



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

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- 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

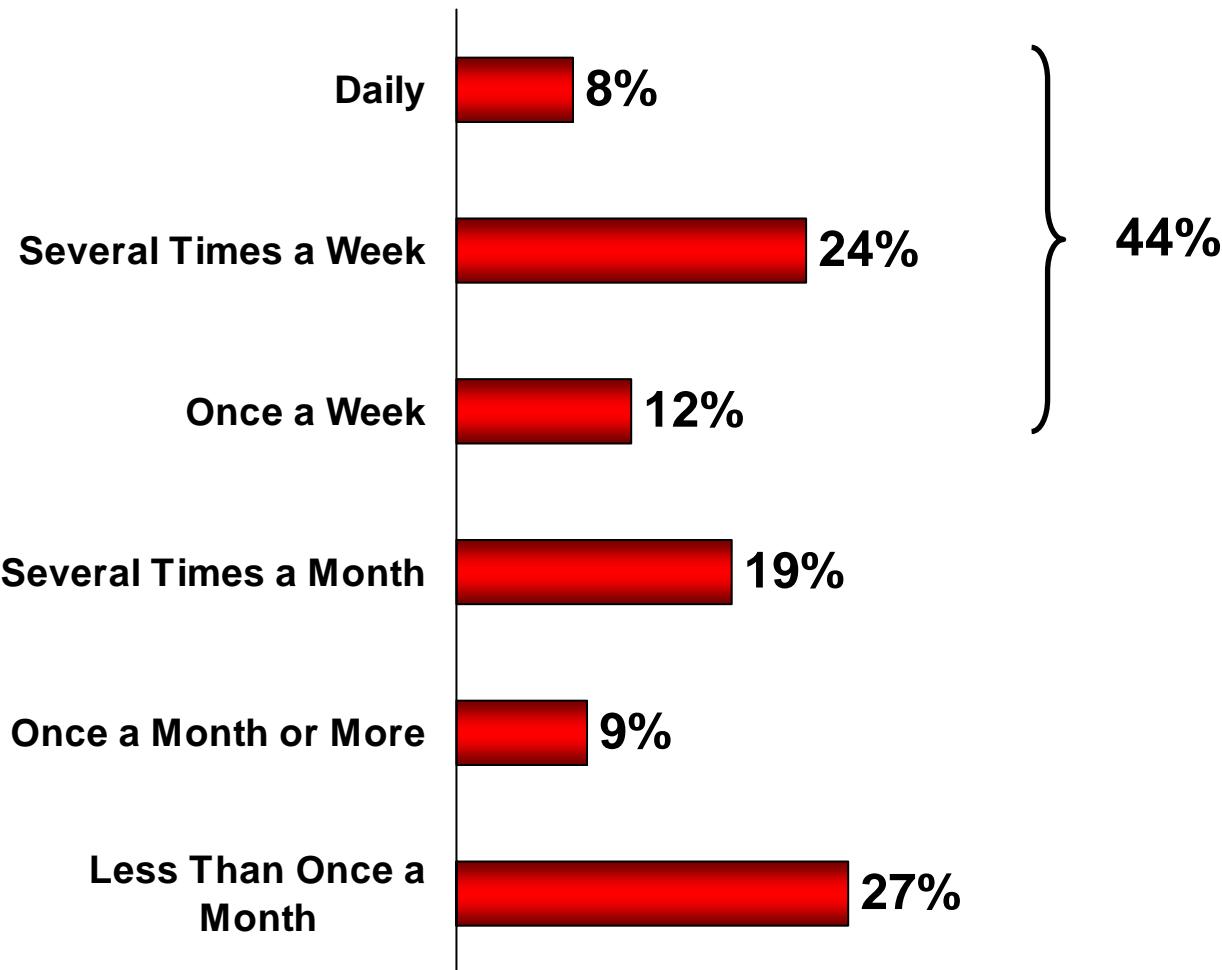
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- Online survey of 1,422 U.S. online video users
- Recruitment: OTX panel members recruited via email
- OTX panel is representative of the US online population:
  - Gender
  - Age
  - Ethnicity
  - Broadband/Dial-Up
- Respondents were qualified on 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

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# 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

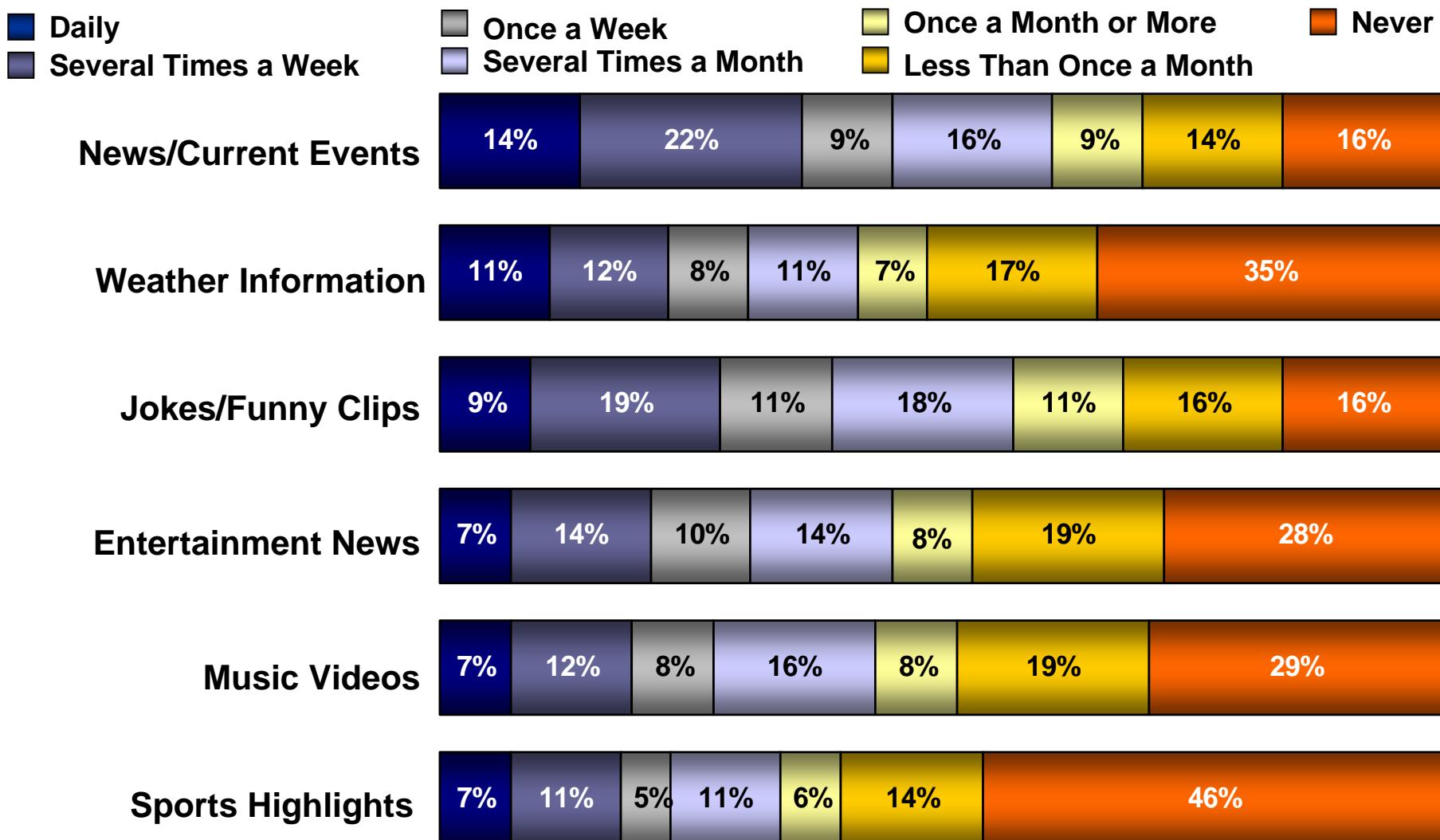
		Total	Heavy Viewers	Moderate Viewers	Light Viewers
<b>Base:</b>		<b>(1422)</b>	<b>(631)</b>	<b>(400)</b>	<b>(391)</b>
<b>Gender</b>	<i>Male</i>	50%	64%	41%	35%
	<i>Female</i>	50%	36%	59%	65%
<b>Age</b>	<i>Mean</i>	<b>39 years</b>	<b>37 years</b>	<b>39 years</b>	<b>43 years</b>
<b>Household Income</b>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

**Heavy = weekly+**

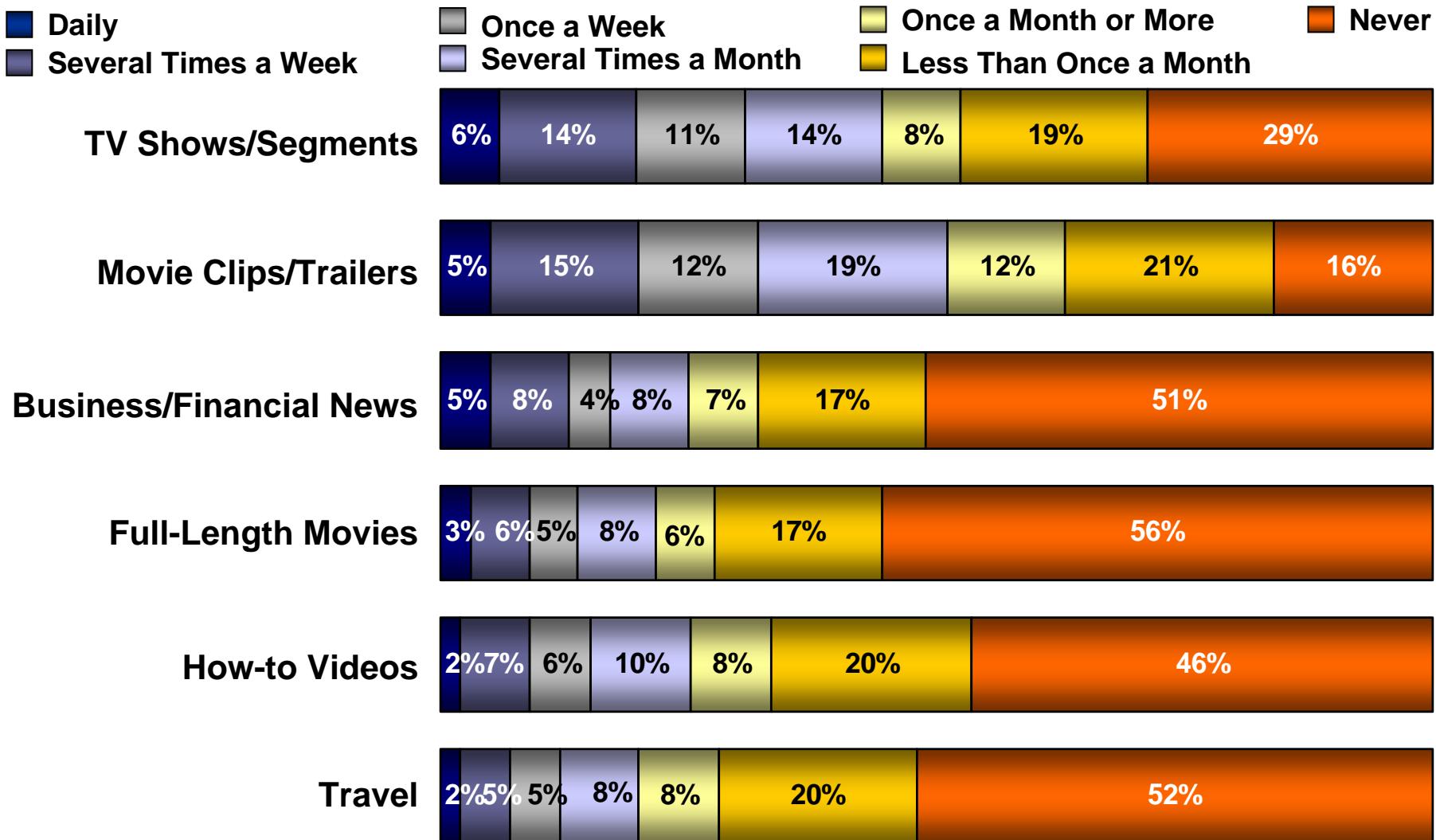
**Moderate = monthly but less than weekly**

