



Dedicated to representing the highest standards in Internet publishing

Frames of Reference: Online Video Advertising, Content and Consumer Behavior

June 2007

Conducted in partnership with



Objectives

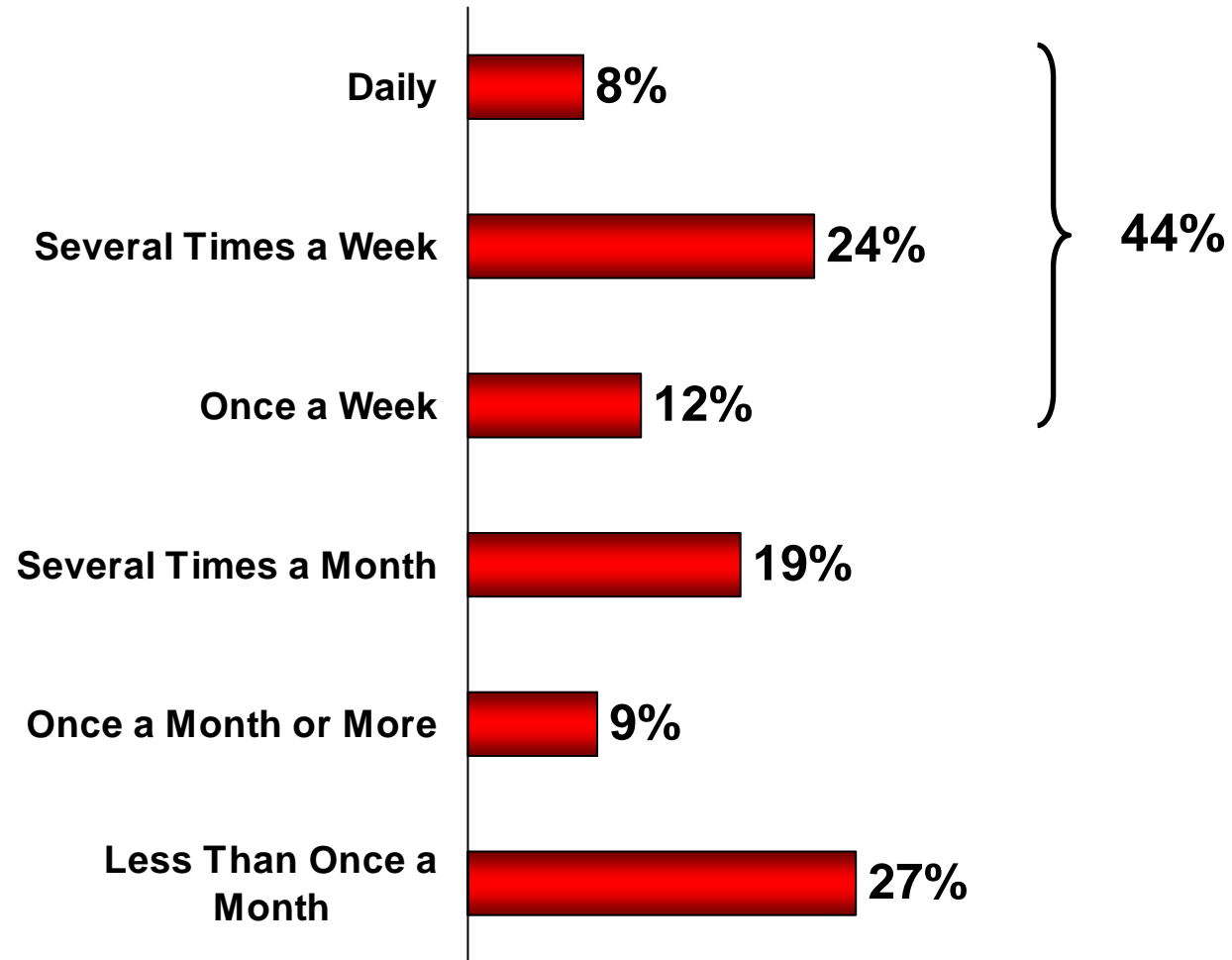
- To continue to provide insights into consumers' online video content consumption
- To help agencies and marketers understand the most effective ways to provide in-stream advertising to their clients' audiences
- To provide the initial foundation for “best practices” for maximizing ad effectiveness and optimizing the user experience with online video advertising

Methodology & Sample

- Online survey of 1,422 U.S. online video users
- Recruitment: OTX panel members recruited via email
- OTX panel is representative of the US online population:
 - Gender
 - Age
 - Ethnicity
 - Broadband/Dial-Up
- Respondents were qualified on these dimensions:
 - U.S. Residency
 - No Sensitive Industry Employment
 - No Research Participation in the Past 3 Months
 - Have Viewed Videos Online (excluding adult content)
- Field Dates: April 21-May 1, 2007

Online Video Viewing

Over 40% Watch Online Videos on at Least a Weekly Basis; Over 70% at Least Monthly



Q9: How frequently do you watch online videos? Base: Total Respondents (N=1422)

The Most Frequent Online Videos Viewers are Young, Male and Affluent

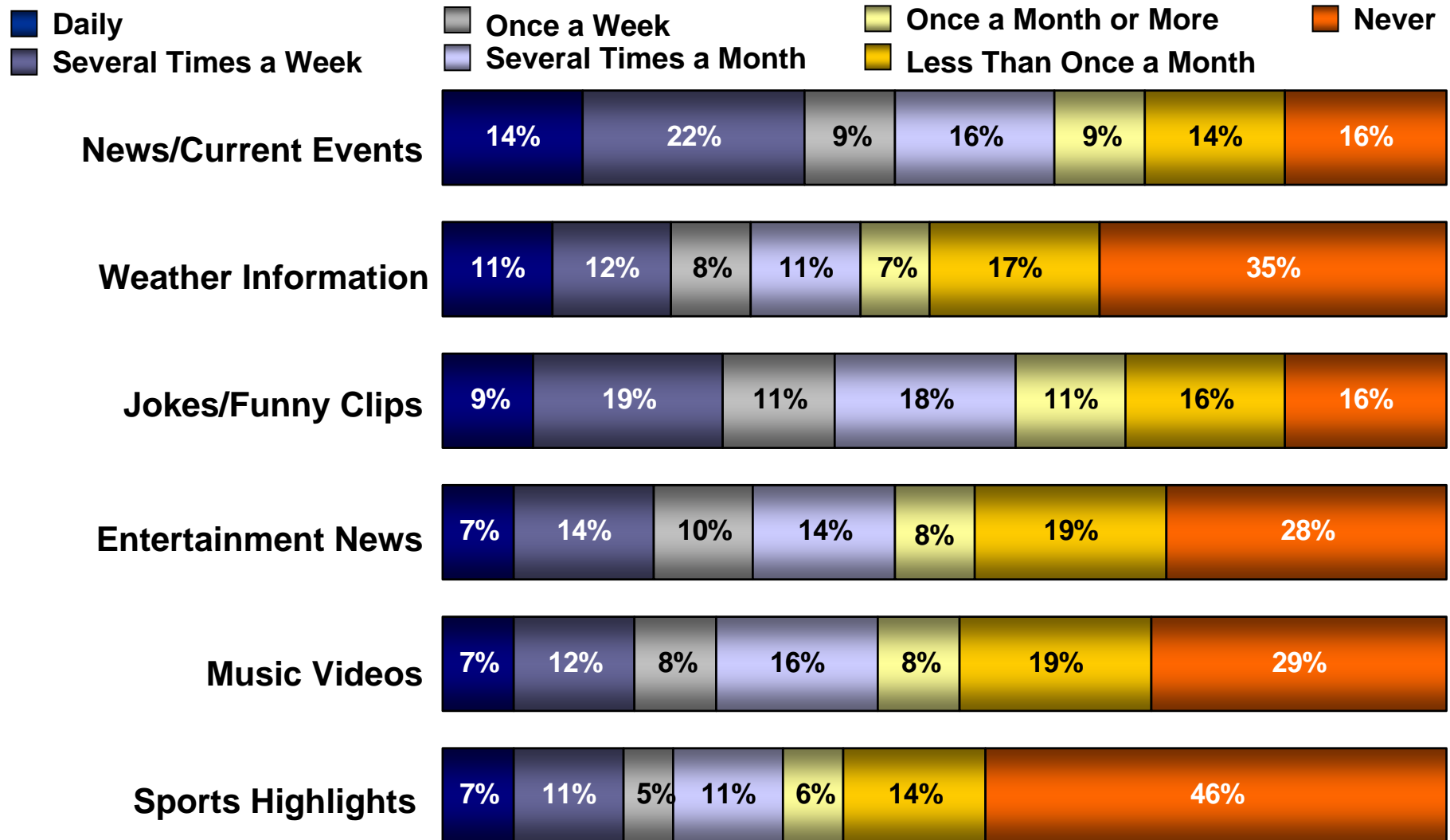
| | | Total | Heavy Viewers | Moderate Viewers | Light Viewers |
|------------------|--------|----------|---------------|------------------|---------------|
| Base: | | (1422) | (631) | (400) | (391) |
| Gender | Male | 50% | 64% | 41% | 35% |
| | Female | 50% | 36% | 59% | 65% |
| Age | Mean | 39 years | 37 years | 39 years | 43 years |
| Household Income | Mean | \$59K | \$61K | \$58K | \$58K |
| | \$75K+ | 27% | 29% | 25% | 26% |

