



# Integrating online video advertising into the marketing mix

One of the challenges facing marketers today is how to effectively integrate online video advertising into the marketing mix.

As the industry grapples with this issue, estimates indicate that online video ad spending will increase to between \$4 billion to just over \$7 billion in the U.S. by 2012\*, up from roughly half a billion estimated for 2007. When considering the relatively new medium of online video, do marketers need to change their approach to reach consumers and throw out the old rules from the traditional TV era?

Research to date from Millward Brown and others indicates that online video advertising can be a powerful marketing vehicle. What we know provides us with preliminary insight to help establish ground rules in this somewhat uncharted territory.

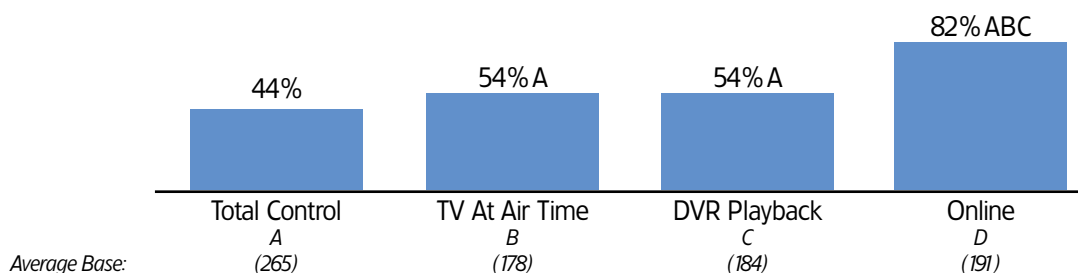
## Consumers are receptive to an ad-supported online video experience

The average American adult is ready to embrace an ad-supported online video marketplace. According to Online Publisher's Association data released last year, over half of respondents believe that ad-supported free content is fair game for marketers and prefer it to paying for content.

## Online video provides an attentive environment for brand communication

Millward Brown's CTV research from the last two years validates this claim. Viewing an ad once on TV effectively increases brand communication, however spending time with the ad/brand while watching a program online has a greater effect on total brand communication awareness.

### Total Brand Communication Awareness



Source: Millward Brown & Dynamic Logic's CTV-1 Study, March 2007; n=3,030 respondents.  
\*eMarketer and Forrester Research estimates, Q4 2007

Additionally, online viewers are more likely than television viewers to pay attention to the ad.

**Activities Engaged in During Commercial Breaks** The majority of DVR owners are fast forwarding through the ads.

	TV At Air Time A %	DVR Playback B %	Online C %
Pay attention to the ads →	30B	21	46AB
Any Activity	72C	69C	33
Stay in front of the TV/Computer, but ignore the commercials	29C	-	19
Talk to someone else in the room	24BC	8C	3
Leave the room	18BC	4	6
Switch channels	13B	1	-
Check e-mail or instant message	10BC	3	7
Do household chores	6	2	2
Read a newspaper or magazine	4	1	1
Mute the program	2	-	2
Switch to other web pages	-	-	4
Fast forward the ads to get back to what you were watching	-	60	-
None of the above	8	14A	23AB
Base: Total	(802)	(820)	(730)

Source: CTV-1 Study

**While TV may deliver reach, online video provides an opportunity to provide targeted and engaging platforms for brand communication**

As the previous chart indicates, Millward Brown CTV results show a higher level of engagement among online video viewers — leading to increased communications awareness, brand favorability and consideration. This is supported by the fact that online viewers were 53 percent more likely to pay attention to the ads during commercial breaks versus live TV viewers.

The study also shows that ad recall was four times higher among viewers of the online format versus recall of live or time-shifted viewers. This higher recall is due to the fact that the online programming featured the same ad exclusively three to six times during the program, whereas ads on TV are typically shown once within a pod of several commercials. Therefore, if strategically deployed to the right consumers at the right time, online video ads would seem to have an advantage given the relatively uncluttered, high-frequency environment.

As we move through the communication funnel from awareness to consideration, the CTV work from Millward Brown tells a consistently compelling story for the impact of on-line video exposure. Online exposure resulted in 44% aided brand favorability (compared to 35% for TV) and 47% aided consideration (compared to 37% for TV).

While the reach of online video ads may currently be low compared to TV, if marketers create and deploy ads that are relevant to the consumers’ mindset and interests, there is high potential to capture them as they actively engage with content online.