**Light = less than monthly**

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

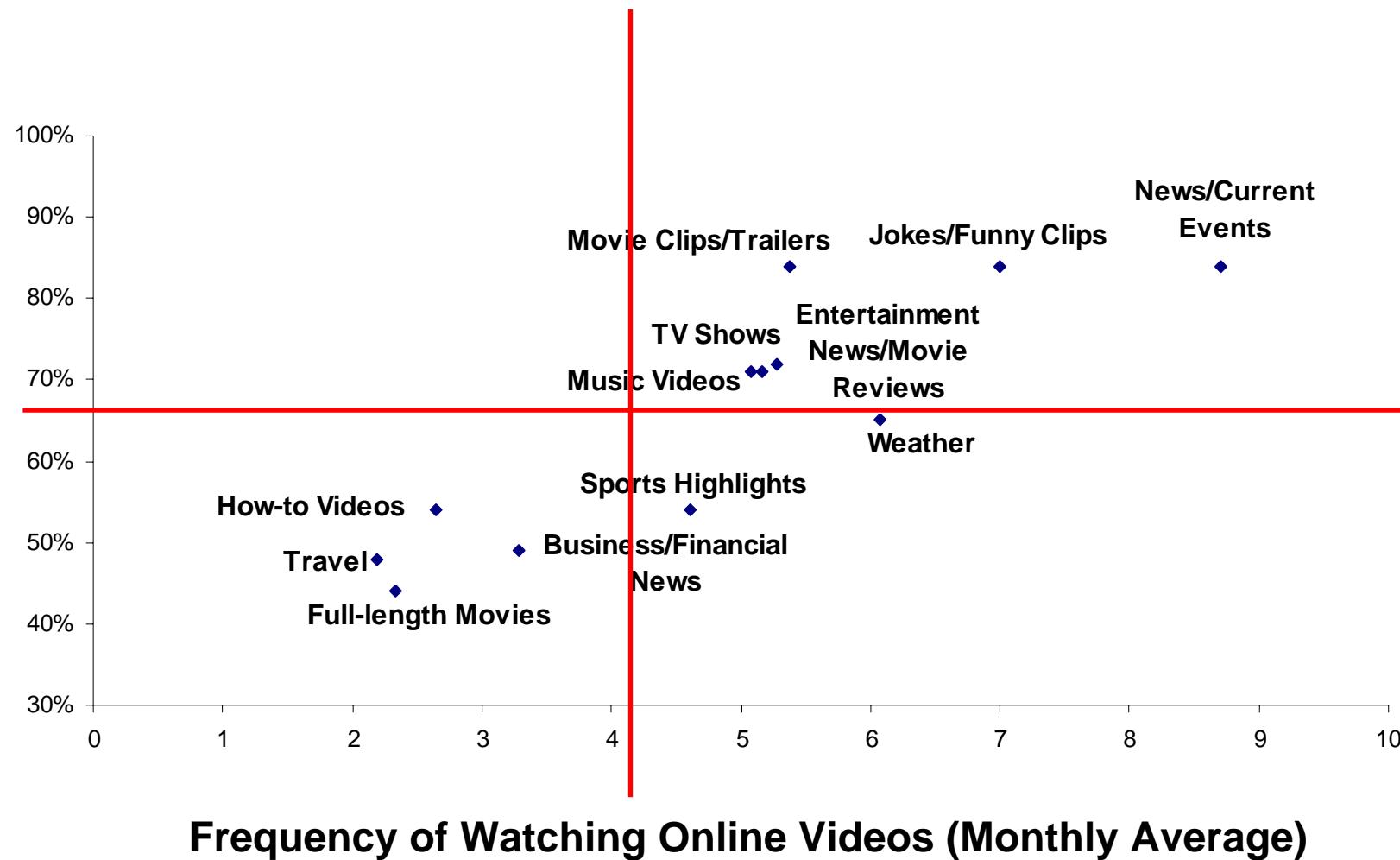


# TV, Movie and Business/Financial News Are Also Driving Interest



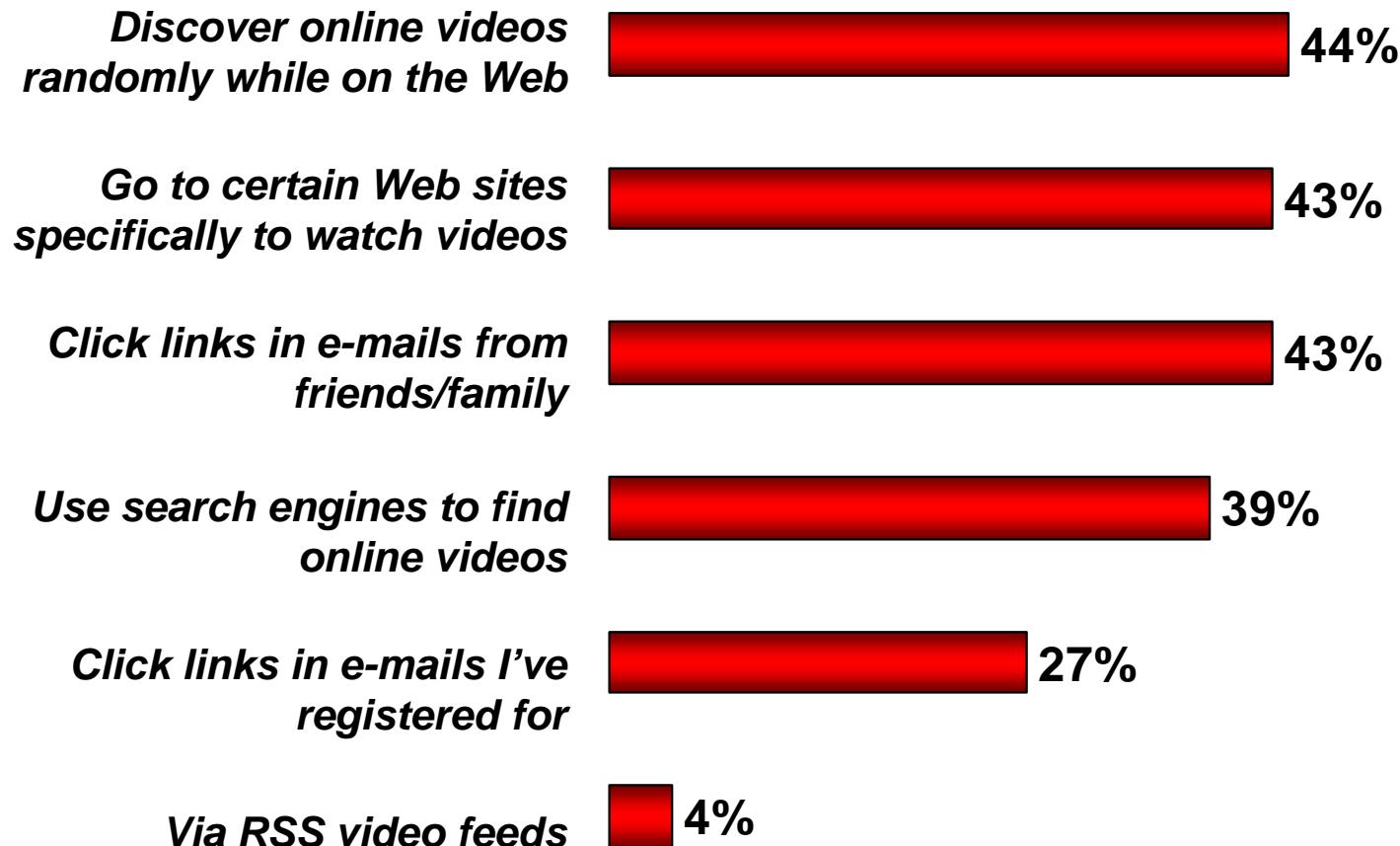
# News and “Entertainment” Reach Over 70% of Online Video Users, with about 6 to 9 Viewing Sessions a Month

Online Video Reach



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

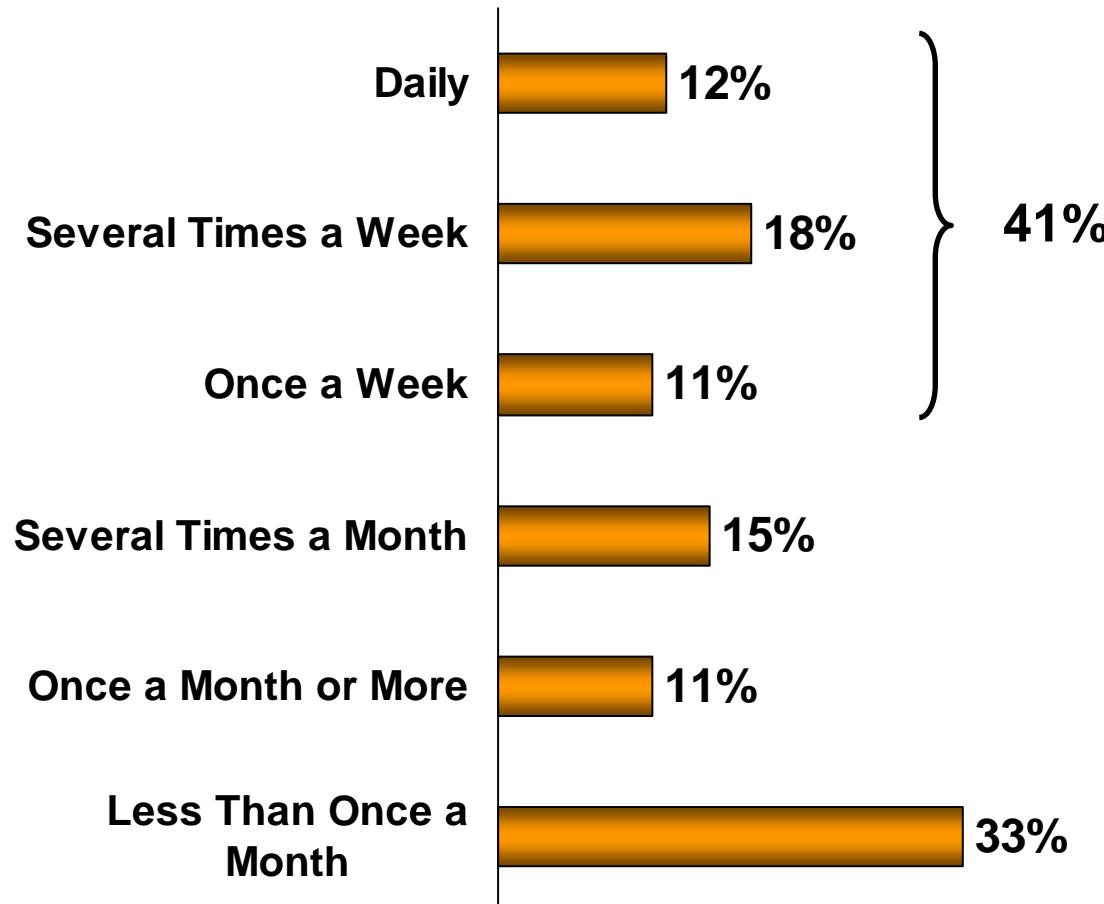
# People Actively Look for Online Videos, and also Rely on Destination Sites and E-Mail