Heavy = weekly+

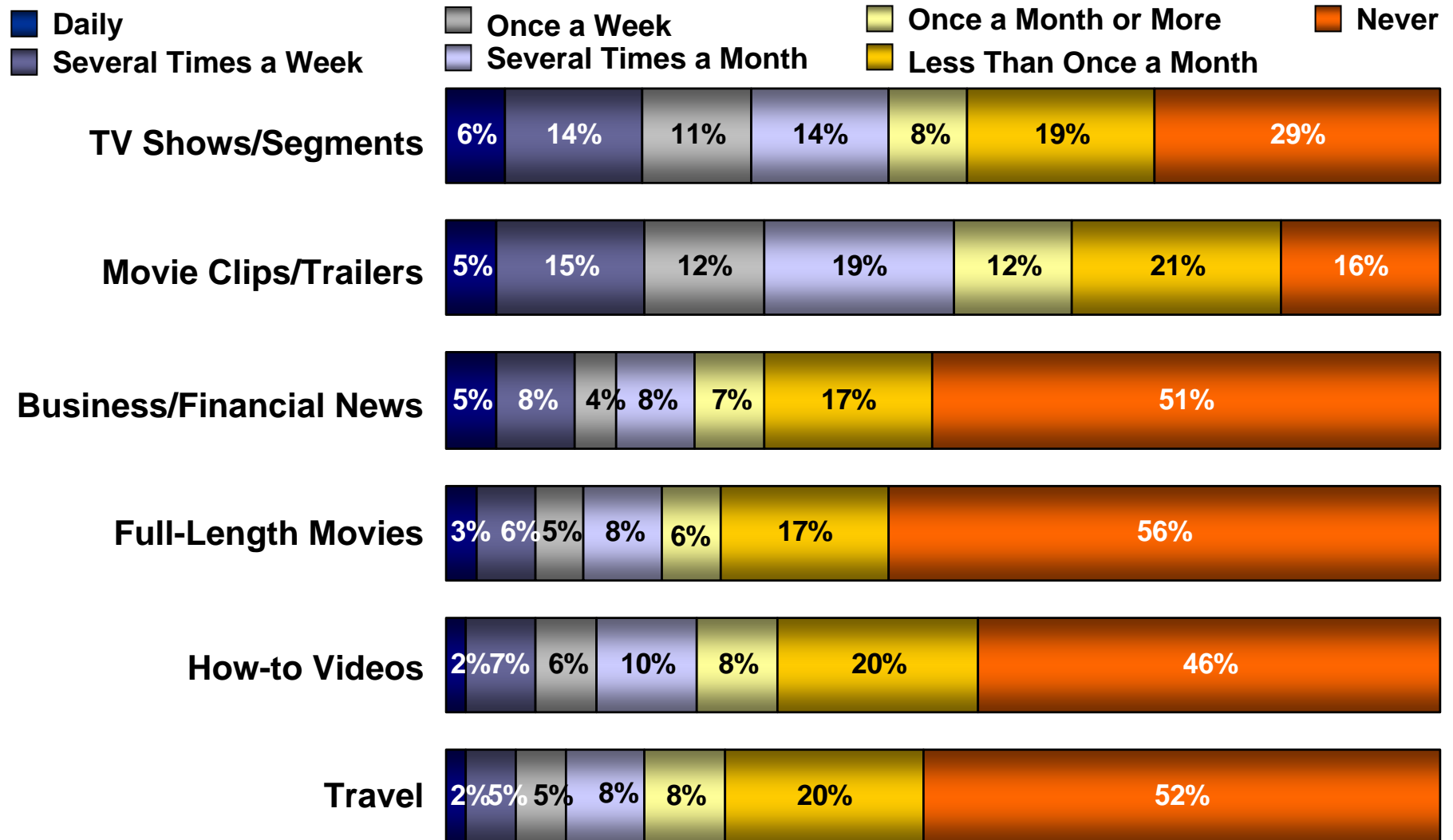
Moderate = monthly but less than weekly

Light = less than monthly

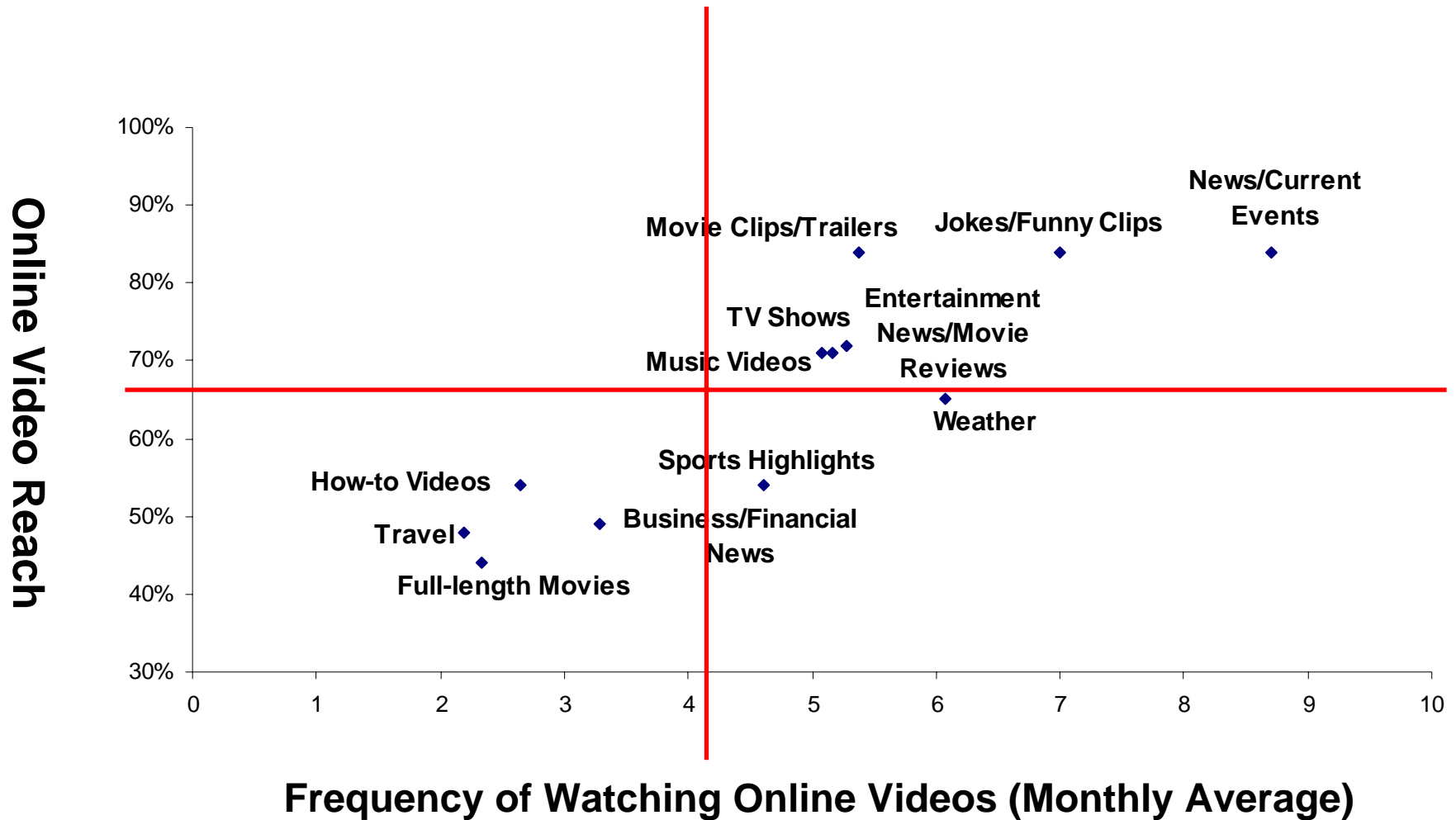
News, Weather and “Entertainment” are Watched Most Frequently; 45% Access News Videos at Least Weekly



TV, Movie and Business/Financial News Are Also Driving Interest

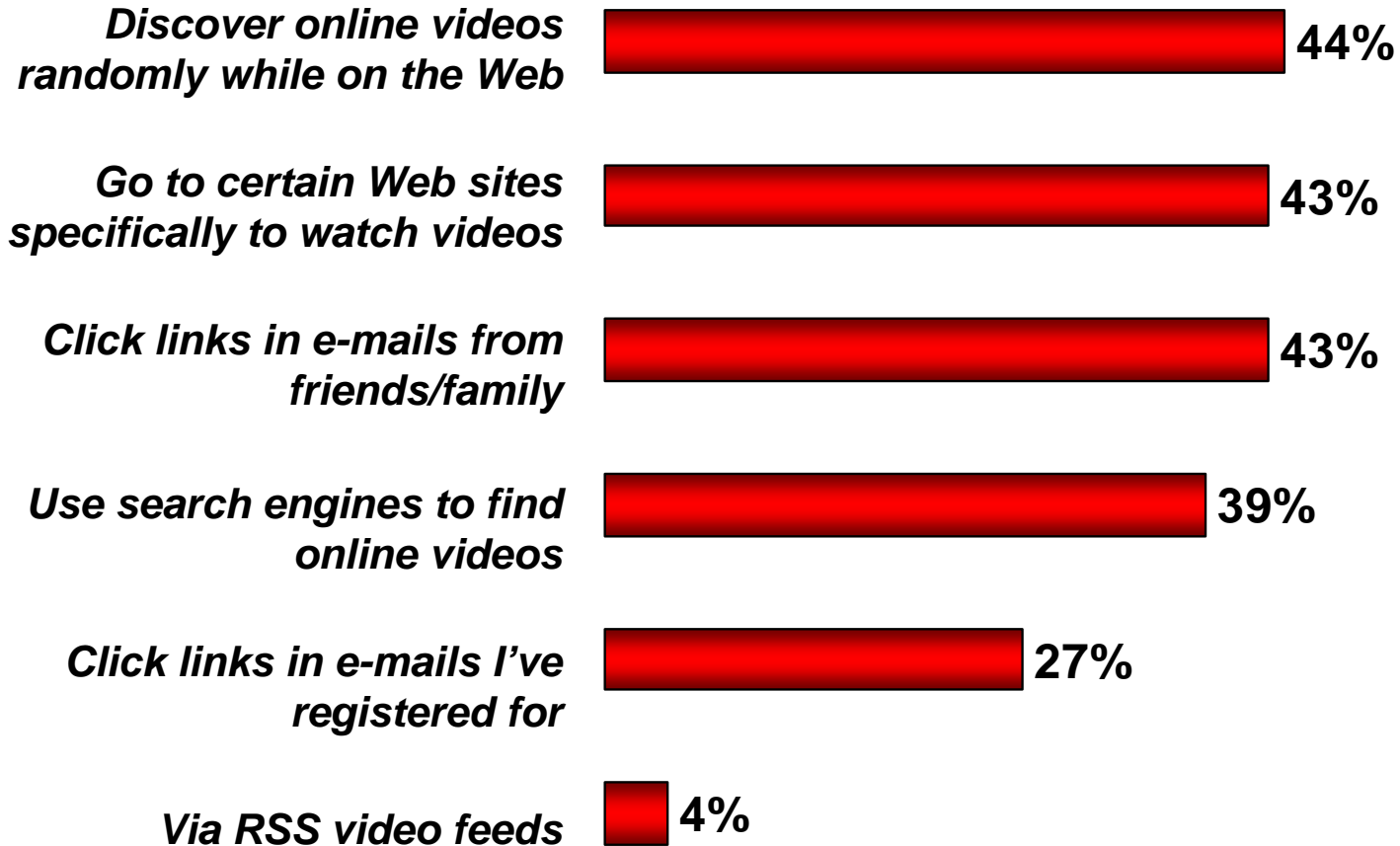


News and “Entertainment” Reach Over 70% of Online Video Users, with about 6 to 9 Viewing Sessions a Month



Q10: How frequently do you watch the following types of online videos?

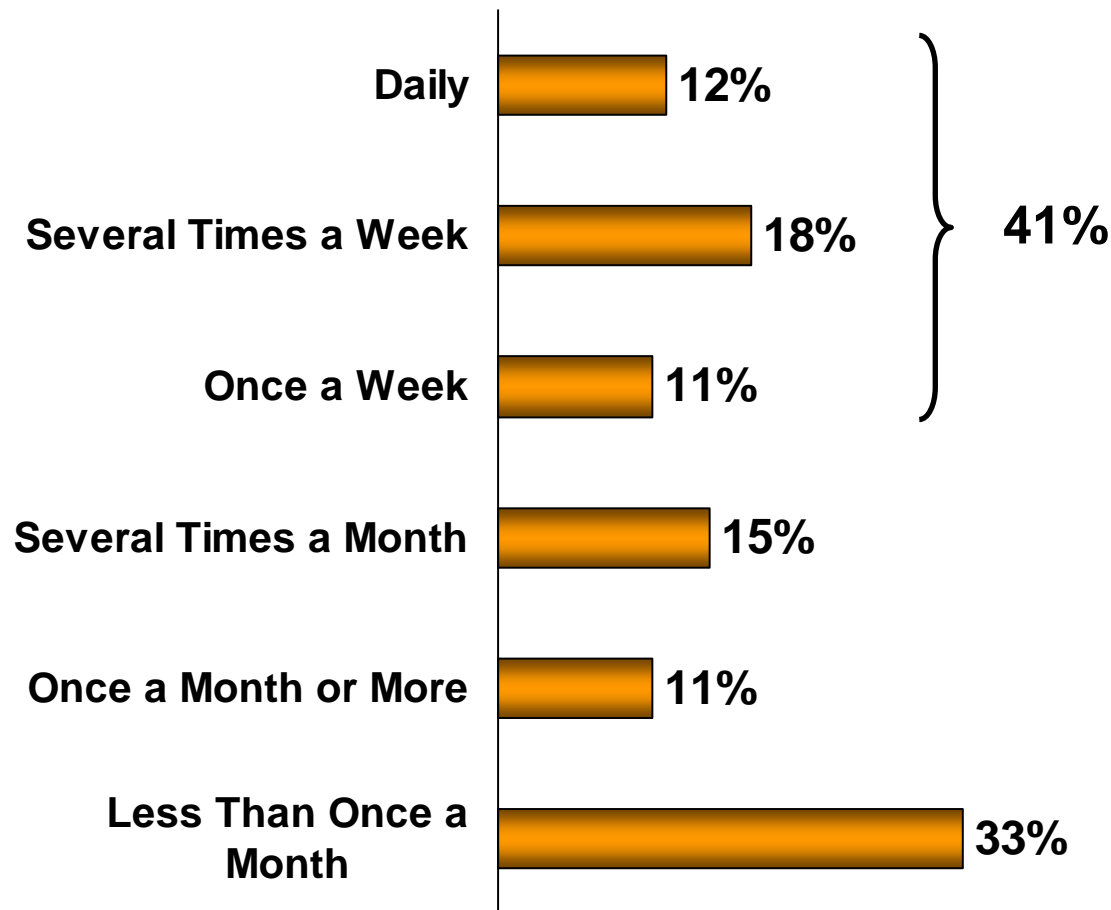
People Actively Look for Online Videos, and also Rely on Destination Sites and E-Mail