**The right ad length will vary depending on content length, ad placement, and context**

Research from AdReaction 2007, conducted by Dynamic Logic (A Millward Brown Company), showed similar findings. Respondents reported being receptive to longer ads with longer content, but felt that shorter ads should accompany shorter content. In addition to commercial length, AdReaction revealed insight into ad placement within content. Seventy percent of those surveyed would prefer to have one longer ad appear before a video clip without further commercial interruption, rather than have a shorter ad at the beginning followed by another brief ad during the program.

It is important to keep in mind that while length of content is a key factor in commercial length tolerance, there are other important factors that impact acceptable ad length, including: ad placement, creative quality, and consumer relevance.

## Online video is not simply a platform to repurpose existing 30 or 15-second TV ads

To leverage the full potential of online video advertising, it is important to develop creative that is relevant to the dynamics of the medium and its consumers.

Millward Brown research indicates that the most noticed online video ads are found to share these key attributes:

- Creative intrinsically linked to the brand
- Utilized the Web to create an interactive experience with the brand
- Enjoyable and entertaining
- Ad was synergistic with offline marketing efforts
- Kept the brand content through use of companion ads

Beyond this, Millward Brown research has identified key attributes that can help propel an ad to viral success. The ad must have “L.E.G.S.” and work in one or more of four key areas: L (laughter), E (edgy), G (gripping), S (sexual).

Leveraging online video in ways that strategically embrace the user-controlled environment will be important to its long-term value as an effective advertising medium.

### Moving forward

While online video continues to evolve, we can certainly leverage what we know so far and move forward with building a roadmap for how to incorporate online video advertising into a brand’s communication plan. Here are five guiding principles to help frame the online video advertising decision-making process:

#### 1. Online video is here to stay

According to Pew Research, “The growing adoption of broadband, combined with a dramatic push by content providers to promote online video, has helped to pave the way for mainstream audiences to embrace online video viewing.” Not surprisingly, adoption is particularly strong among younger consumers (according to Pew, 31% of consumers ages 18–29 view online video in a typical day compared to 18% of 30–49 year olds).

Marketers that begin to connect with consumers in the newer medium early on enjoy the benefit of limited clutter and early-adopter status. Plus, they can begin to build a history of brand specific learnings that will inform their use of online video in the future as the market matures and the novelty impact of online video plays less of a role.

#### 2. Know your consumer

Consumer research, insight, and targeting have become the core of marketing communication planning. This discipline helps marketers understand how consumers interact with brands, and to identify the most relevant media through which to communicate brand messages. The decision to include online video advertising into a brand’s communication mix should stem from the same thought process that guides all other media selection. If online video is a relevant and impactful medium for your consumer, then online video advertising may make sense. If not, perhaps other media will be more effective for your brand.

#### 3. Define the role of online video in the marketing mix

Online video advertising should have a clearly defined role within the marketing mix in order to manage expectations of what it will contribute to brand objectives. In some cases online video may be used as a vehicle to help build incremental reach against a target audience that is difficult to reach elsewhere (TV or otherwise). In other cases, online video may be used to build frequency, or to provide a platform for connecting more deeply with your consumer by providing a direct link to additional information and dialogue. Depending on the target audience there may be multiple objectives for online video advertising in the marketing plan. In some cases it will be used to build awareness or perception, in others it will be used to increase intent or purchase. In all cases, though, it is critical that the specific role of online video is established in order to manage expectations and define metrics of success.

#### 4. Create ads that are relevant for the medium

As discussed, a TV ad repurposed online may represent a lost opportunity to establish a deeper, more engaging relationship with your consumer. In some cases the length

may be too long or the message may not be right. Whatever the case may be, it is important that we reframe our notion of what advertising has been during the last sixty years of traditional TV. That is not to say that we should dismiss what we have known to be true all these years. Rather, we should blend what we know about TV advertising and online advertising to create executions that leverage both in a relevant way for the consumer while respecting the brand's broader marketing objectives.

### **5. Put a measurement plan in place**

Once we have clearly defined the role of online video and developed creative executions in ways that are relevant to the consumer, it is essential that we establish communication goals and defined metrics of success. Just as we discussed the concept of clearly defining the role of online video in the communication mix, we need to quantify exactly what we hope to achieve through the use of online video (e.g., increase awareness, improve perception, build intent, drive sales, etc.). However we choose to prioritize and define the goals, we should work with the online video content and platform providers to put the necessary measurement components in place to track movement and success.

To date, we're armed with some compelling data that speaks to the power of online video advertising. Moving forward we should continue to integrate online video advertising into the overall communication mix in relevant ways, not as a replacement for, but a complement to traditional media. It's not about swapping TV video ads for online video ads—it's about figuring out how to use both to build the best relationship between brand and consumer.