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

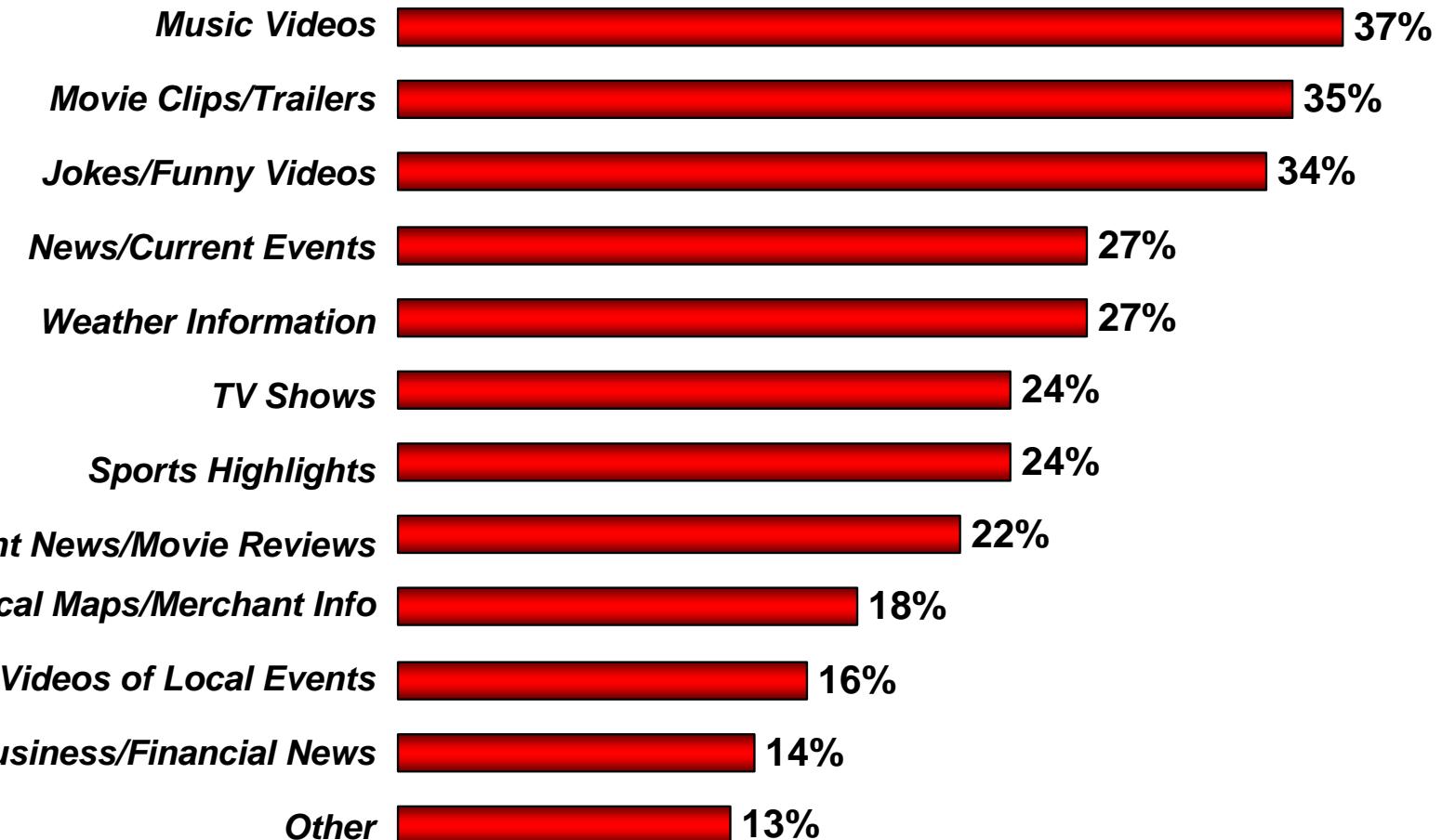
## Frequency of Watching Videos on Mobile Devices/MP3



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



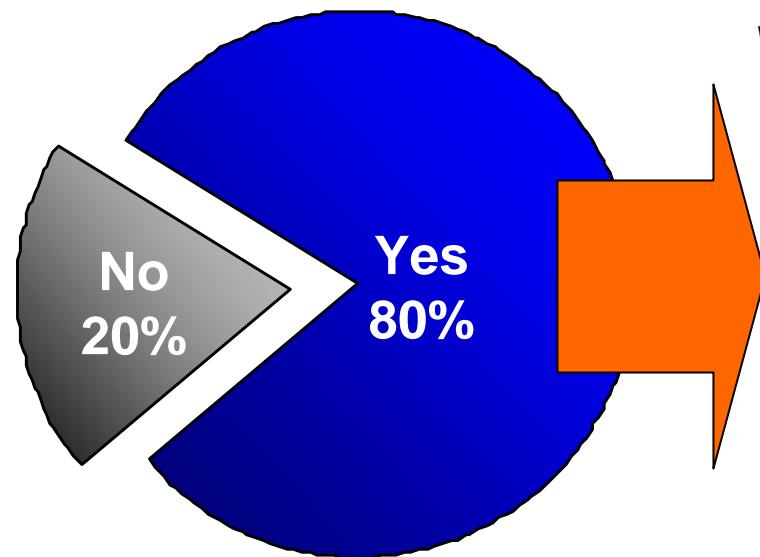
Q22: Which of the following videos/images do you watch on your cell phone or video iPod/MP3? Base: Mobile Video Viewers (n=255)

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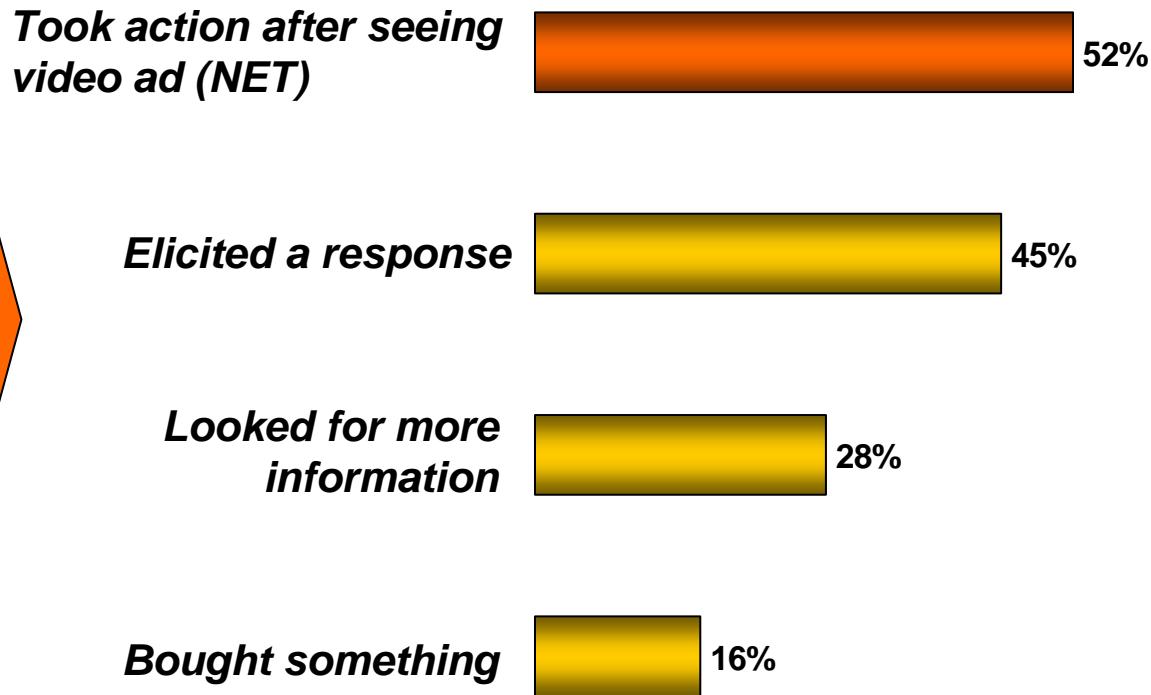
# Online Video Advertising