Q27: In which of the following ways do you search for and find online videos? Base: Total Respondents (n=1422)

Among Those who Access Videos on Mobile Devices (18% of sample) , 41% do so at Least Weekly

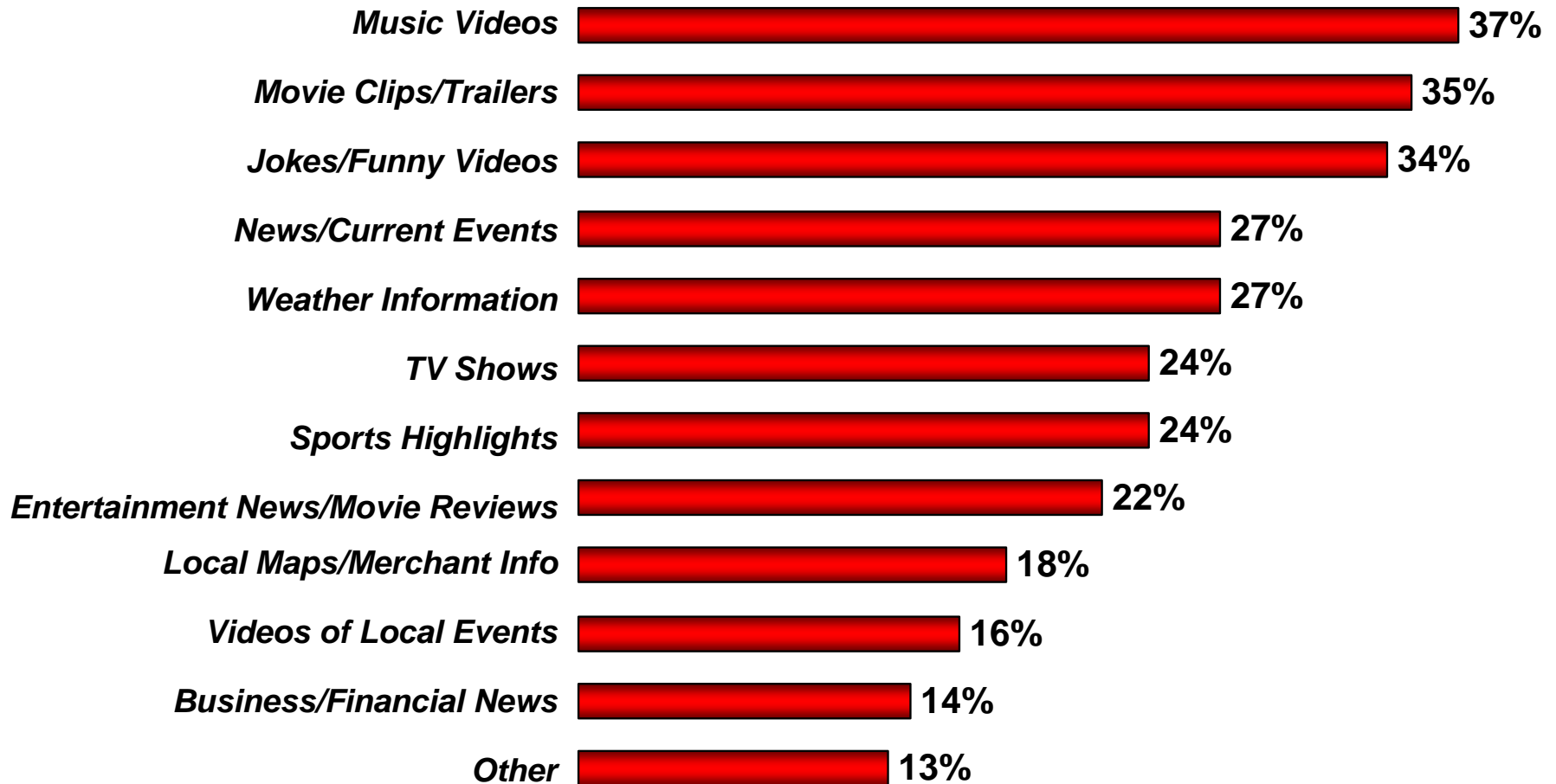
Frequency of Watching Videos on Mobile Devices/MP3



Q21: How often do you watch videos on a mobile device such as a cell phone or video iPod/MP3? Base: Mobile Video Viewers (n=255)

“Entertainment”, News, Weather and Sports are Leading Mobile Video Categories

Types of Videos Watched on Mobile Devices/MP3

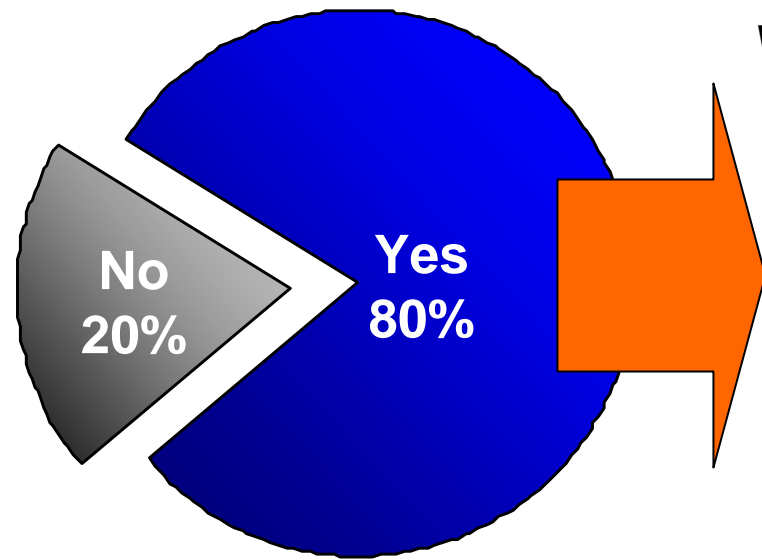


Q22: Which of the following videos/images do you watch on your cell phone or video iPod/MP3? Base: Mobile Video Viewers (n=255)

Online Video Advertising

Strong Video Ad Responsiveness with 80% Viewing an Ad and 52% Taking Action

Ever Seen Online Video Ad



Effect of Ad Exposure

Took action after seeing video ad (NET)



Elicited a response



Looked for more information



Bought something

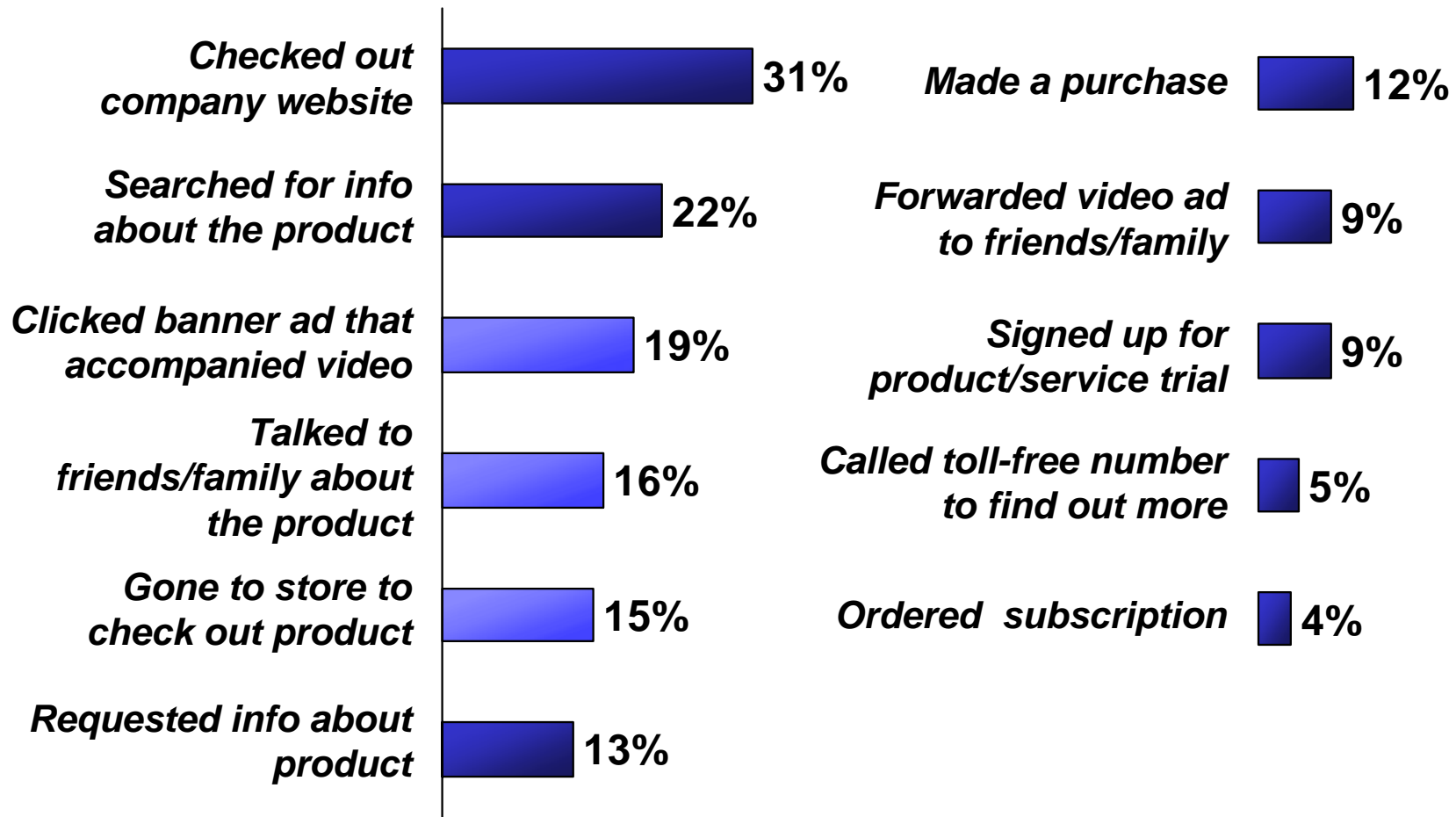


Q24: Have you ever seen a video ad on the Internet, meaning a product or service advertisement that incorporates a video clip? Base: Total Respondents (n=1422)

Q25: Which of the following have you ever done as a result of viewing an online video ad? Base: Viewed videos on these sites (n=1135)

Online Video Ads Have Impact Throughout the Purchase Funnel: From Interest and Consideration through Purchase

Actions Taken After Viewing Online Video Ads



Q25: Which of the following have you ever done as a result of viewing an online video ad? Base: Viewed videos on these sites (n=1135)

Viewers of Videos on “Media Sites” are More Inclined to Take Action Than Portal and UGC Visitors

