been among the most common formats.

"For me, pre-roll or mid-roll are the most TV-like ad units," says Steve Carbone, managing director and chief digital and investment officer at MediaCom. "They become a very comfortable type of buy that people understand. The positioning is valuable for building awareness."

In the survey of brands and agencies, 86 percent of marketers said they are using pre-roll today, more than double the number that are using other seemingly common formats like mid-roll or outstream. And while pre-roll alternatives could become more common over the next two years, 84 percent indicated they will still be using pre-roll. [Fig. 1]

But here's the catch: While most advertisers are focusing their efforts on pre-roll, many also feel like the pre-roll experience stinks.

Asked about the UX of video pre-roll, nearly half of survey respondents rated it poor (12 percent) or fair (36 percent). Just 5 percent called it excellent. That's a near failing grade. In fact, if you were to translate the results into a GPA, it would be 1.61. It's a miracle that pre-roll retains its scholarship. [Fig. 2]

FIG. 1 WHAT VIDEO FORMATS ARE YOU USING?

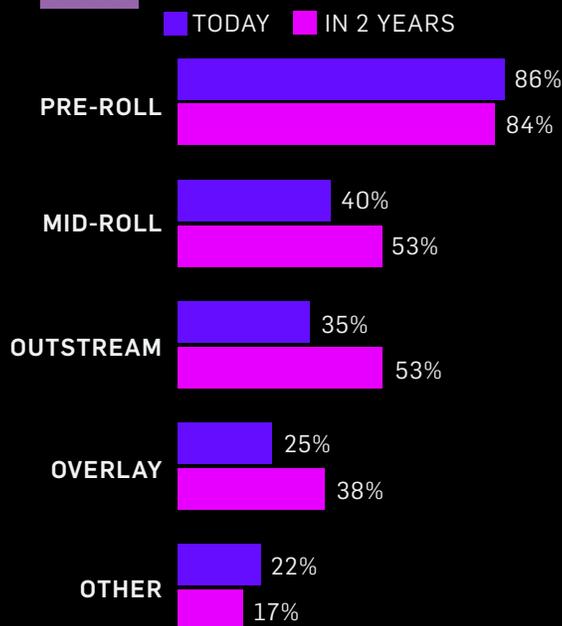
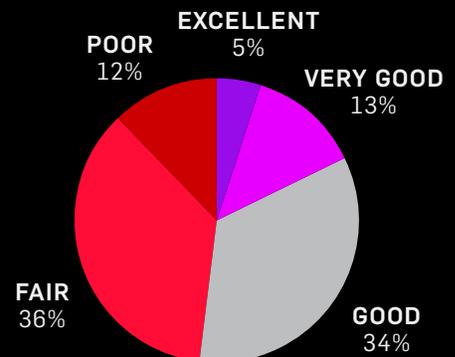


FIG. 2 HOW WOULD YOU RATE THE CURRENT USER EXPERIENCE FOR VIDEO PRE-ROLL?



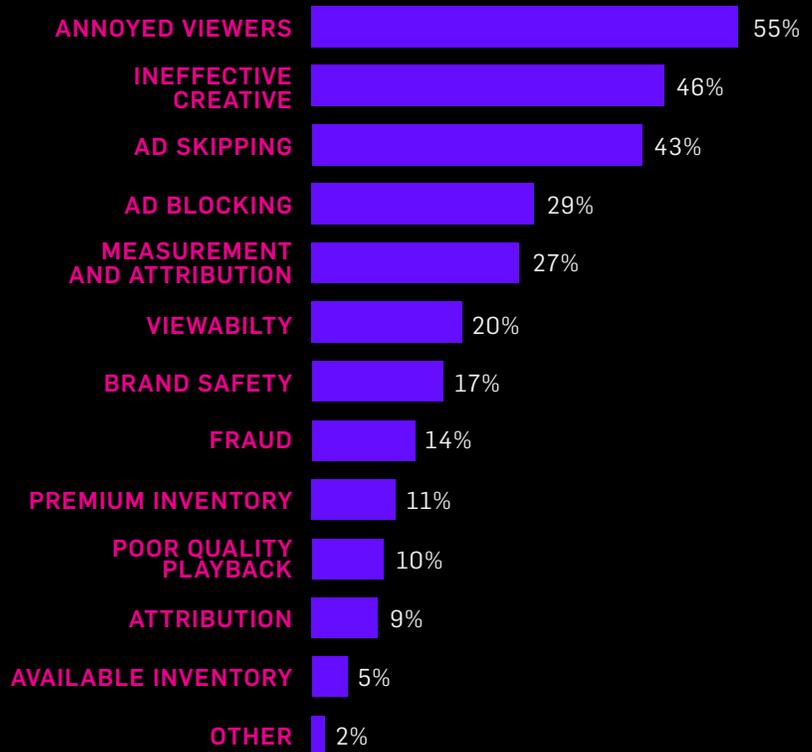
It's not simply pre-roll's performance. More than 80 percent of marketers in the survey said they don't think consumers like digital video ads. No wonder skipping ads is a problem.