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

## Ever Seen Online Video Ad



## Effect of Ad Exposure

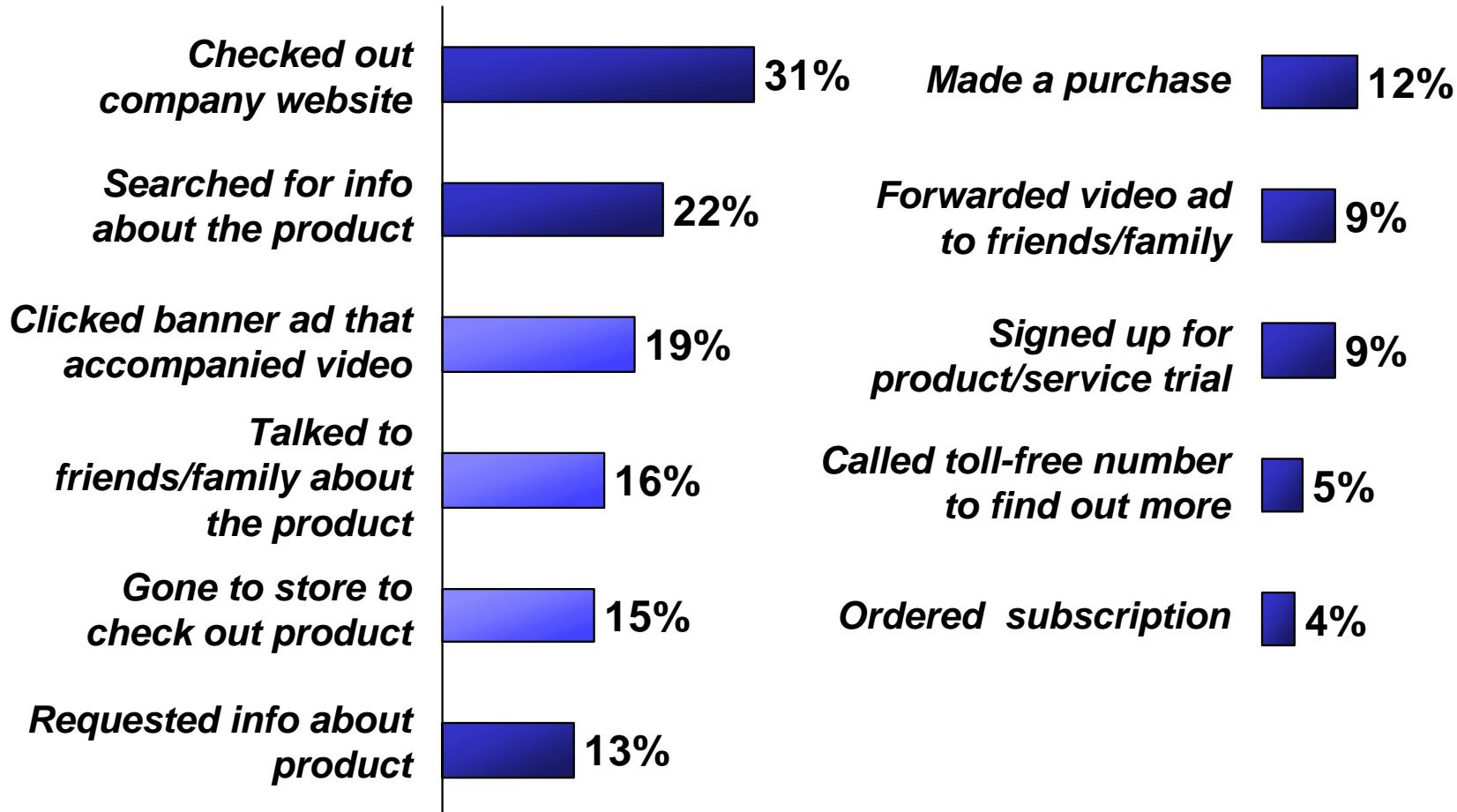


Q24: Have you ever seen a video ad on the Internet, meaning a product or service advertisement that incorporates a video clip? Base: Total Respondents (n=1422)

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)

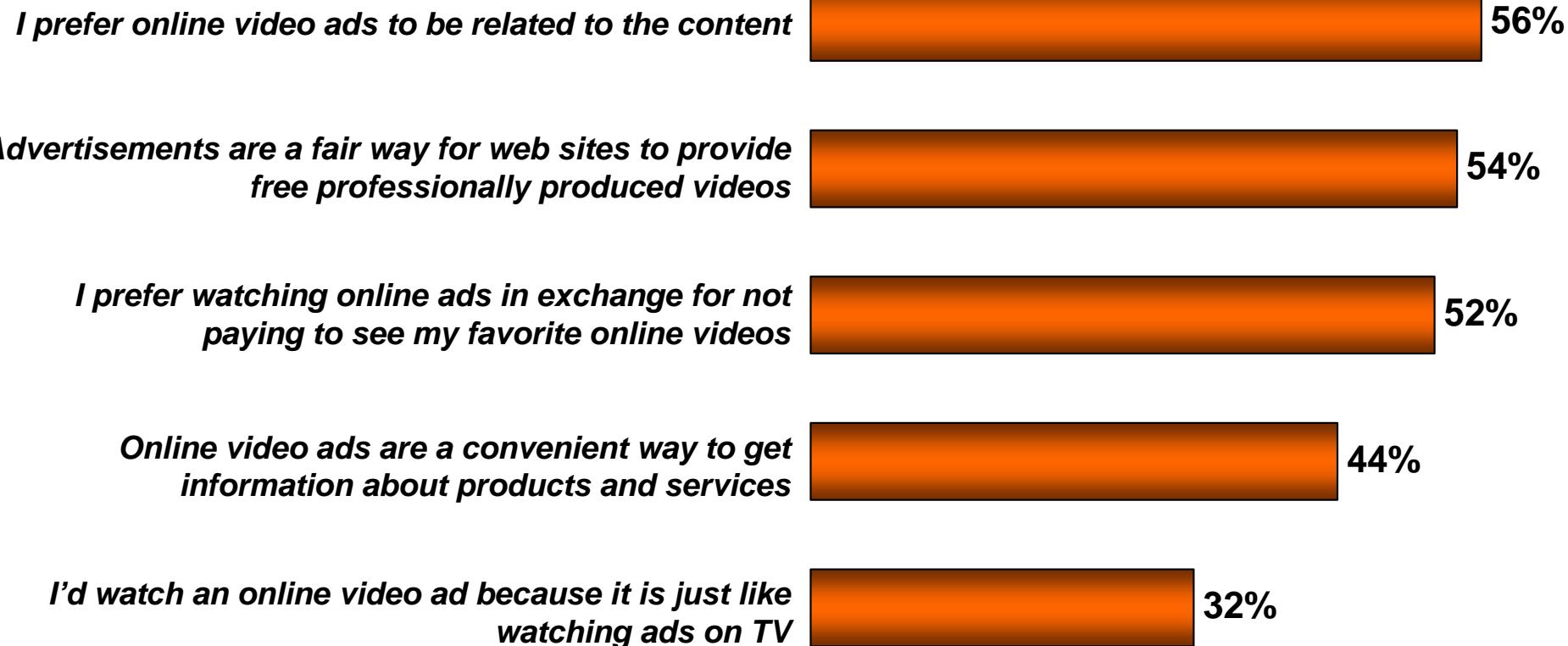
# Viewers of Videos on “Media Sites” are More Inclined to Take Action Than Portal and UGC Visitors

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)

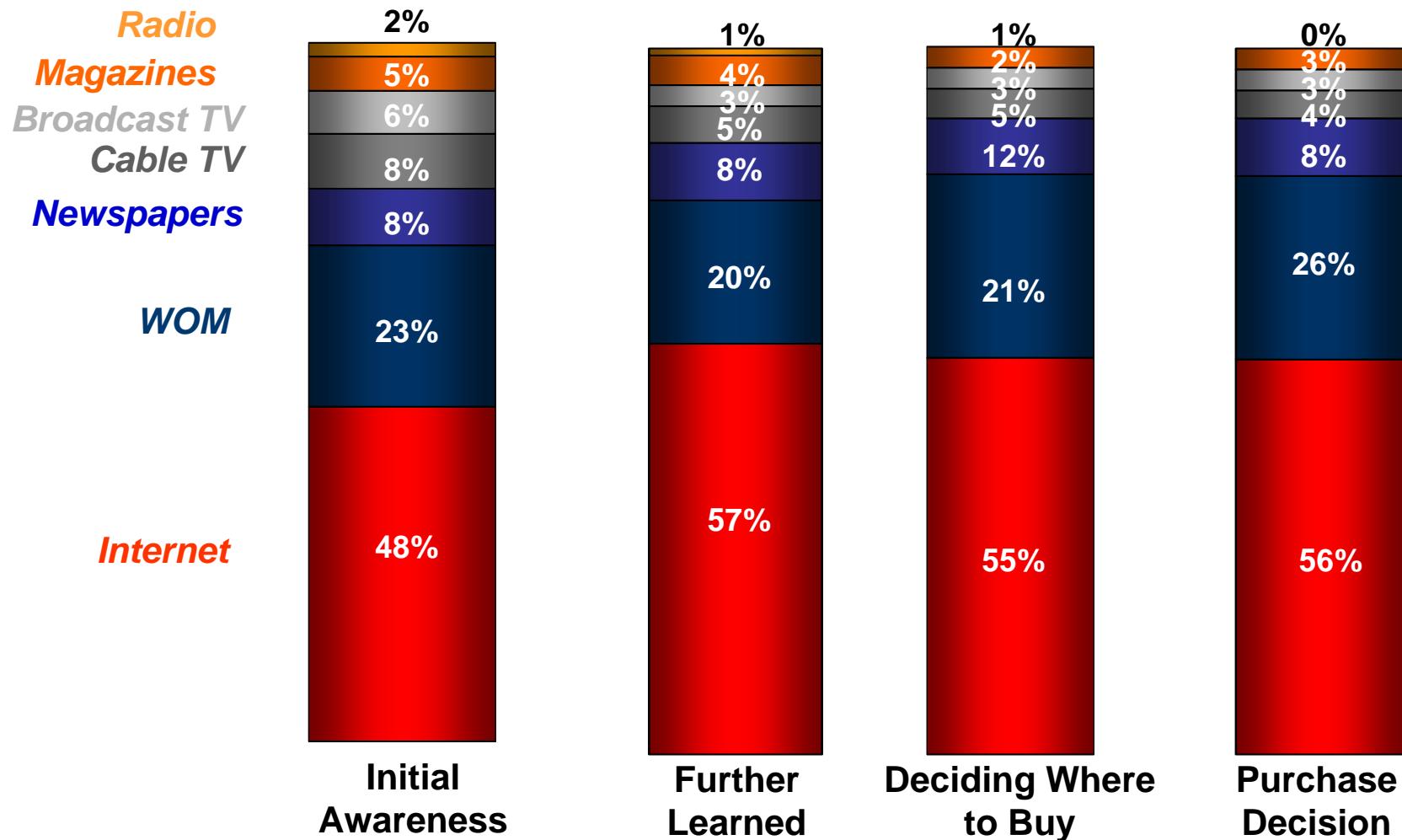


Q26: Below is a list of statements about online video ads. Please tell us how much you agree with each statement.