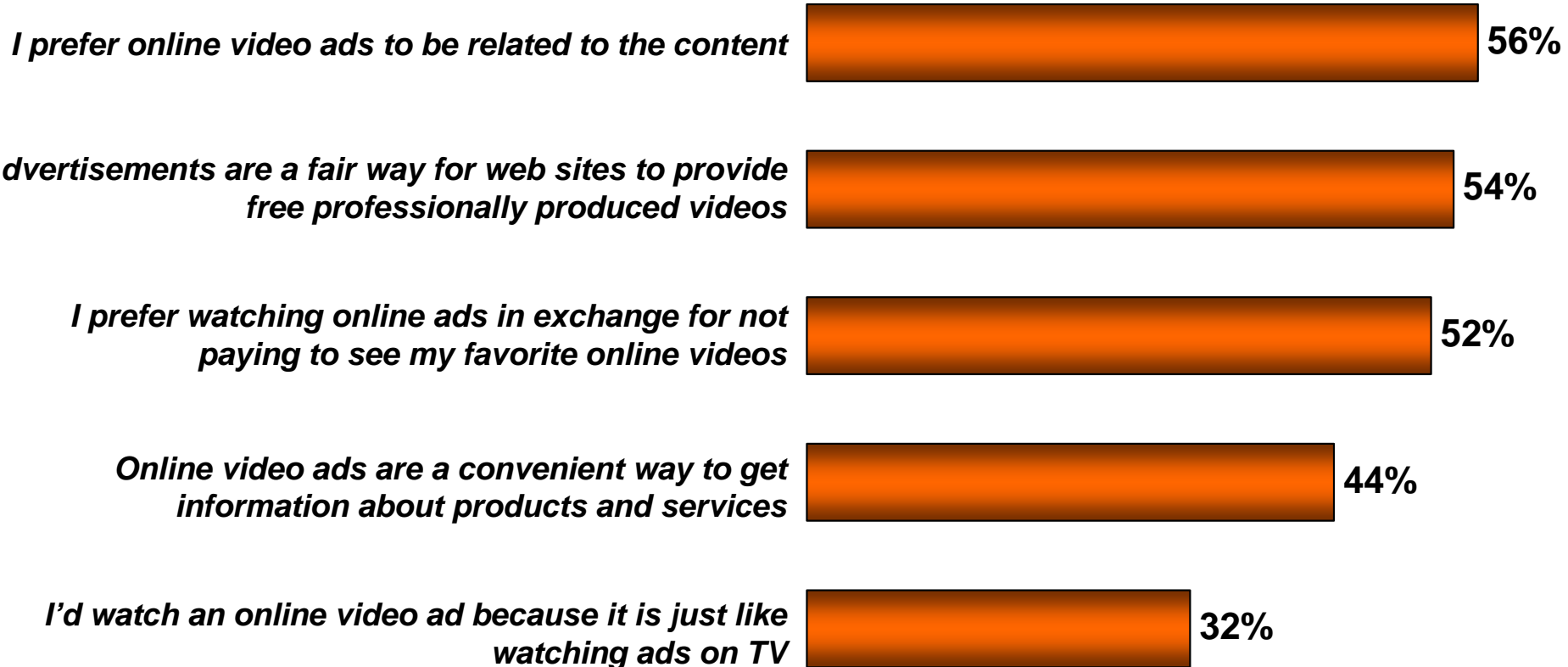
Actions Taken From Viewing Online Video Ads

| | Checked out company website | Searched for info | Clicked on banner ad | Talked to friends/family | Gone to store to check out product | Requested more info | Signed up for a product trial | Called toll-free number |
|------------------------------|-----------------------------|-------------------|----------------------|--------------------------|------------------------------------|---------------------|-------------------------------|-------------------------|
| Magazine Sites | 45% | 38% | 30% | 27% | 29% | 28% | 18% | 14% |
| Online Only News & Info | 42% | 35% | 29% | 22% | 26% | 23% | 16% | 10% |
| National Newspaper Sites | 40% | 37% | 25% | 23% | 22% | 23% | 15% | 10% |
| Local Broadcast TV Sites | 38% | 32% | 29% | 22% | 21% | 21% | 13% | 9% |
| National Broadcast TV Sites | 38% | 31% | 25% | 22% | 19% | 19% | 12% | 7% |
| Cable TV Sites | 38% | 30% | 25% | 22% | 20% | 19% | 12% | 8% |
| Local Newspaper Web Sites | 37% | 34% | 25% | 27% | 24% | 23% | 14% | 10% |
| Portals | 37% | 27% | 23% | 20% | 17% | 16% | 12% | 7% |
| User Generated Content Sites | 35% | 24% | 20% | 18% | 14% | 14% | 9% | 5% |

Q25: Which of the following have you ever done as a result of viewing an online video ad? Base: Saw online video ad.

Online Video Viewers Accept Ads and Prefer Ads Related to Content

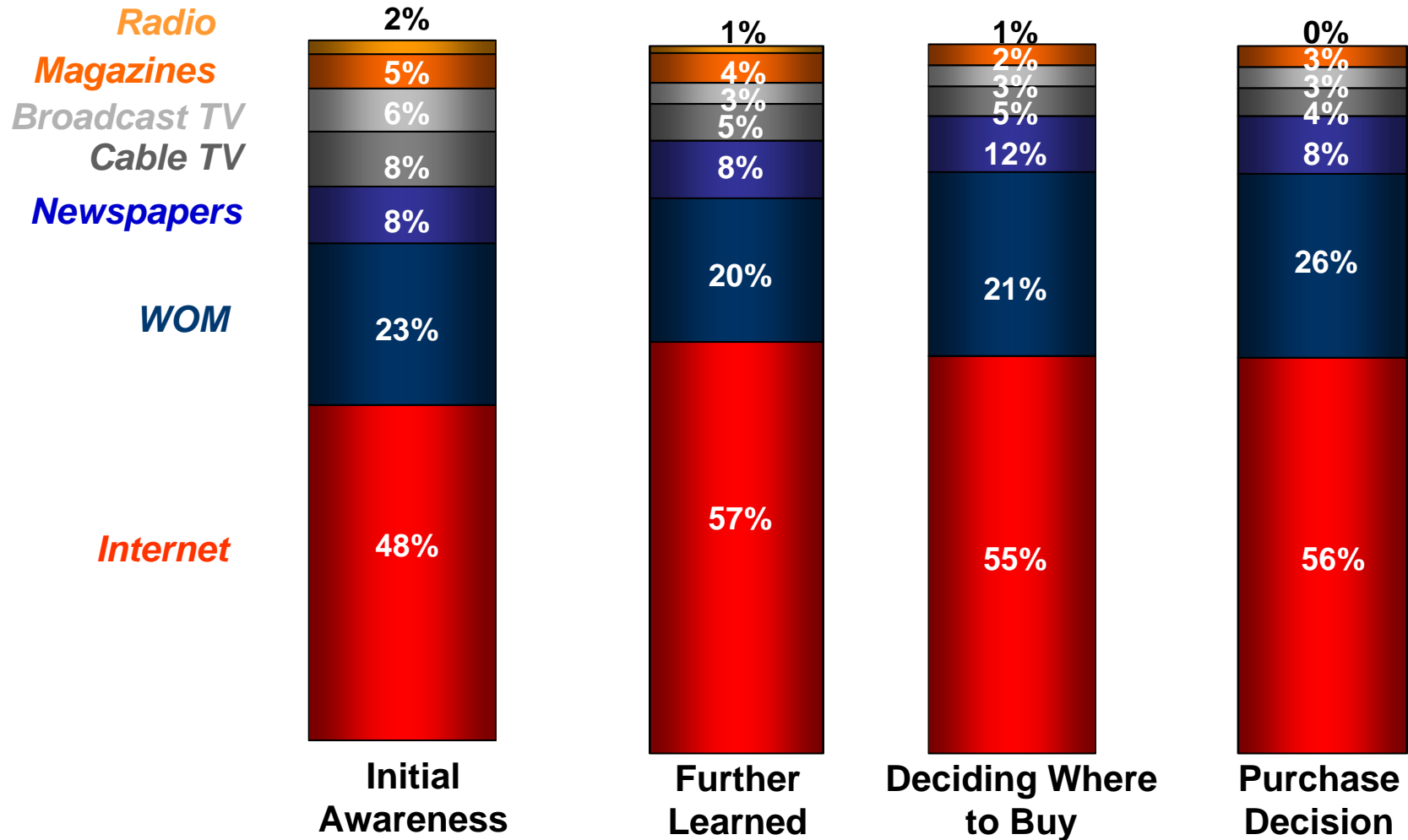
Agreement with Statements About Online Video Ads (Top2 Box)



Q26: Below is a list of statements about online video ads. Please tell us how much you agree with each statement.

Internet's Influence On The Purchase Process

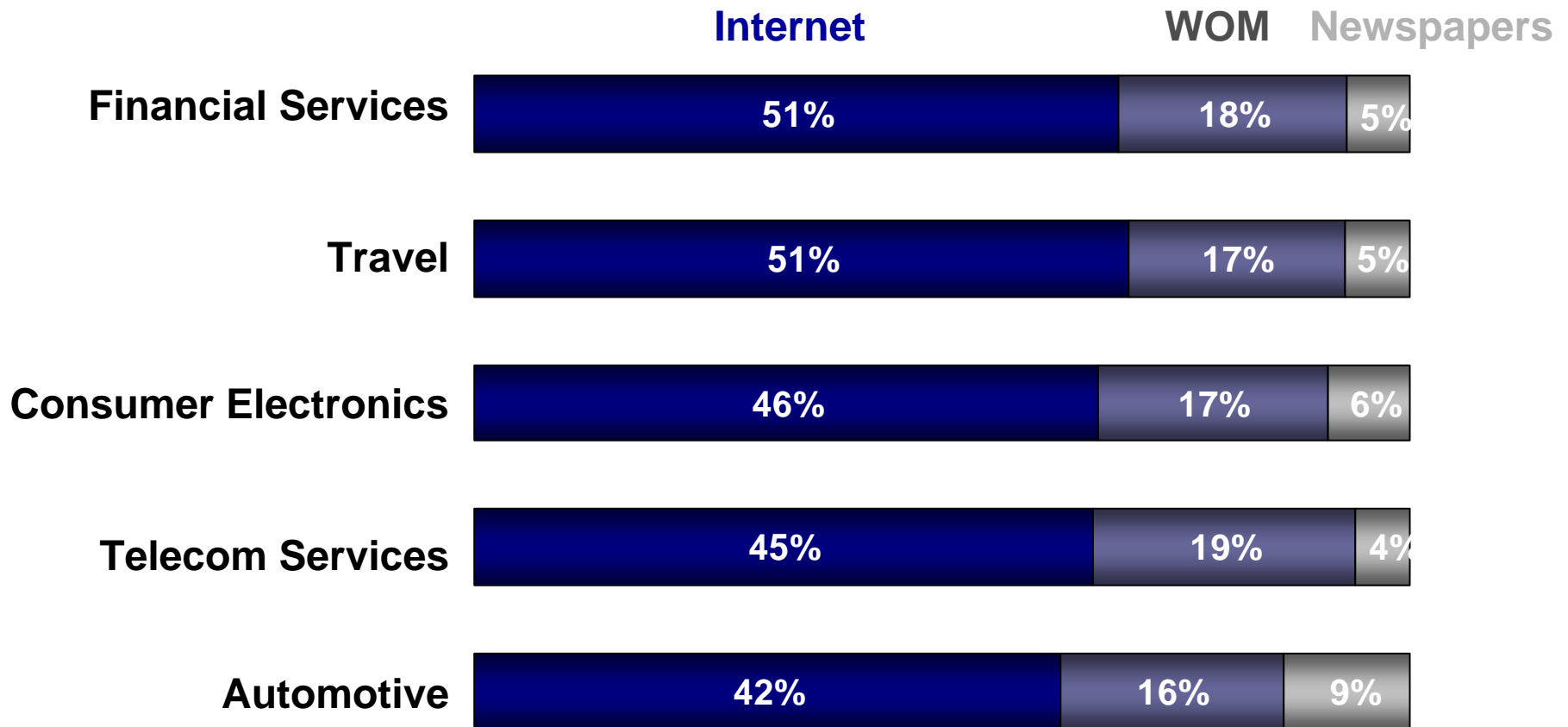
The Internet Dominates All Other Media During the Purchase Process