That should come as little shock to anyone who follows the digital video ad marketplace. Myriad surveys have found that consumers are far more likely to skip an ad than watch it to near completion. Voluminous reports could be written just aggregating these findings. Limelight Networks pegged the skip rate at 52 percent (with another 20 percent closing the video entirely). ORC Research put it closer to 90 percent. And analysis by IPG Mediabrands agency Magna Global indicated that 65 percent of people skip online video ads, and they do it as soon as they get the chance. Why? It's mostly habit, with 76 percent of consumers saying ad skipping is an ingrained behavior, per Magna.

The challenges of ad skipping and intrusive ads are apparent for marketers. In fact, advertisers clearly feel like they're irritating viewers with their pre-roll ads. "Annoyed viewers" was cited in the Adweek Branded/GumGum survey as the number one top challenge for digital video, followed by "ineffective creative" and "ad skipping." Those three far outdistanced issues such as viewability and brand safety. [Fig. 3]

FIG. 3

TOP CHALLENGES FOR DIGITAL VIDEO ADS.



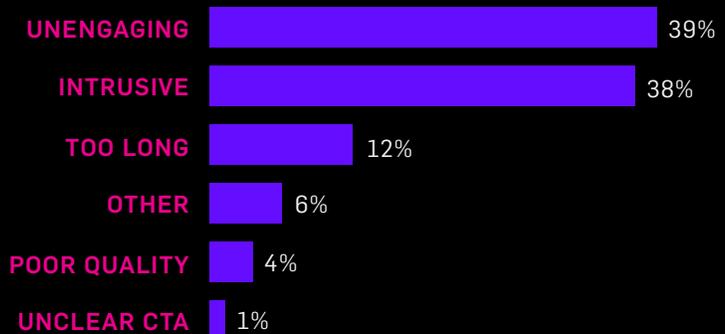
Intrusion, annoyance and lack of engagement also were cited as the top reasons marketers believe viewers skip pre-roll—39 percent said people skip because pre-roll ads are unengaging and 38 percent said it was because they're intrusive. [Fig. 4]

If annoyance and interruption are causing people to skip, advertisers and media buyers should first look in the mirror to see how they're approaching their campaigns.

"I don't know if I'd agree with the sentiment that consumers dislike (pre-roll). But when there's a poor execution, I do think it becomes an irritant," says MediaCom's Carbone. "If that is a perception, it is because we as an industry haven't done it well. We've targeted poorly. We haven't done the best creative. And we haven't frequency-capped it."

FIG. 4

WHY VIEWERS SKIP PRE-ROLL.



THE UN- SKIP- PABLE ABLE PRE-ROLL AD

If pre-roll is here to stay—and that's a point that may be open to debate—then what is the format and length that can appear less interruptive and more engaging?

The history of digital video publishing is littered with formats that try to accomplish this. Ads that play automatically and ones that require the user to click the arrow button. Auto-plays that run with the sound on or the sound off. Ads that show up pre-roll and mid-roll. Video ads that expand within the text columns of a site (aka, outstream). Videos that overlay a page. Social videos. Vertical videos. Shoppable videos. VR/AR.

Then there's length. At one point not very long ago, long-form video was thought to be the key to digital video engagement. And there are still branded content initiatives à la Chipotle that produce strong videos and short films. Then 30-second spots made the transition from TV to digital video, although Google, a key arbiter of ad formats due to its ownership of YouTube, last year stopped accepting 30-second unskippable ads. It looks today like the key formats across platforms have narrowed down to 15 seconds and six seconds.

The six-second ad may be the most compelling option. Launched two years ago by Google, so-called bumpers are designed to reach people efficiently with quick-hit, catchy branding—basically, their message gets out in the time that it would typically take for someone to click the skip button of a longer ad. They fit well with many brands' upper-funnel goals of ad

recall and awareness, especially because they can't be skipped and the message is seen and heard.