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# Internet's Influence On The Purchase Process

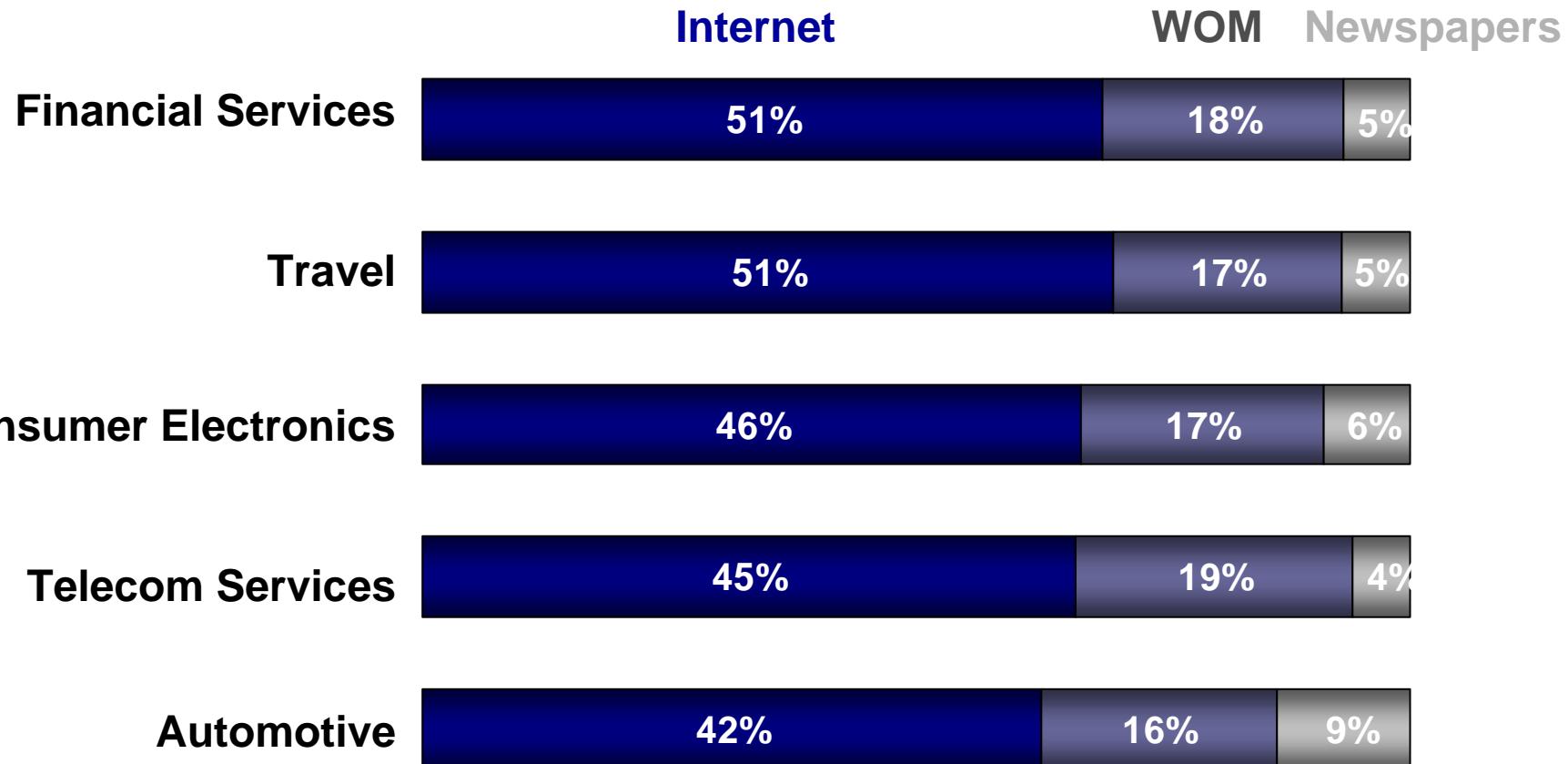
# The Internet Dominates All Other Media During the Purchase Process



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

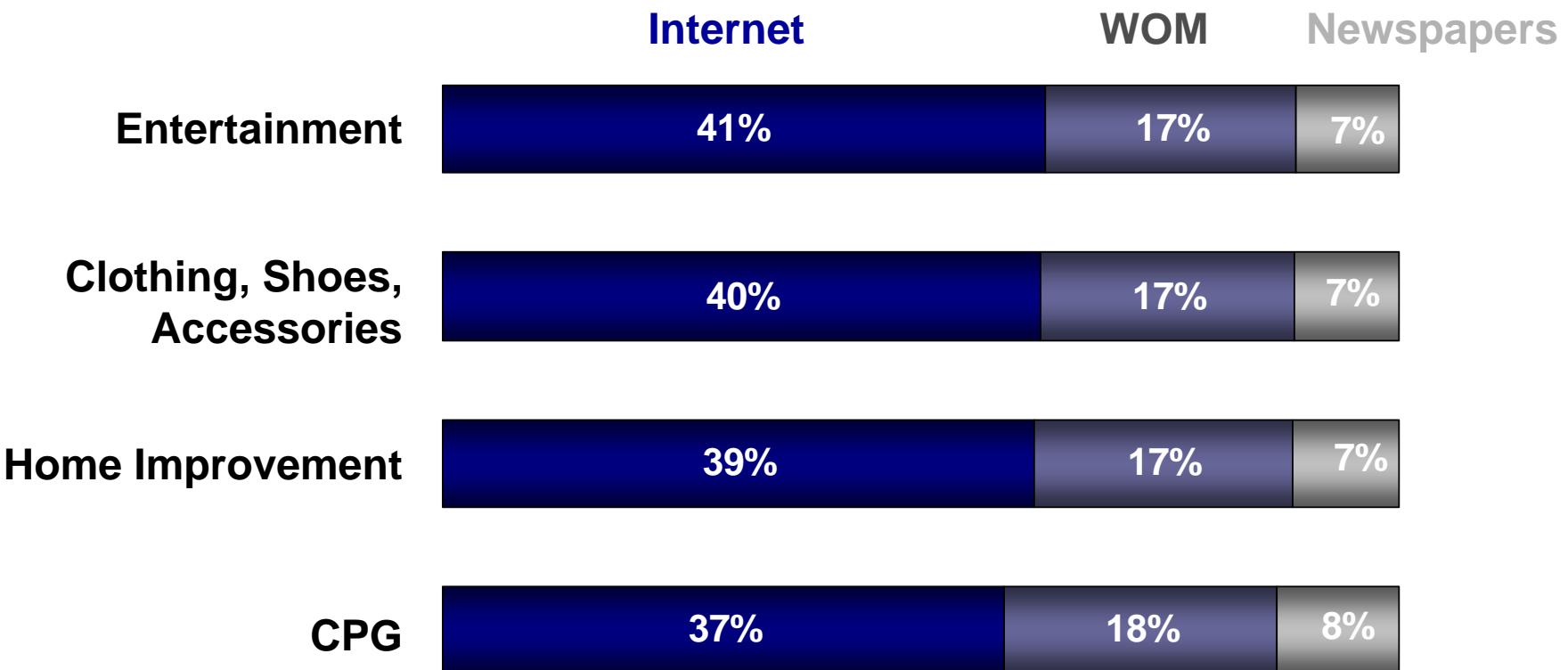
## Top 3 Purchase Influencers By Product/Service Category



\* 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>		
	<u>Under \$35K</u>	<u>\$35K - \$75K</u>	<u>\$75K+</u>	<u>Under \$35K</u>	<u>\$35K - \$75K</u>	<u>\$75K+</u>
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

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# Online Video Advertising Effectiveness

# Methodology

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- **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

THE News

search web | images | videos

Home U.S. Business World Entertainment Sports Tech Politics Science

 Go Outside And Play  
The Nation Forestry Association

**TODAY'S TOP STORY**

**Say yes to SoNo**  
AP - 29 minutes ago

Stand in the heart of South Norwalk, Connecticut, under the clattering railroad trestle on tree-lined Washington Street, and ponder the choices. Straight ahead lies the Norwalk River, the riverfront Maritime Aquarium and the outdoor deck of SoNo Seaport Seafood. Between the trestle and the river, a block of hip restaurants, high-end shops and bars bubbles well into the night. To the right, on South Main Street, is Chocologie Café, also known as heaven. Where to begin?

In heaven, of course. Denmark native Fritz

**Hitting a high note for health**  
AP - 19 minutes ago

 Keep you from fitting in your it's George's fault that I never sang. Freckle-faced, hair-licked, musical-fingered George. Starting in first grade, I sat behind him in the alto row in music class, and that remained my place for eight years of grammar school. He was Mr. Perfect Pitch, the kid who could play "Flight of the Bumblebee" on the piano. I'd open my mouth to sing, and he'd turn around and snap, "You're flat. You're flat."

"I've been workin' on the railroad..." I'd begin. "You're flat," I'd hear from the seat in front of me. Pretty early on, I learned to lip-sync. There are others like me, people who sing in the car, but only alone with the windows up — maybe quietly in church if there are several hundred other voices to hide behind. Never with any volume, mortified at the thought of being heard.

They should all get over it. Biting one out, it turns out, is good for us.

Where to belt, and with whom, can be a problem. Sure, every city has singing teachers, but what about people who aren't as much interested in learning vocal techniques as they are

**TODAY'S FEATURED ARTICLE**

**Campari tomatoes: tangy, tasty**  
AP - 29 minutes ago

 Did you know? Campari tomatoes are a variety developed by Enza Zaden, a Dutch seed company, in the 1990s. These snack-size tomatoes are vine-ripened in greenhouses and grown without pesticides, said Kari Volyn, marketing director of the Chicago-based Campari Marketing Group. They're about 2 inches wide — larger than cherry tomatoes but possessing that same tangy-sweet flavor, even in winter.

Buying tips: Camparis are sold year-round in many supermarkets. Camparis are fully developed when picked and won't ripen further. Volyn noted, so buy the best you can find. Ideally, they should be sold attached to the vine, she added, though some are packed loose in clear plastic cartons. Look for bright red skin and no bruising.