Q2/Q3/Q4/Q5 Base (Floating): Made a purchase in the last 6 months

The Internet is a Powerful Influencer, Ahead of All Other Media Across All Product Categories

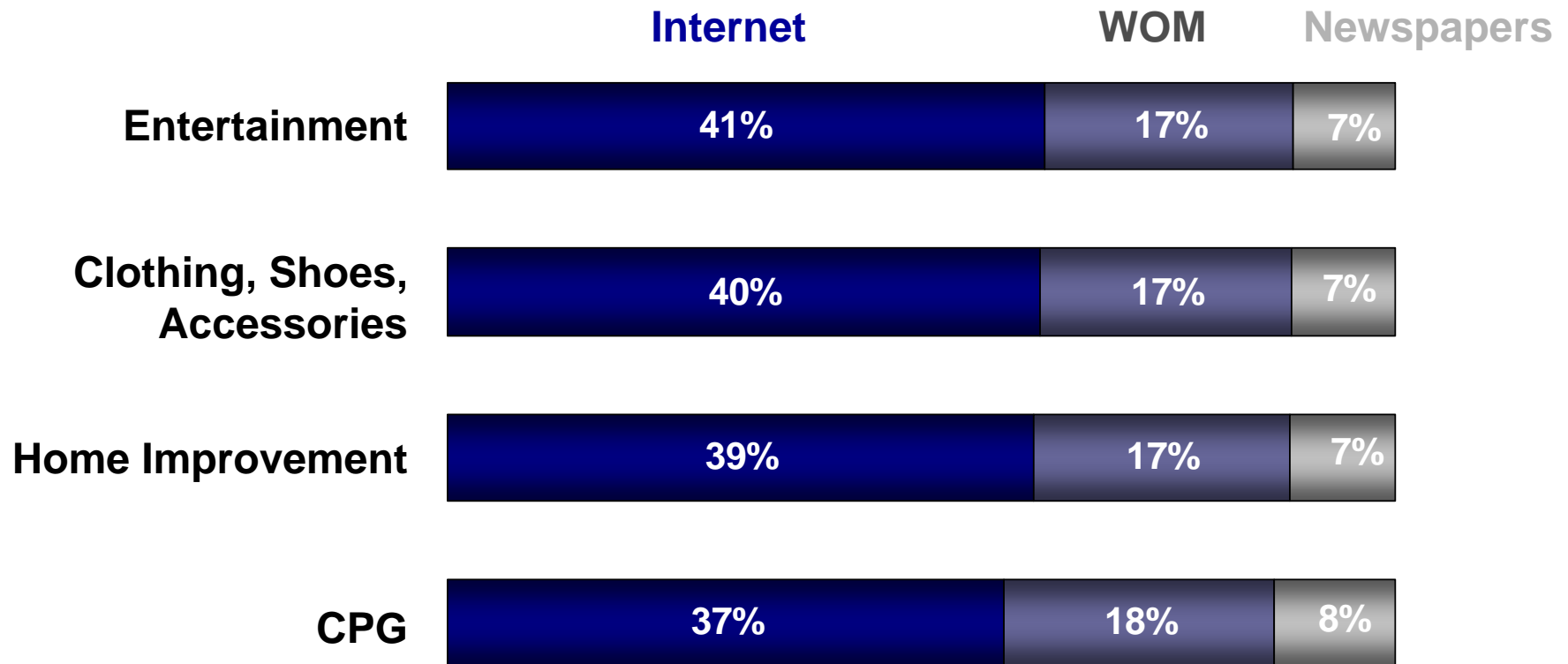
Top 3 Purchase Influencers By Product/Service Category



** Average of all 4 purchase funnels (Initial awareness, further learn, deciding where to buy and purchase decision)*

The Internet is a Powerful Influencer, Ahead of All Other Media Across All Product Categories

Top 3 Purchase Influencers by Product/Service Category



** Average of all 4 purchase funnels (Initial awareness, further learn, deciding where to buy and purchase decision)*

Affluent Online Video Viewers Do More Online Shopping Across Product Categories

Online vs. Offline Purchases, by Household Income

| | <u>Online</u> | | | <u>Offline</u> | | |
|---------------------------------|--------------------|----------------------|---------------|--------------------|----------------------|---------------|
| | <i>Under \$35K</i> | <i>\$35K - \$75K</i> | <i>\$75K+</i> | <i>Under \$35K</i> | <i>\$35K - \$75K</i> | <i>\$75K+</i> |
| Telecom Services | 24% | 39% | 37% | 29% | 36% | 35% |
| Entertainment | 23% | 43% | 34% | 32% | 40% | 28% |
| Consumer Packaged Goods | 23% | 42% | 35% | 34% | 41% | 25% |
| Consumer Electronics | 23% | 40% | 37% | 31% | 39% | 30% |
| Clothing, Shoes and Accessories | 21% | 43% | 36% | 34% | 40% | 26% |
| Home Improvement | 18% | 34% | 48% | 22% | 45% | 33% |
| Financial Products | 15% | 37% | 48% | 24% | 38% | 38% |
| Automobile | 15% | 27% | 58% | 32% | 39% | 29% |
| Travel | 12% | 40% | 48% | 20% | 39% | 41% |

Q6. Did you make the final purchase online or offline? Base: Made a purchase last 6 months

Online Video Advertising Effectiveness

Methodology

- Each respondent was exposed to a streaming video clip, featuring short-form content and an advertisement
 - Short-form content was provided by OPA members, consisting of an evergreen feature
 - Leading interactive agencies provided current or previously run video ads, with static companion ads
 - 12 video ads represented many major categories, including CPG, Financial Services, Technology, Travel, etc.

Methodology (cont'd)

- **Advertising exposures varied by brand & four ad attributes**
 - Length (15 sec. or 30 sec.)
 - Placement (pre-roll or post-roll)
 - Companion Ad (with or without)
 - Type of Ad (original online ad or repurposed TV ad)
- **96 possible combinations based on content, category and ad attributes were tested to understand the importance of each and its impact on each measure**

Ad & Brand Effectiveness Variables

Ads were evaluated on 4 ad and brand effectiveness measures which captured 3 basic advertising constructs:

- Breakthrough**
 - **Unaided Brand Awareness**
- Engagement**
 - **Ad Likability**
 - **Ad Relevance**
- Persuasion**
 - **Consumer Consideration of the Brand Advertised**
- **This multivariate analysis controlled for:**
 - Prior brand appraisal**
 - Cost of product (categorized as high/low)**

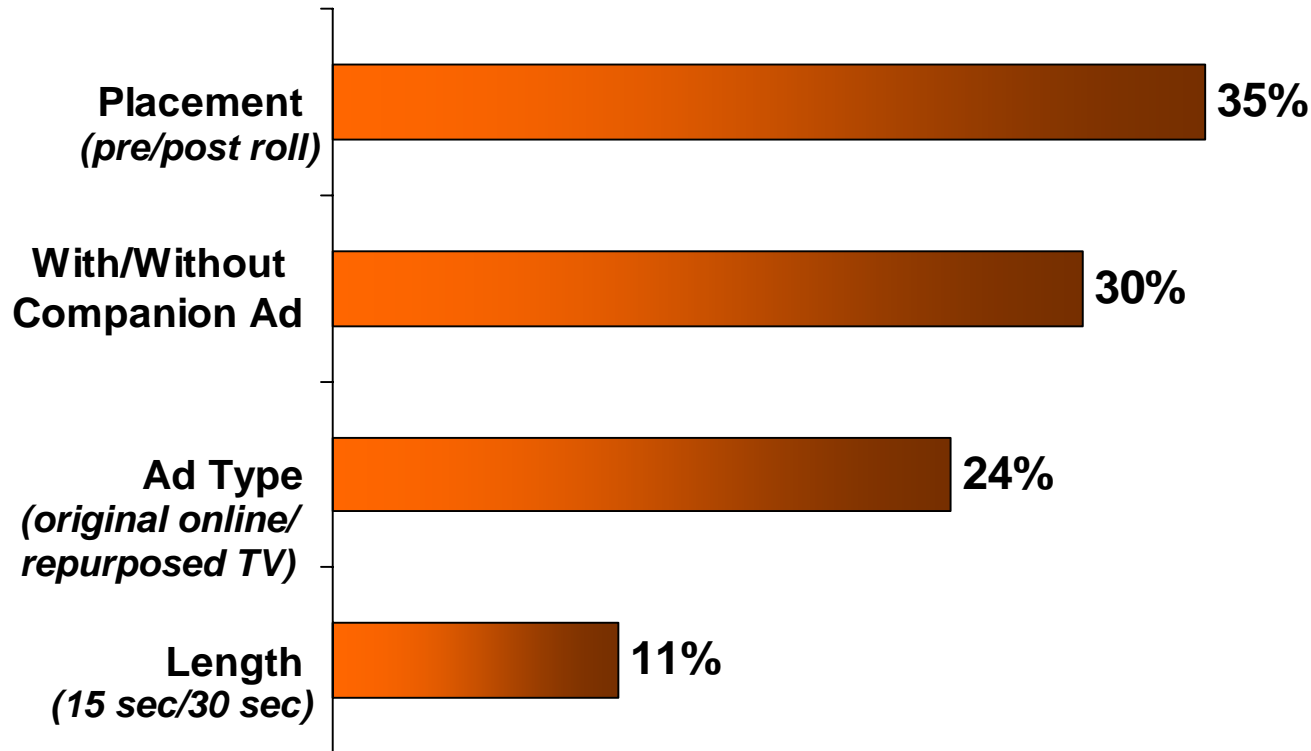
Sample Web Site



Unaided Awareness

Ad Placement and Accompanying Ads Drive Awareness

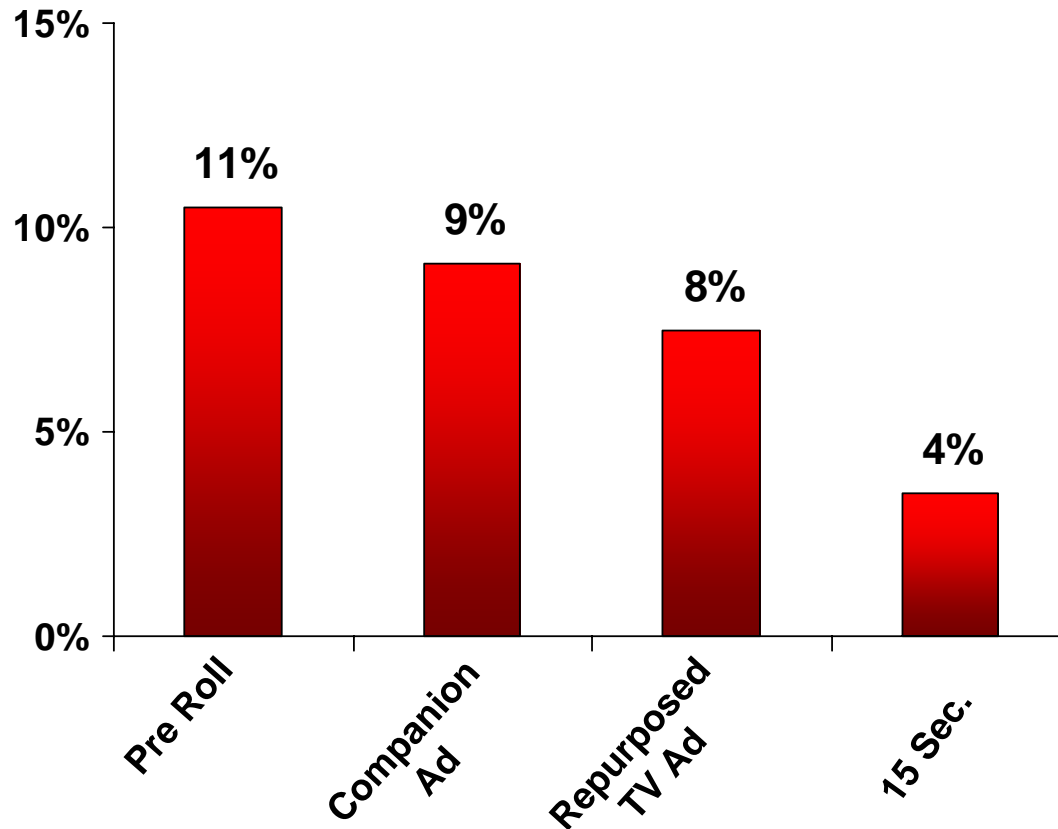
Relative Importance on Unaided Awareness
(controlling for brand/product effects)



Q36b. Who was the advertiser in this ad?