Indeed, over the past year the six-second format has become widespread as it has moved from digital video pre-roll into media like TV. Fox, for instance, sold six-second ads during last year's World Series, key NFL broadcasts and 2018's Teen Choice Awards. AMC put a six-second spot at the top of each *Walking Dead* episode this season. And Snapchat plans to start testing six-second "commercials" in some of its select content.

"Every time a new format comes out, it's like we forget all the old rules that apply," says Jason Musante, global head of creative at Huge. "We get new platform amnesia so we forget best practices. It must be entertaining or provide value. Don't be disruptive. Be entertaining. We have to remember not to rewrite the rules every time a new media comes out."

Marketers today are primarily using 15- and 30-second spots in their current campaigns. But over the next two years, that is going to transition to mostly six- and 15-second ads. [Fig. 5] And while today they feel that 15-second ads are most effective, by 2020 that will shift to six-second formats. [Fig. 6]

The truth is, when it comes to pre-roll, marketers now believe that shorter is better. While overall, they believe the ideal length for any video ad would be 11-20 seconds, they overwhelmingly think pre-roll ads should be less than 10 seconds. [Fig. 7]

In marketers' ratings of different video ad formats, six-second ads came out far ahead, with more than 80 percent calling it very effective or effective. The only other format that approached that level of effectiveness was interactive/shoppable video ads, which are still far from mainstream. [Fig. 8]

FIG. 5

WHAT VIDEO AD LENGTHS ARE YOU USING?

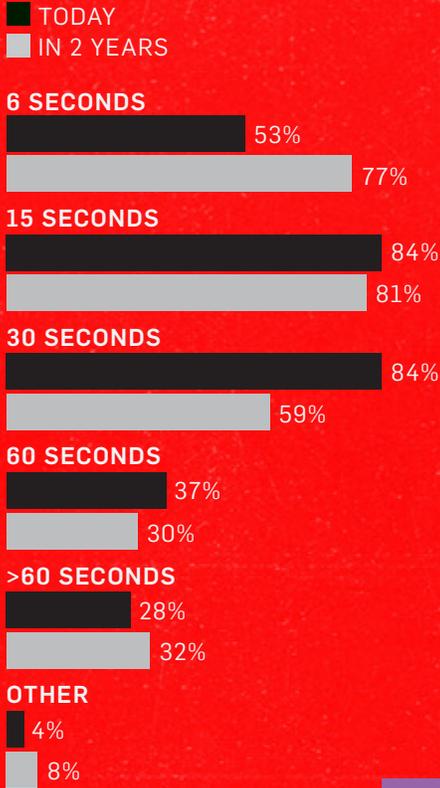


FIG. 6

WHAT VIDEO AD LENGTHS ARE MOST EFFECTIVE?

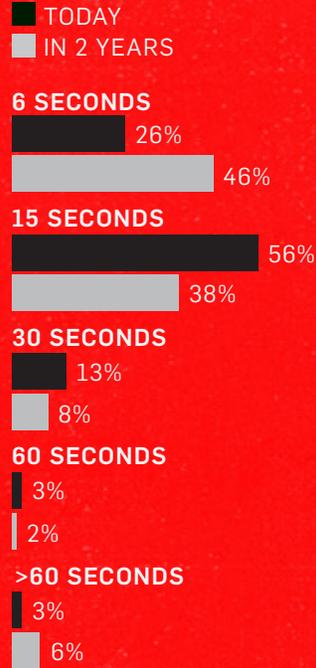


FIG. 7

WHAT IS THE IDEAL AD LENGTH?