Storage hints: Don't refrigerate any tomatoes — cold temperatures diminish

**Weather**

Cloudy Wind: N at 12 mph Humidity: 9% 81°F

**Forcast**

Sat Sun Mon

Mostly Sunny Cloudy Cloudy

65° | 47° 66° | 50°

**In Other News**

**World**

**In Russia, red art turning to green**  
AP - 34 minutes ago

**Technology**

**Time Warner, Fon in Wi-Fi joint deal**  
AP - 34 minutes ago

**How computers read the markets**  
AP - 1 hour, 1 minute ago

**Entertainment**

**Earth the new star as green fills screen**  
AP - 34 minutes ago

**Hollywood's hottest lunch spot?**  
AP - 1 hour, 1 minute ago

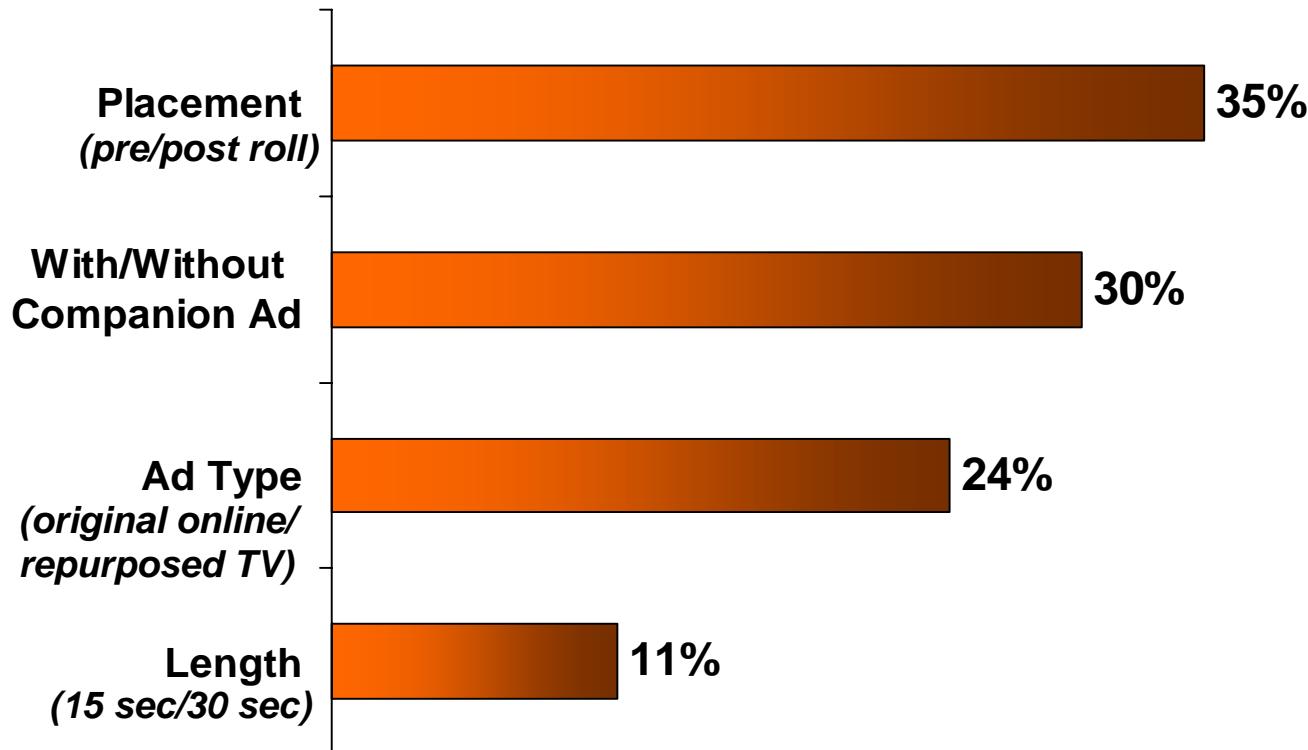
theNews © All rights reserved

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# Unaided Awareness

# Ad Placement and Accompanying Ads Drive Awareness

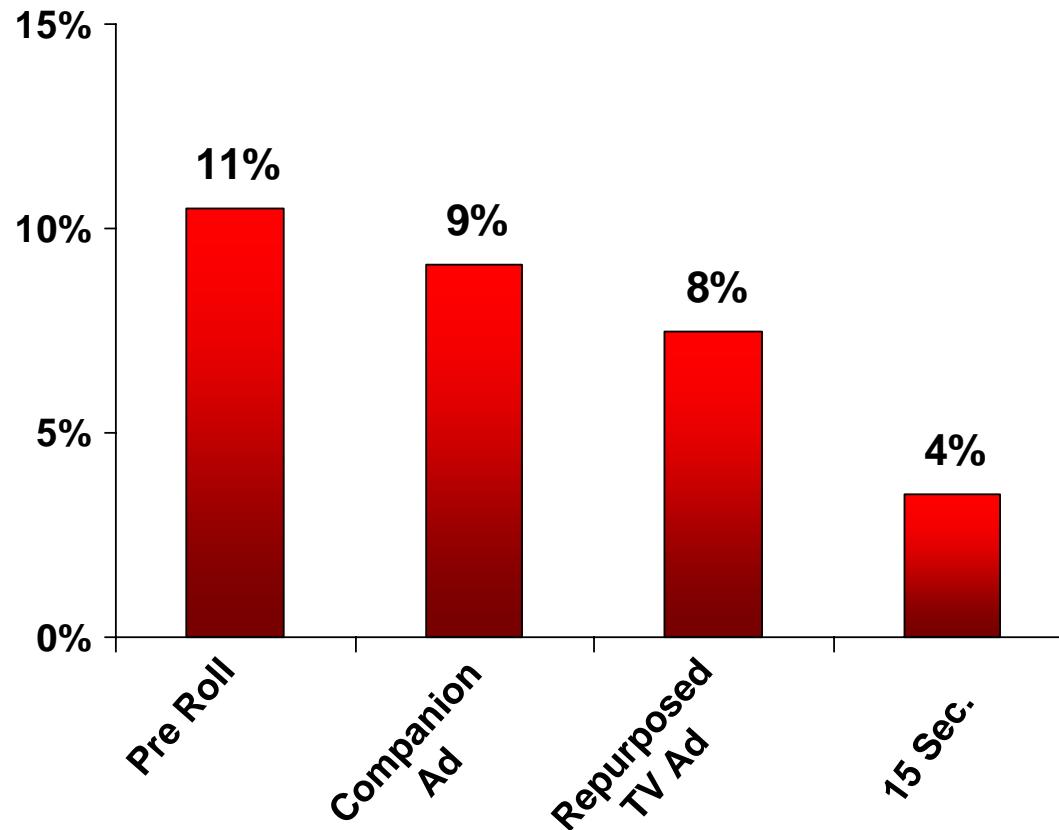
Relative Importance on Unaided Awareness  
(controlling for brand/product effects)



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)



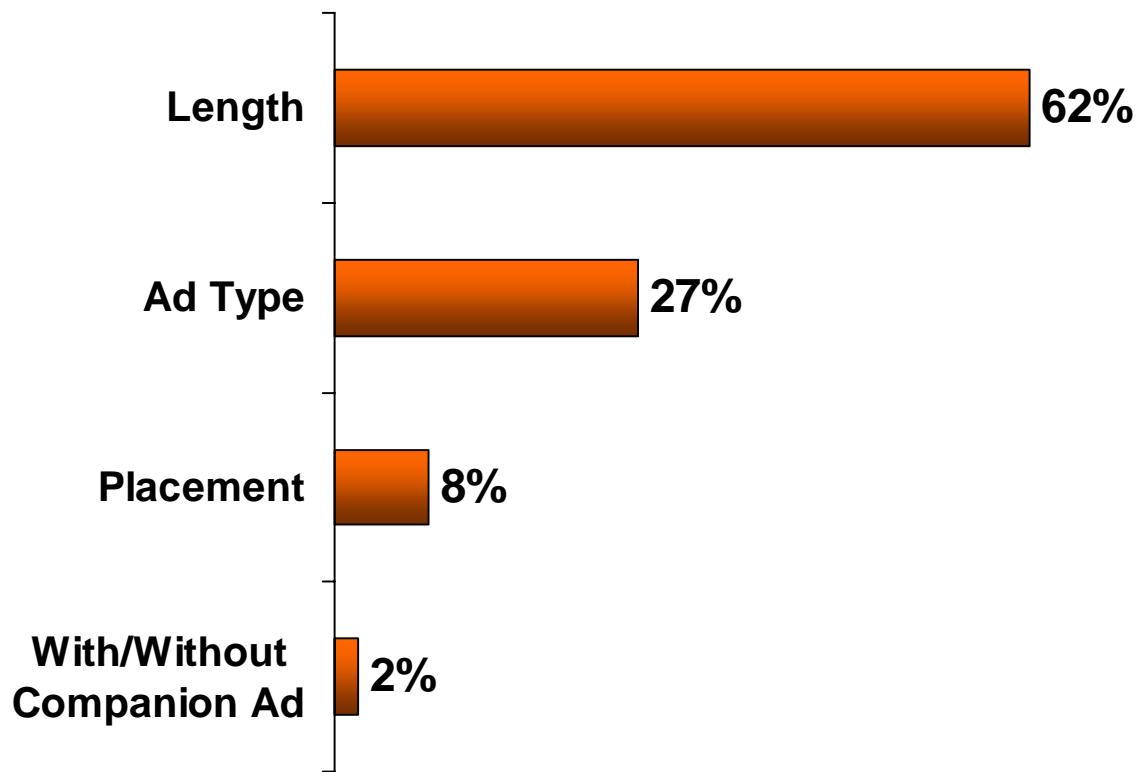
Q36b. Who was the advertiser in this ad?

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# Engagement: Ad Likability & Relevance

# Ad Length and Ad Type Drive Likability

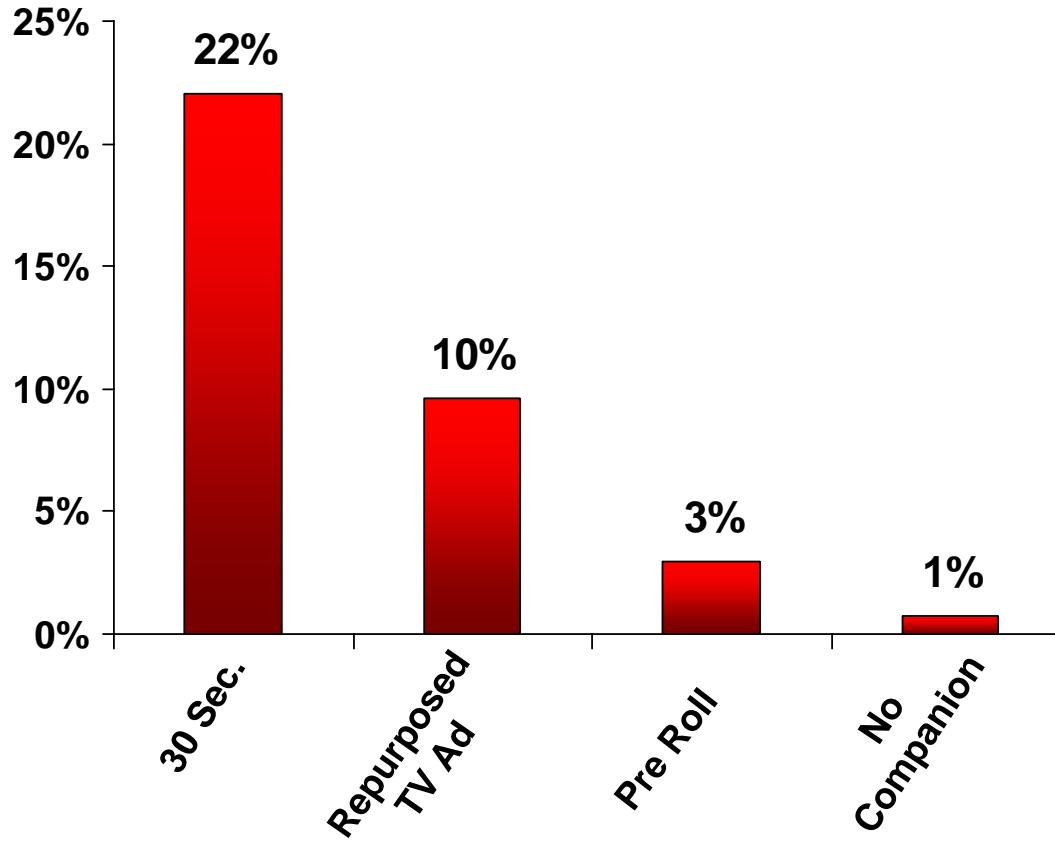
Relative Importance on Ad Likability (Top2 Box)  
(controlling for brand/product effects)