Pre Roll Ads with Companion Ads are Most Effective in Driving Awareness

**Relative Lift of Attributes on Positive Awareness
(controlling for brand/product effects)**

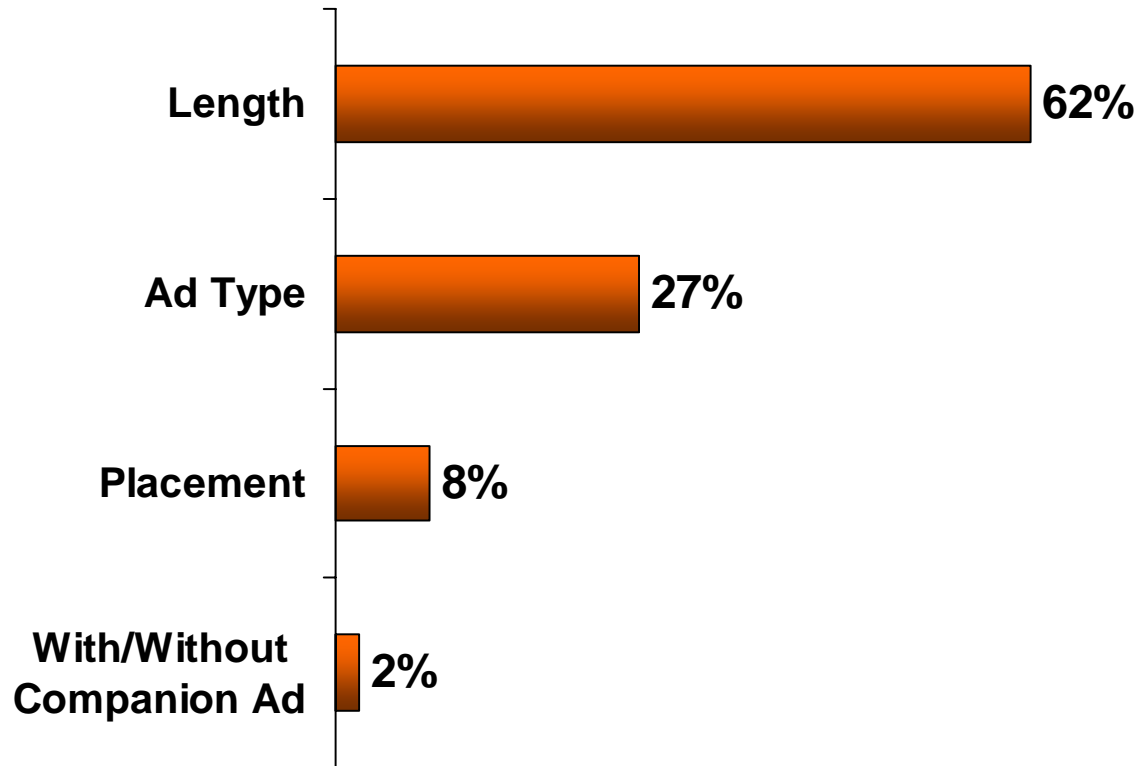


Q36b. Who was the advertiser in this ad?

Engagement: Ad Likability & Relevance

Ad Length and Ad Type Drive Likability

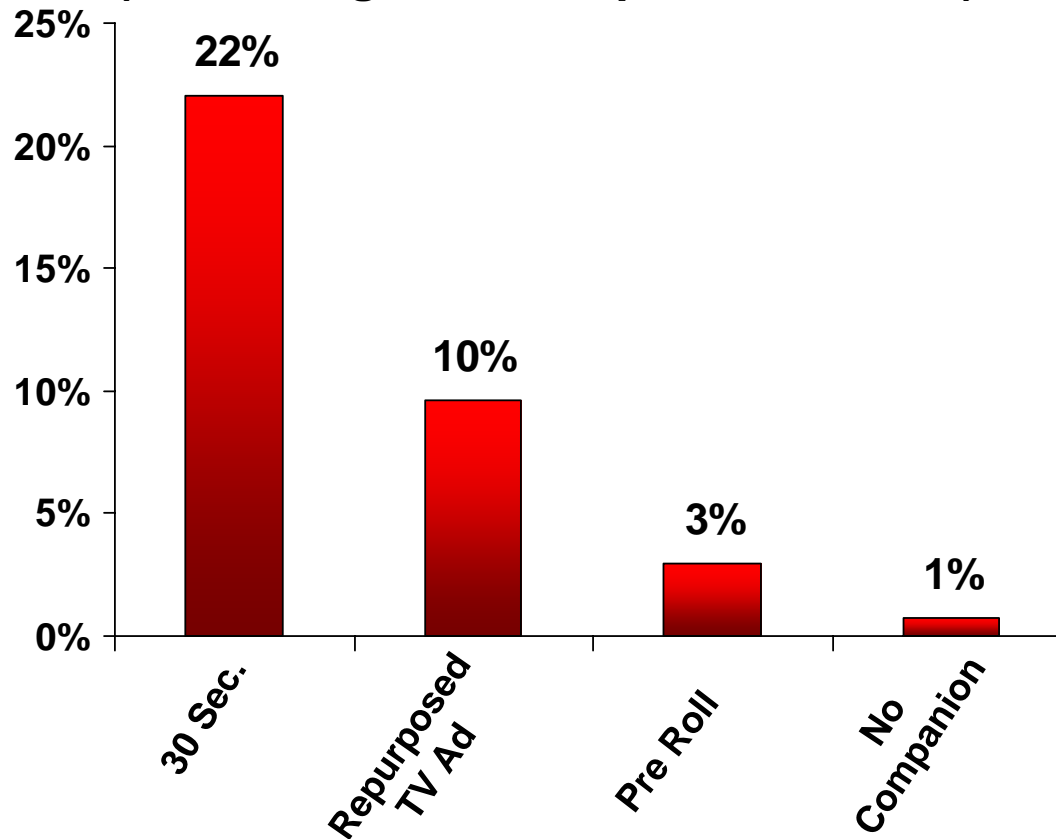
**Relative Importance on Ad Likability (Top2 Box)
(controlling for brand/product effects)**



Q40. How would you rate the ad you just watched? Would you say you...Like it very much....?

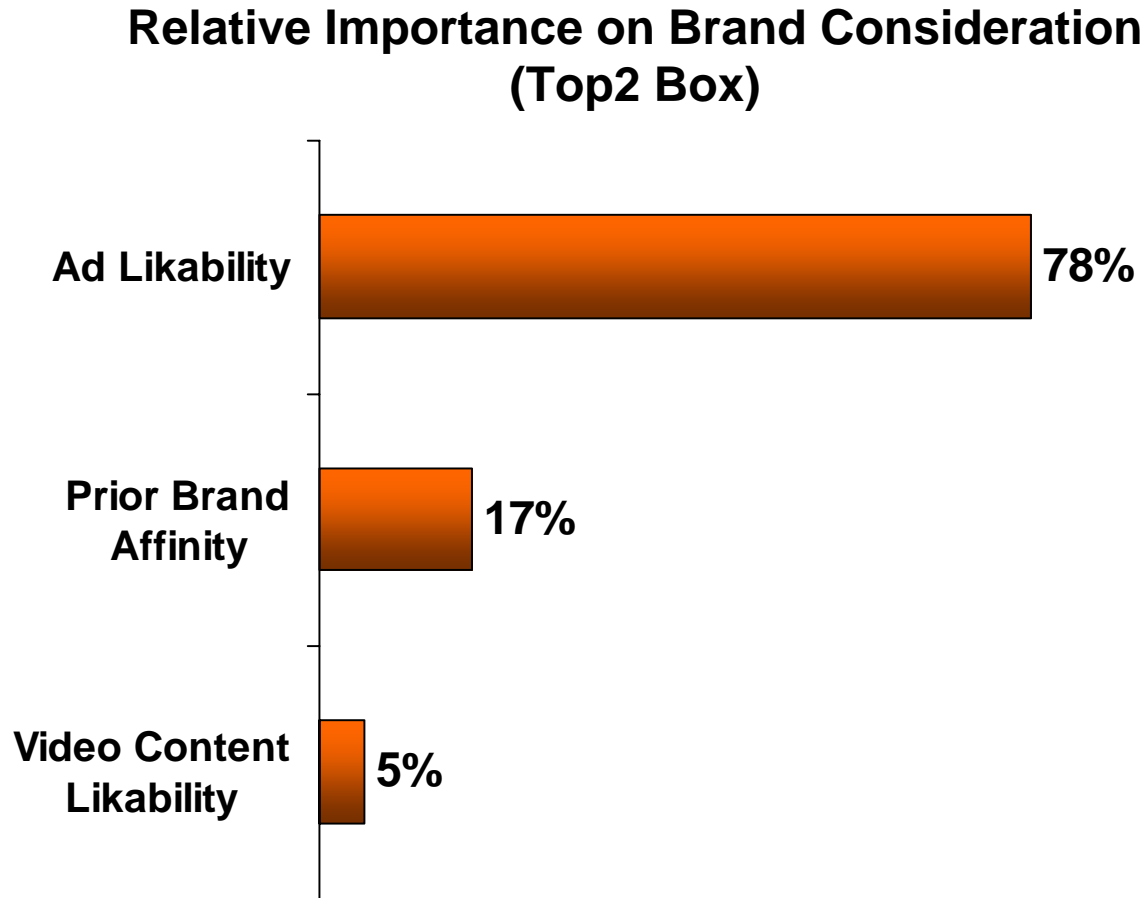
30 Second Ads Drove Ad Likability

**Relative Lift of Ad Attributes on Ad Likability
(Top2 Box)
(controlling for brand/product effects)**



Q40. How would you rate the ad you just watched? Would you say you...Like it very much....?

Ad Likability is the Key Driver of Consideration



Q39. Based on this ad, how likely are you to consider this product/service?