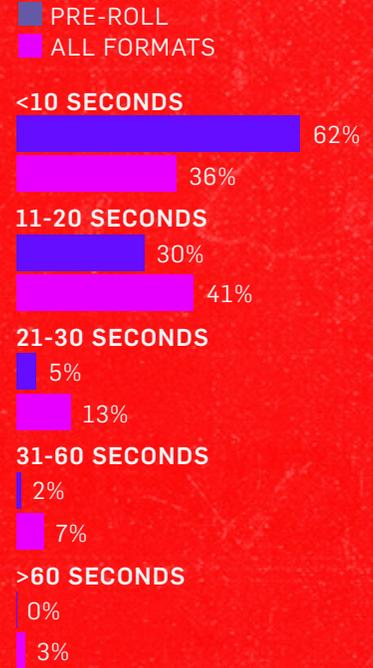
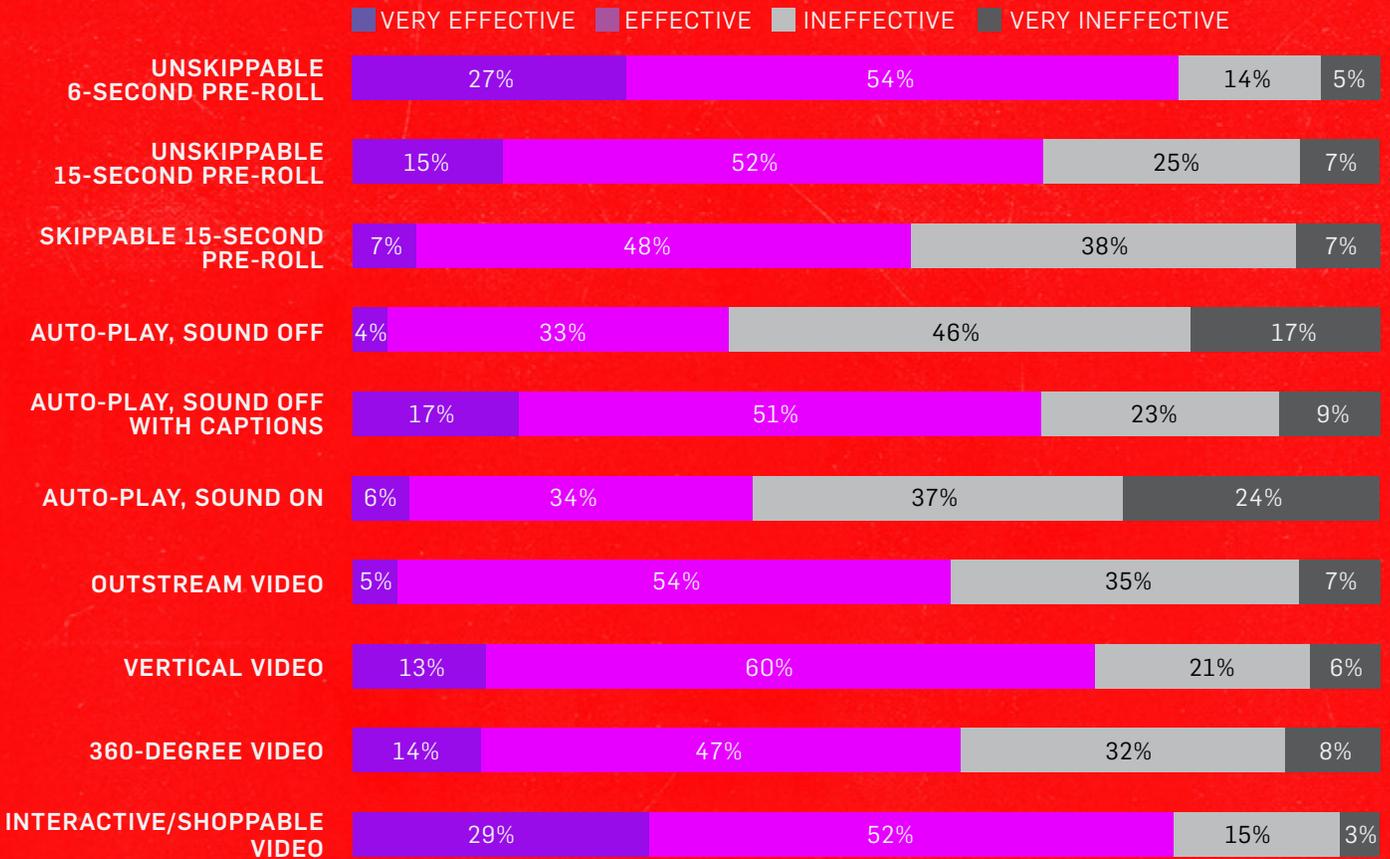


FIG. 8

HOW EFFECTIVE ARE THE FOLLOWING VIDEO AD FORMATS?



USERS RATE

PRE-ROLL

ALTERNATIVES



In a separate study of U.S. consumers, GumGum tested three different formats—15-second pre-roll, 15-second outstream and six-second in-image—to get a sense of how users would feel about different pre-roll alternatives. They were asked to rate them in terms of whether they seemed trustworthy, engaging and interesting, as well as whether they were interruptive or irritating.