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

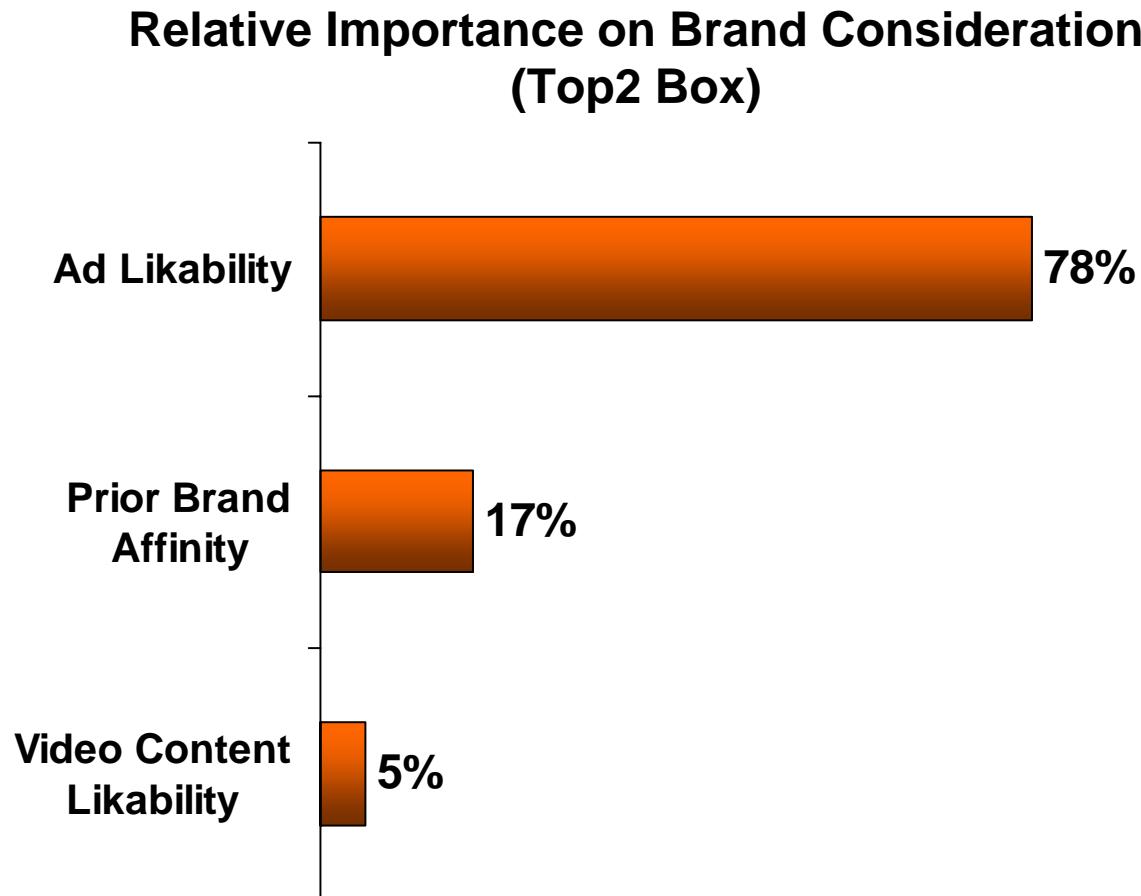
# 30 Second Ads Drove Ad Likability

**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

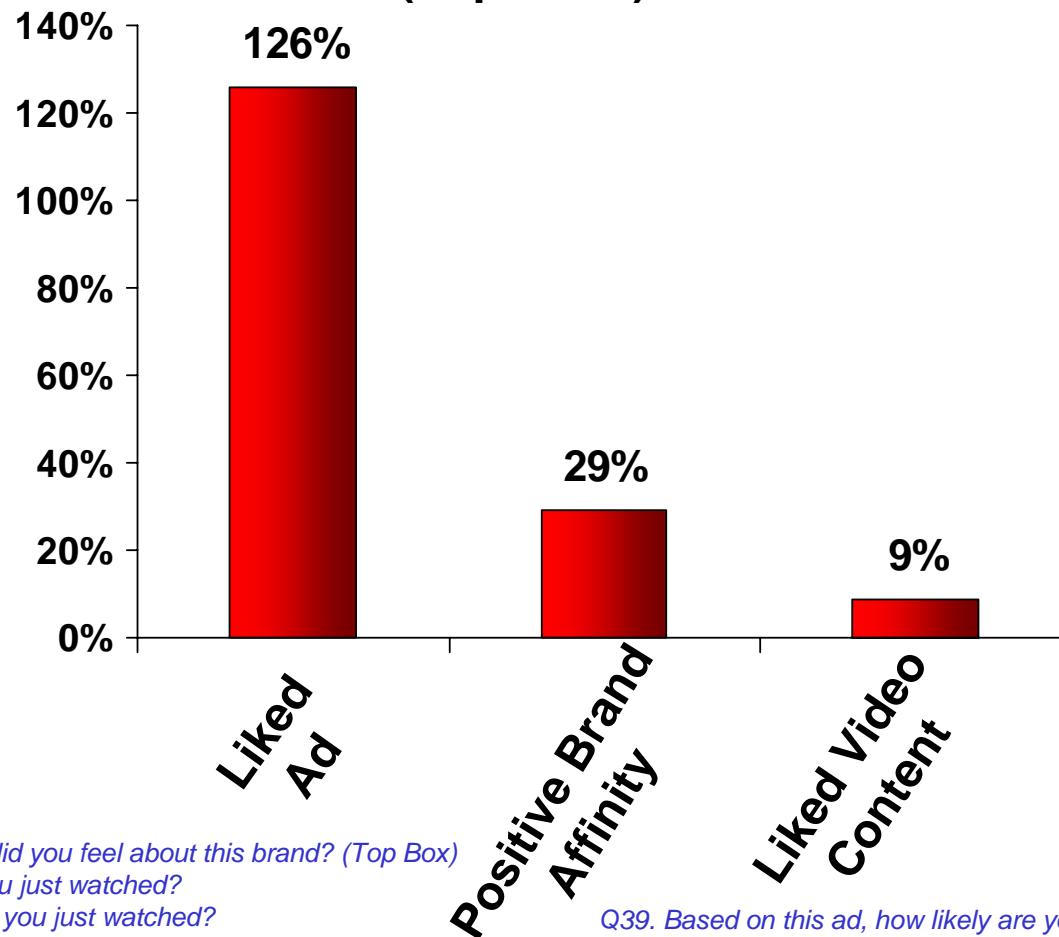


Q39. Based on this ad, how likely are you to consider this product/service?

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)



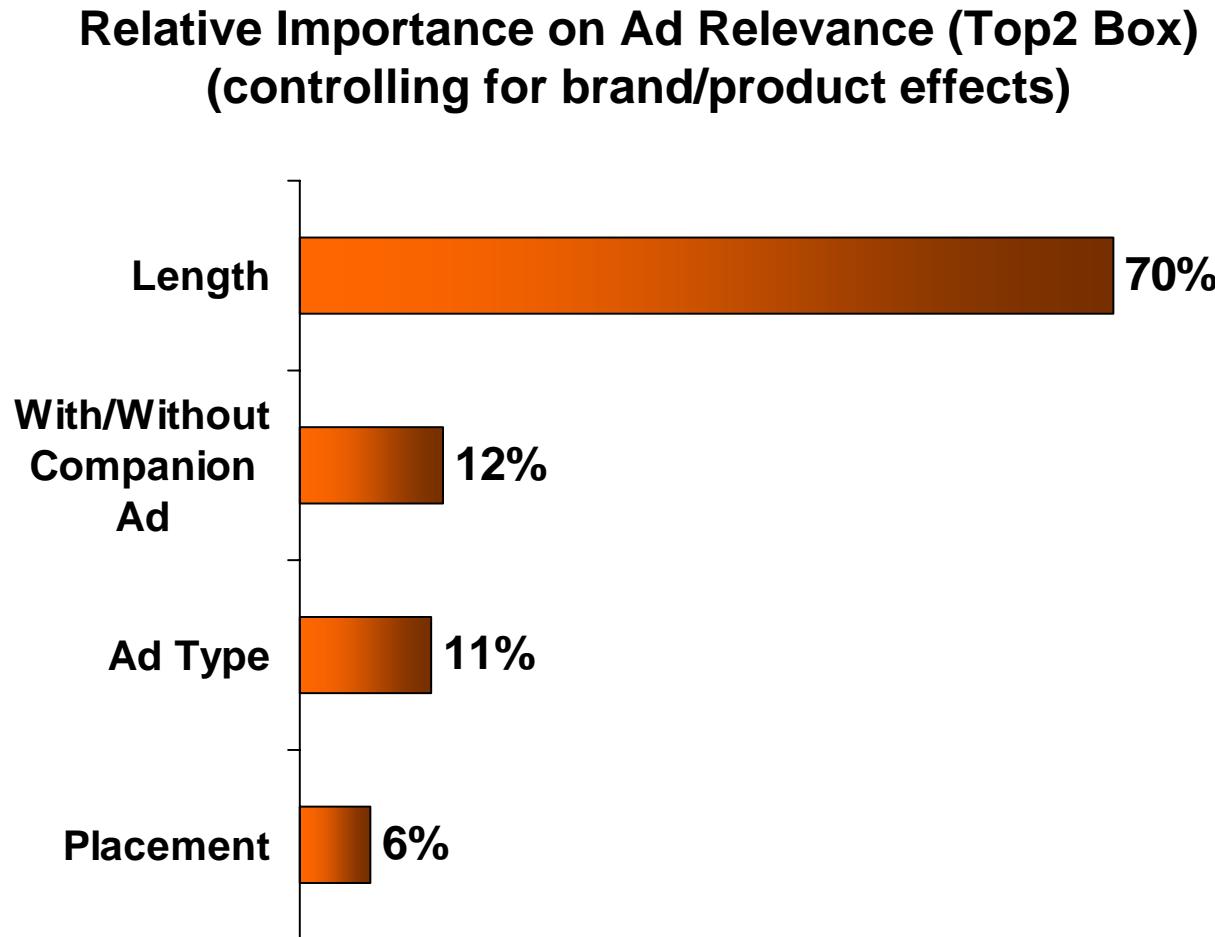
Q43. Before you saw this ad, how did you feel about this brand? (Top Box)

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?