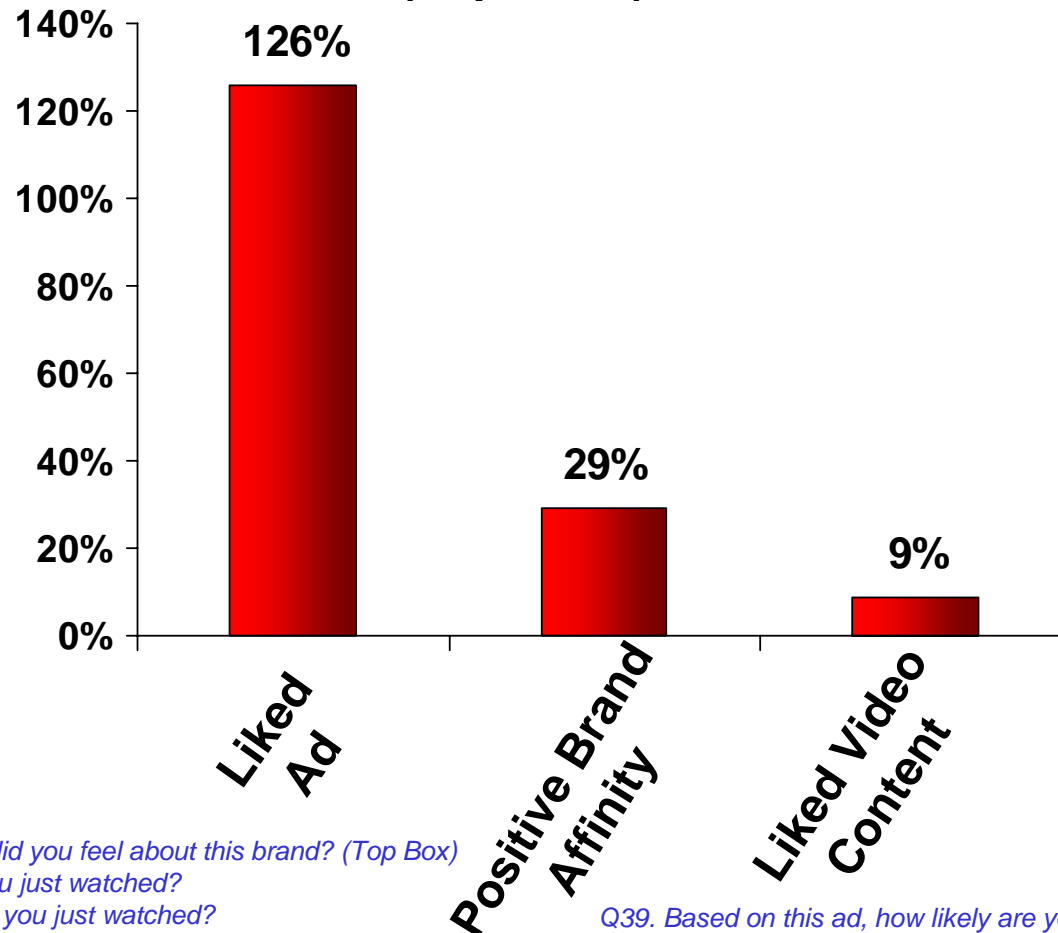
Q43. Before you saw this ad, how did you feel about this brand? (Top Box)

Q40. How would you rate the ad you just watched?

Q32. How would you rate the video you just watched?

Ad Likability is the Key Driver of Consideration

Relative Lift of Drivers of Positive Brand Consideration
(Top2 Box)



Q43. Before you saw this ad, how did you feel about this brand? (Top Box)

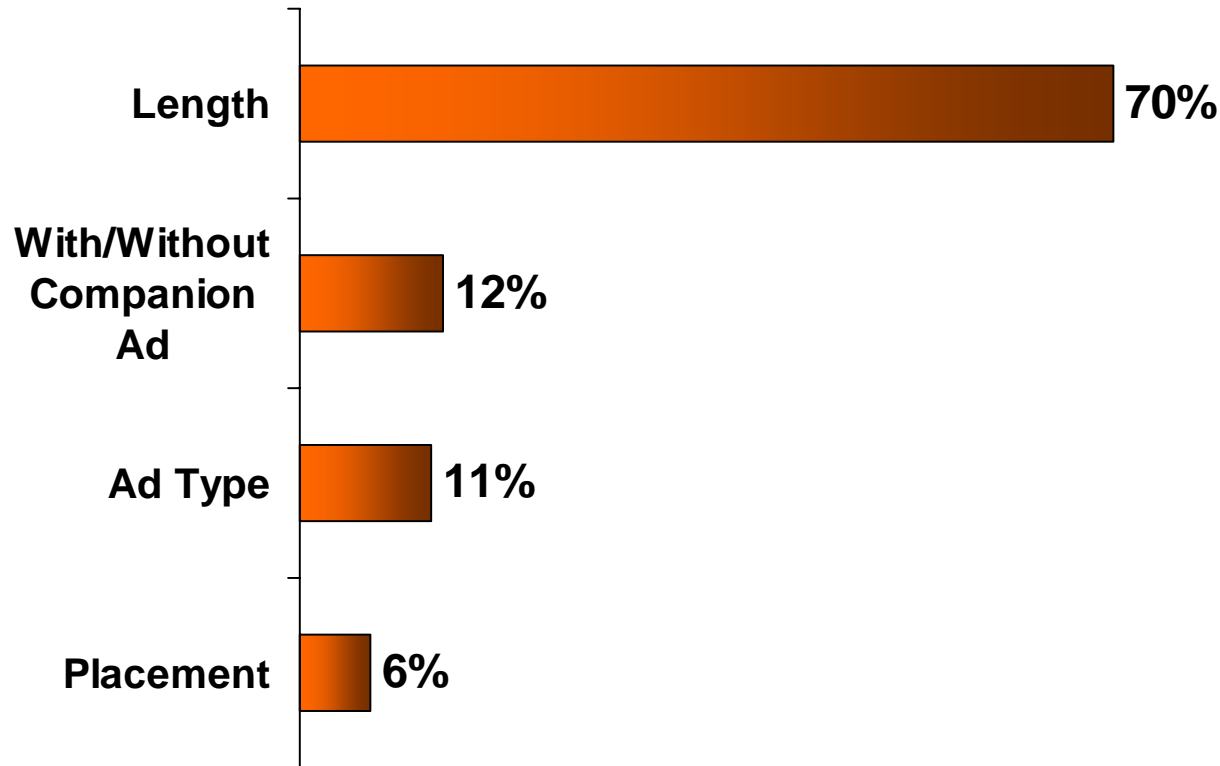
Q40. How would you rate the ad you just watched?

Q32. How would you rate the video you just watched?

Q39. Based on this ad, how likely are you to consider this product/service?

Strong Correlation Between Length and Perceived Relevance

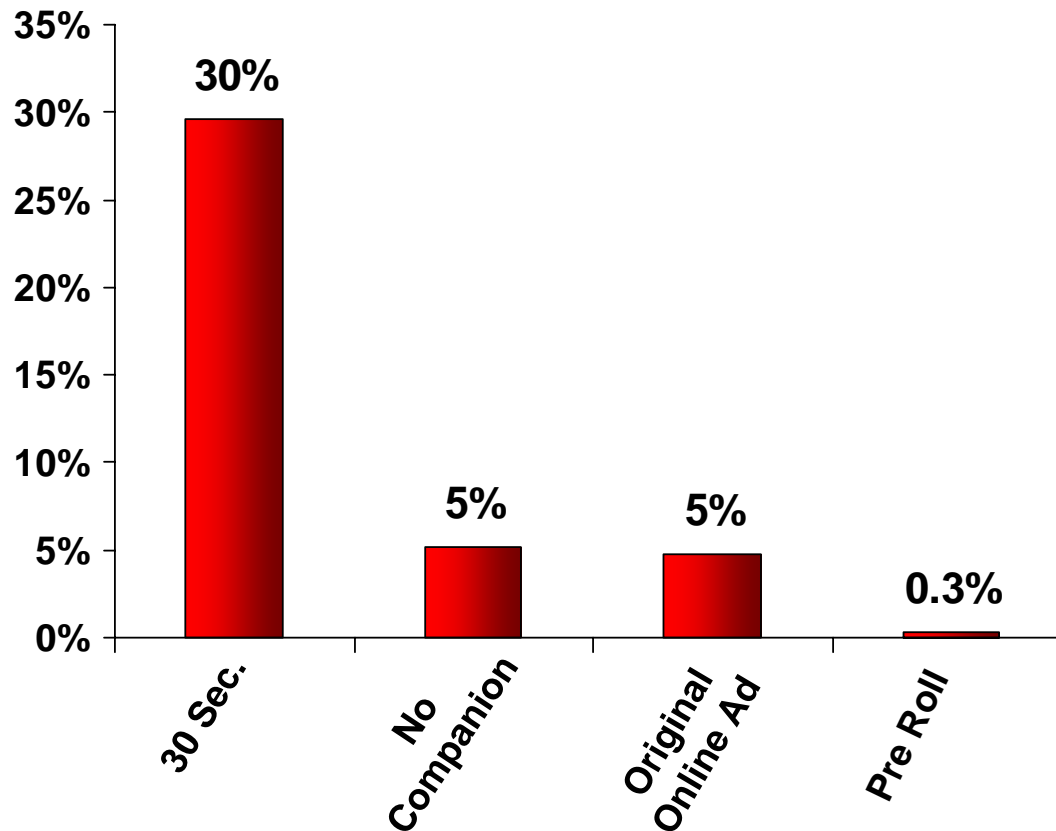
**Relative Importance on Ad Relevance (Top2 Box)
(controlling for brand/product effects)**



Q41. How relevant would you say this ad is to you?

Strong Correlation between Perceived Relevance and 30 Second Ads

**Relative Lift of Ad Attributes on Ad Relevance (Top2 Box)
(controlling for brand/product effects)**

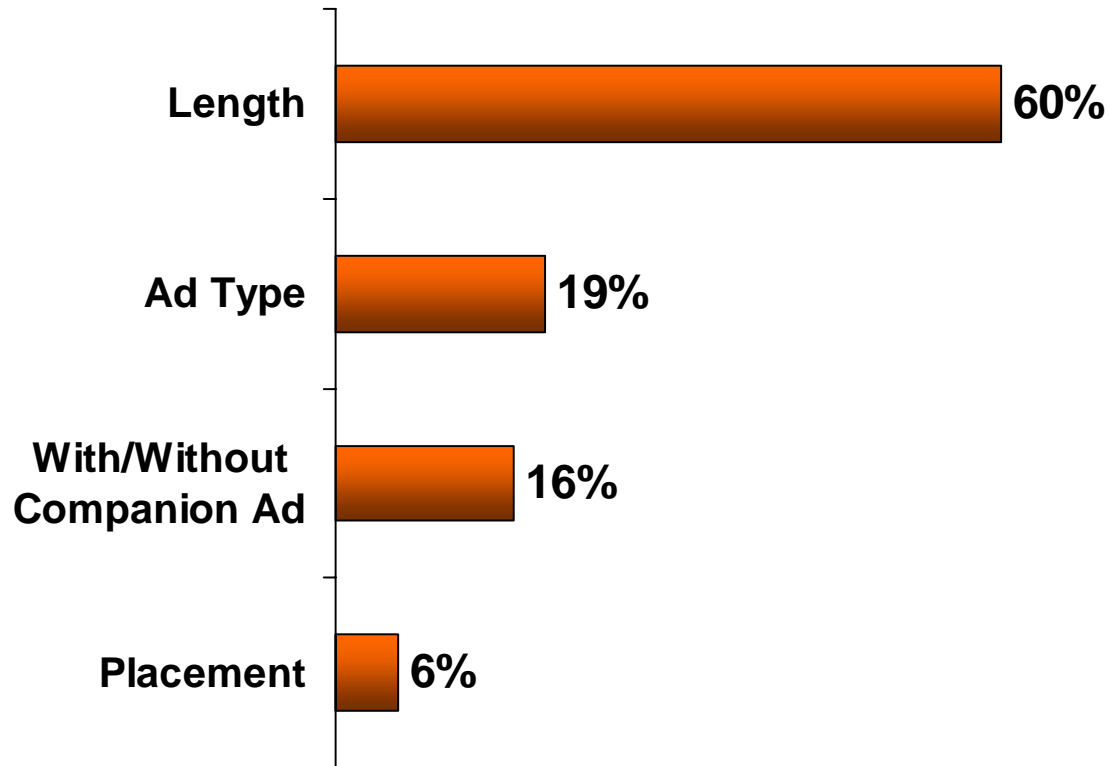


Q41. How relevant would you say this ad is to you?