Consumers rated pre-roll the most interruptive and irritating format. Outstream, a common alternative, was less interruptive and irritating and outshone pre-roll in terms of trustworthiness, but did not do as well in engagement and interest. The six-second in-image ad, served over a relevant article's illustration/photo, was also less interruptive and irritating than pre-roll, while users rated it significantly higher for interest, trustworthiness and engagement. [Fig. 9]

And since marketers care most about the bottom line, consumers were asked about purchase intent. While outstream drove purchase intent to increase three percentage points over pre-roll, the six-second in-image ad improved purchase intent by 14 points. [Fig. 10]

FIG. 9

RATE THE EFFECTIVENESS OF THE FOLLOWING VIDEO AD FORMATS.

- PRE-ROLL VIDEO
- OUTSTREAM VIDEO
- SIX-SECOND IN-IMAGE AD

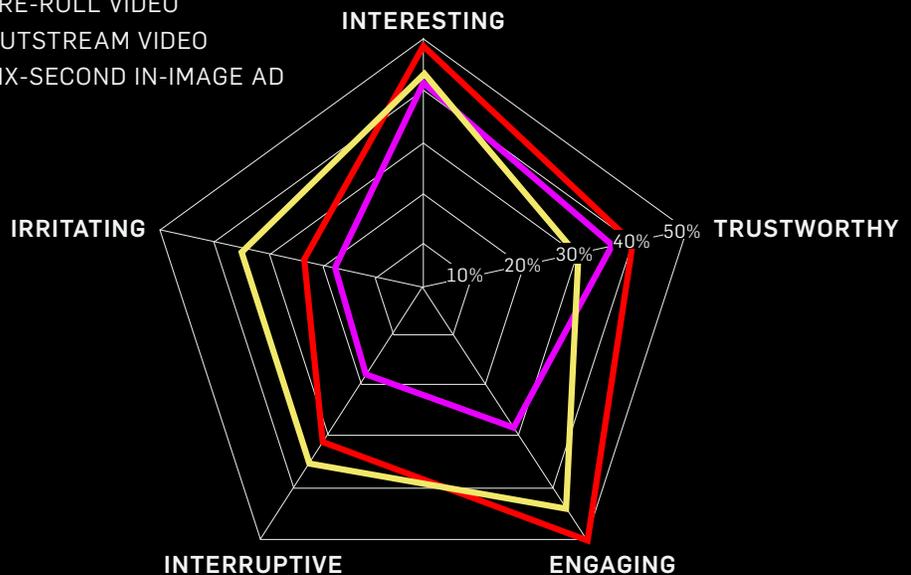


FIG. 10

HOW LIKELY ARE YOU TO MAKE A PURCHASE OF THE PRODUCT BASED ON THE FORMAT?



THE SIX-SECOND STORYTELLER»»

Six seconds isn't a lot of time to tell a story. And among creatives used to building video campaigns around 30- and maybe 15-second messages, it can feel quite limiting. Indeed, over half of marketers (56 percent) said that creative constraints were the biggest challenge to greater adoption of less-than-10-second video ads. [Fig. 11]

Of course, there has been a lot of groundbreaking work using the shorter pre-roll formats. Geico, for instance, won multiple awards for its "Unskippable" campaign of 15-second pre-roll, and then pioneered six-second ads with its "Crushed" campaign. "Confronted with a familiar challenge—keeping viewers from hating an ad they're forced to watch—we asked ourselves how we could use the medium to entertain and engage," a representative of The Martin Agency told Adweek's AdFreak. "The answer? Take a longer pre-roll ad and compress it. Literally."

Innovative brands are continually looking for innovative ways to tell their stories. "As online video formats evolve