Brand Consideration

Ad Length Drove Brand Consideration

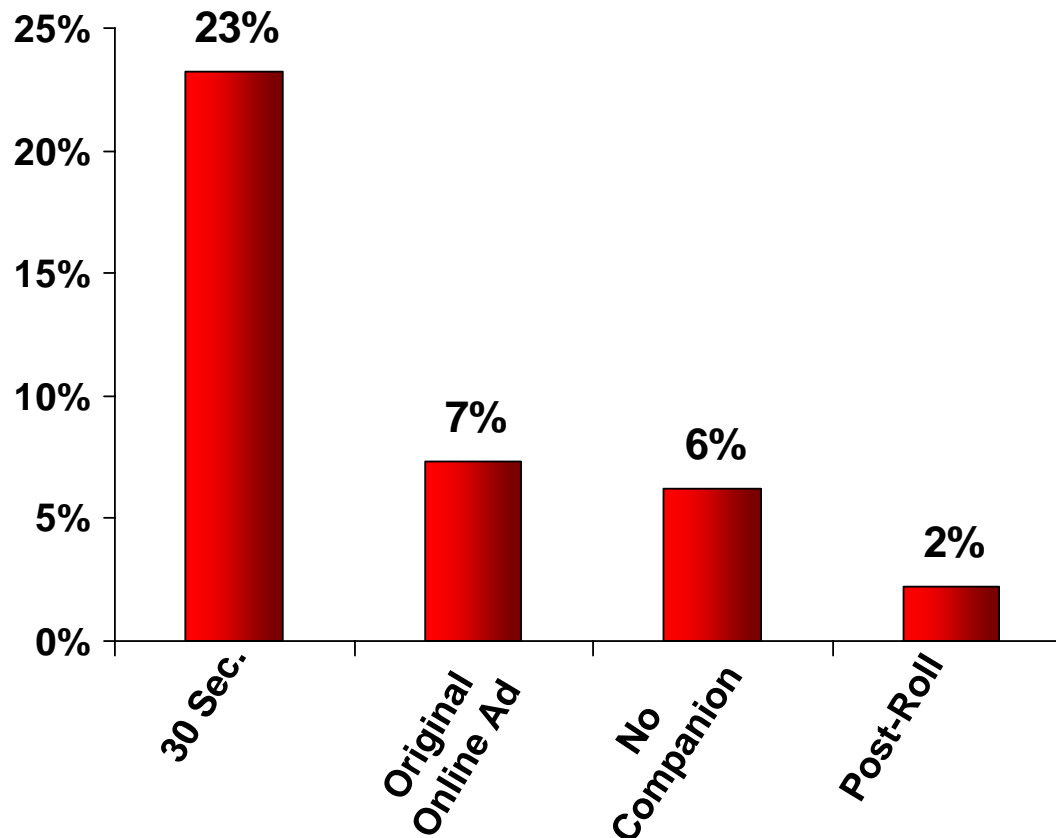
**Relative Importance on Brand Consideration (Top2 Box)
(controlling for brand/product effects)**



Q39. Based on this ad, how likely are you to consider this product/service?

30's Were the Clear Factor in Driving Brand Consideration

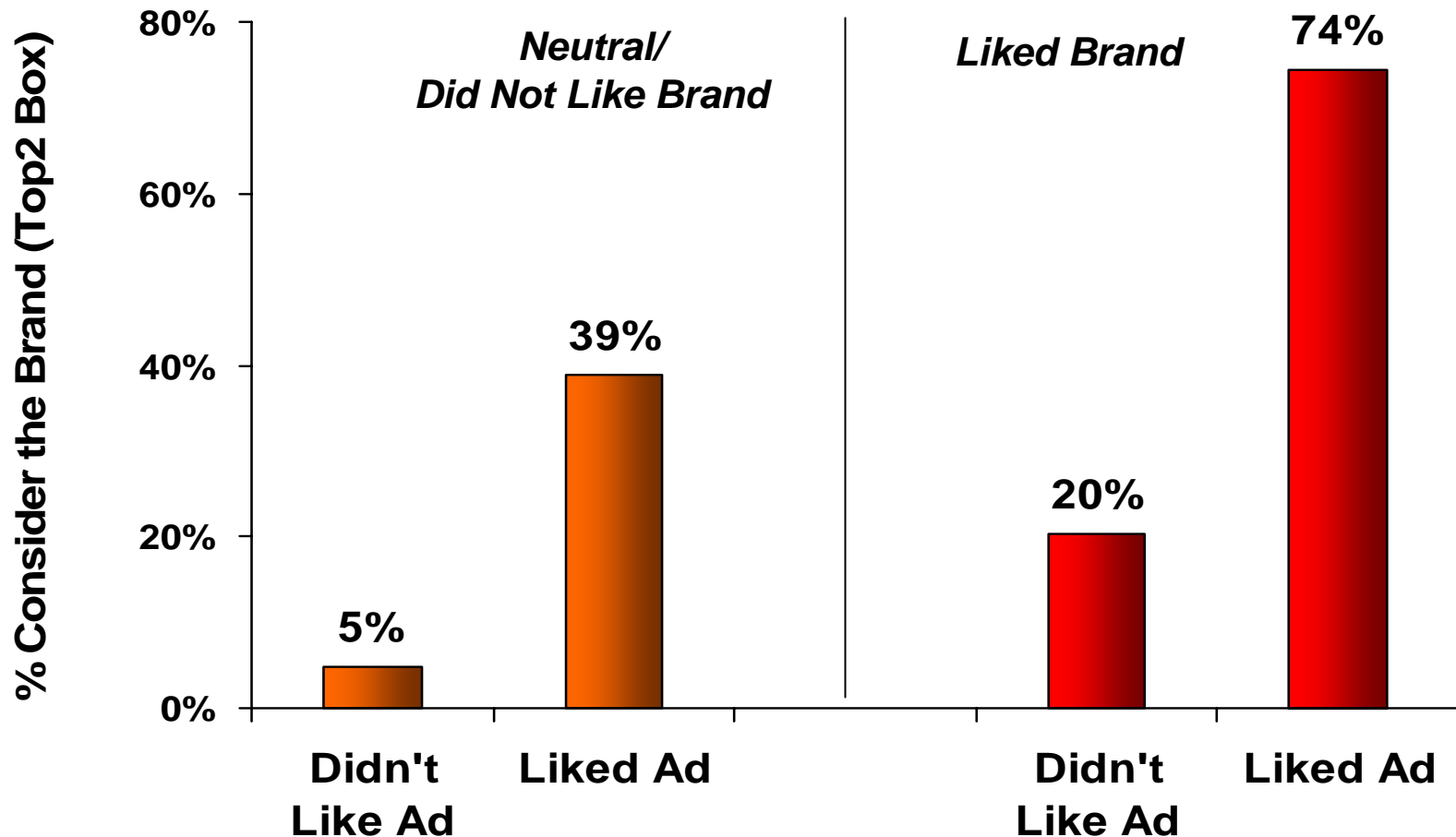
**Relative Lift of Ad Attributes on Brand Consideration (Top2 Box)
(controlling for brand/product effects)**



Q39. Based on this ad, how likely are you to consider this product/service?

Prior Brand Connection Combined With Affinity Of The Ad Most Strongly Correlate With High Brand Consideration

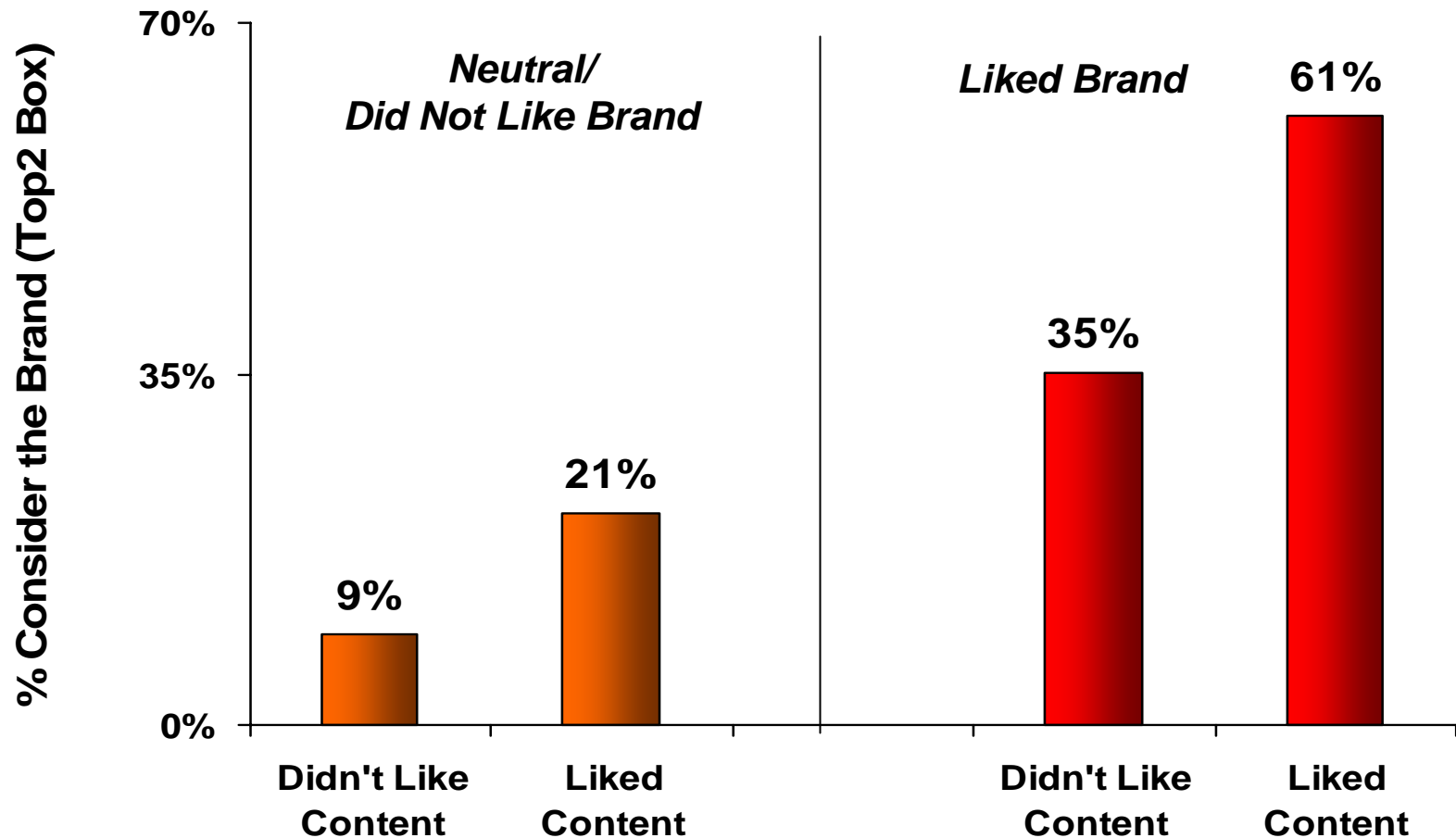
Impact of Prior Brand Affinity & Ad Likability on Brand Consideration



Q43. Before you saw this ad, how did you feel about this brand? Q40. How would you rate the ad you just watched? Would you say it is...
Q39. Based on this ad, how likely are you to consider this product/service?

Prior Brand Connection Along with Website Video Content Affinity Drive Consideration

Impact of Prior Brand Affinity & Content Likability on Brand Consideration



Q32. How would you rate the video you just watched? Would you say it is ...? Q43. Before you saw this ad, how did you feel about this brand?
Q39. Based on this ad, how likely are you to consider this product/service?

Video Advertising Takeaways

- Ad likability and existing brand perception were key components of persuasion measures
- No major differences surfaced between repurposed and original content
 - People carry offline perceptions online
- Ad length was the primary attribute to impact most measures

Best Practices: Online Video Content

- Online video viewing across all age groups is strong and becoming mainstream
- News and weather are leading content categories along with entertainment
- People take action after seeing online video content, especially those in upper income brackets
- Branded media site visitors are more responsive than portal and UGC visitors
- 80% recall seeing a video ad and 52% have taken action, including 16% making a purchase
- The Internet is the #1 media for each stage of the purchase process, outpacing all other media – especially true for upper income audiences

Best Practices: Video Advertising

- To Drive Breakthrough (e.g. Awareness)
 - Use pre-roll
 - Use companion ads
 - 15's and 30's both work well
- To Change People's Opinion (e.g. Likability)
 - Use 30's
 - Re-purposed and original ads are just as effective
- To Persuade People (e.g. Consideration)
 - Use 30's
 - Adjacency to web video that is itself likable and relevant to leverage the halo effect