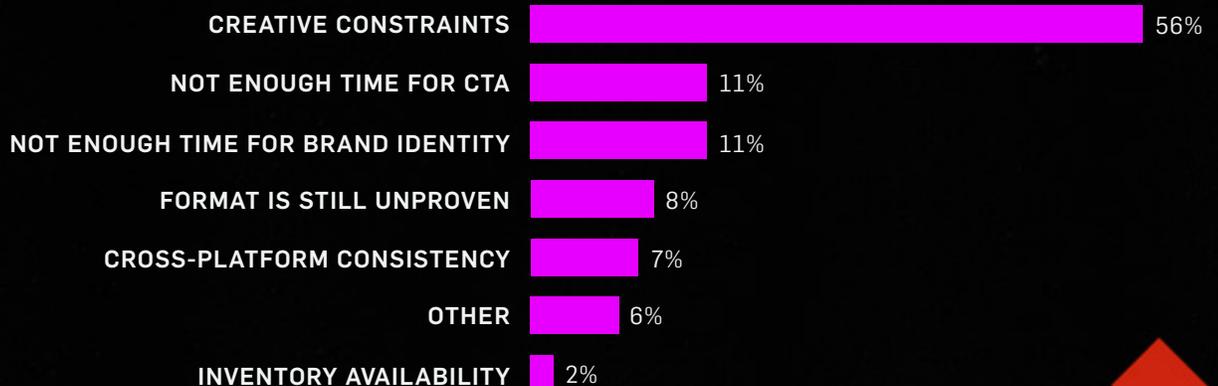
from 15-second pre-rolls to six-second bumpers, we are focused on developing the right type of content for each to ensure the best experience for our consumers while also driving awareness," says MetLife's Arestia.

Citing the six-word short story commonly (and incorrectly) attributed to Ernest Hemingway ("For sale. Baby shoes. Never worn."), Hugu's Musante notes that "Incredible art makes a connection immediately. While six seconds is not long enough for me to tell you War and Peace, it's enough to pull you in and that's the goal."

Of course, the six-second ad requires a lot of different elements to be aligned. The creative has to come across immediately and should demand attention. Multiple ads can be set up to tell a richer story. And multiple-length buys can be cadenced to create a more cohesive experience, with, say, six-second ads being the icebreaker or being used to re-engage, 15-second spots adding details and long-form ads building off that story.

FIG. 11

THE BIGGEST CHALLENGE TO GREATER ADOPTION OF <10-SECOND VIDEO ADS.





A FUTURE... WITHOUT A SKIP BUTTON

Undoubtedly, with digital video's growth, new formats and new buying methods will emerge. But despite the poor user experience, pre-roll doesn't appear to be going anywhere in the near term. It might not be great, but it gets the job done.

Still, more than three-quarters of marketers in the survey agreed that the ad industry needs an alternative to pre-roll. [Fig. 12] What that actually is has yet to be determined. Native formats like outstream video may have a bigger impact across campaigns. In-feed social ads will have their place. And other alternatives—such as in-image ads—that can leverage the storytelling of the six-second campaign may also find themselves in the mainstream.

What holds them all together is that they are finding ways to engage consumers quickly, breaking their habit of clicking "skip" every time a video ad appears.

It's also likely to change the way video media is bought and sold. Many brands and agencies indicated that they are under greater pressure than ever to deliver high view counts for their video ads. But the number of views doesn't necessarily translate into high engagement.

Could we see a shift to a business model where publishers sell video ads based on time viewed instead of impressions? Eight out of 10 marketers expressed willingness for that to happen.

So stop worrying about autoplay. Erase the skip button. And put the focus on engagement. After all, that's what sight, sound and motion do best.

FIG. 12

RATE YOUR AGREEMENT WITH THE FOLLOWING STATEMENTS ABOUT DIGITAL VIDEO ADVERTISING.

■ STRONGLY AGREE ■ AGREE ■ NEUTRAL ■ DISAGREE/STRONGLY DISAGREE

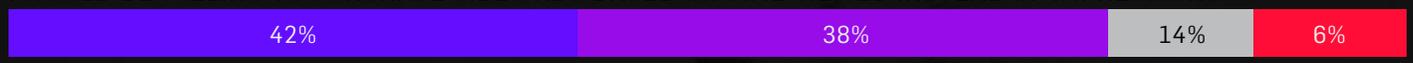
THE INDUSTRY NEEDS AN ALTERNATIVE TO PRE-ROLL



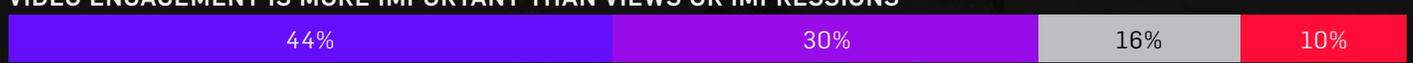
WE ARE UNDER GREATER PRESSURE TO DELIVER HIGH VIEW COUNTS FOR OUR VIDEO ADS



I WOULD BE WILLING TO PURCHASE VIDEO ADS BASED ON TIME VIEWED INSTEAD OF IMPRESSIONS



VIDEO ENGAGEMENT IS MORE IMPORTANT THAN VIEWS OR IMPRESSIONS





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