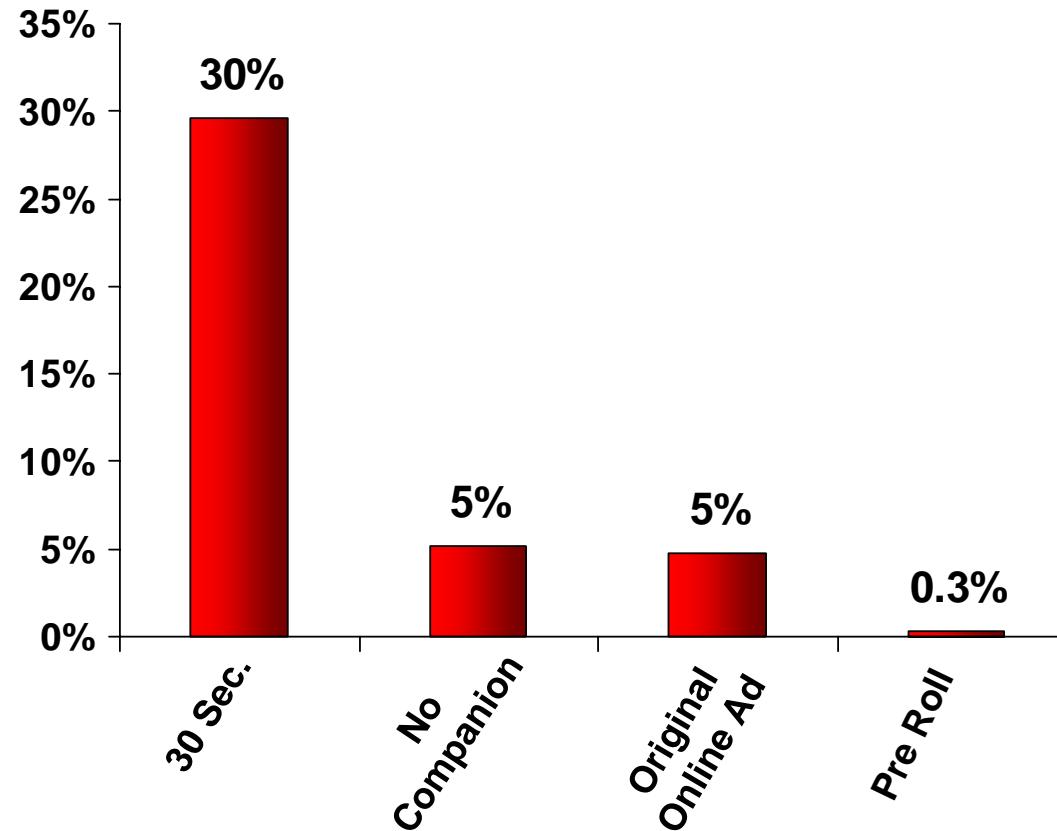
# Strong Correlation Between Length and Perceived Relevance



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)



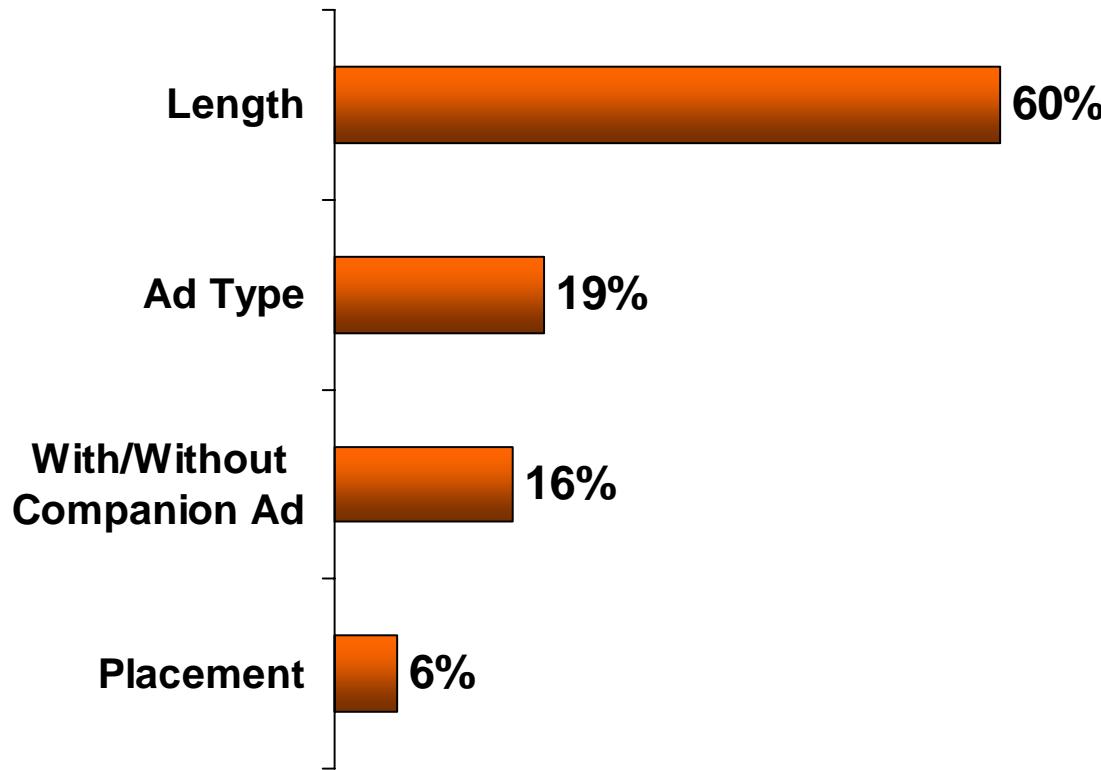
Q41. How relevant would you say this ad is to you?

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# Brand Consideration

# Ad Length Drove Brand Consideration

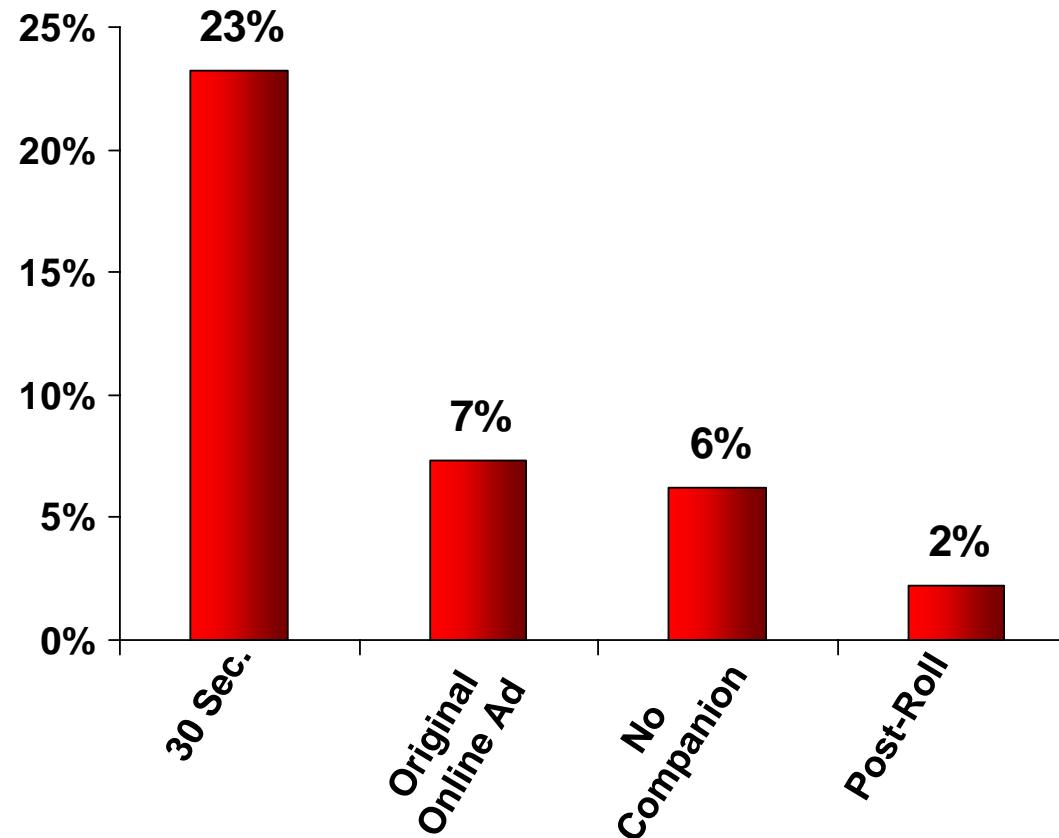
Relative Importance on Brand Consideration (Top2 Box)  
(controlling for brand/product effects)



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

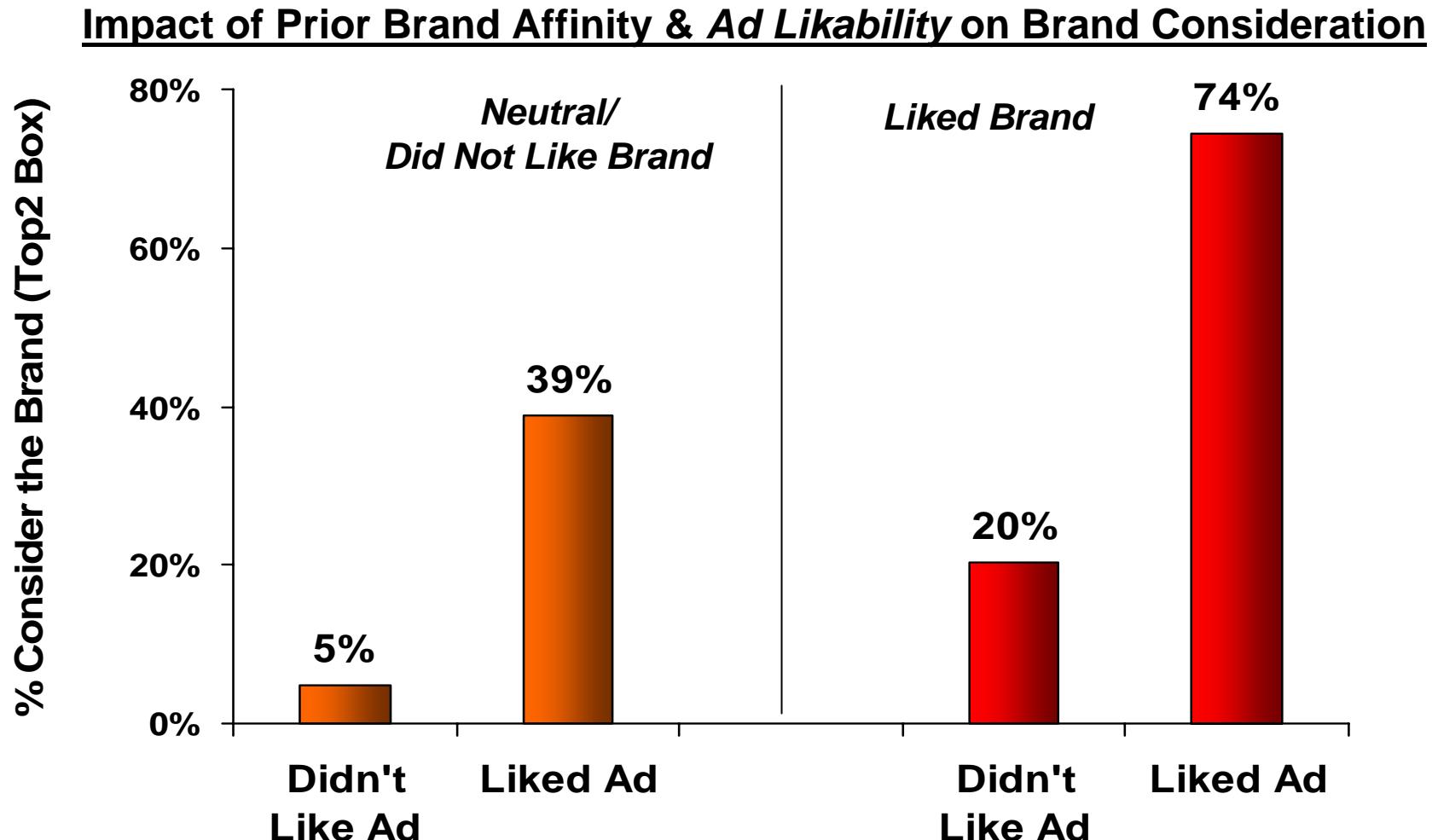
# 30's Were the Clear Factor in Driving Brand Consideration

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?

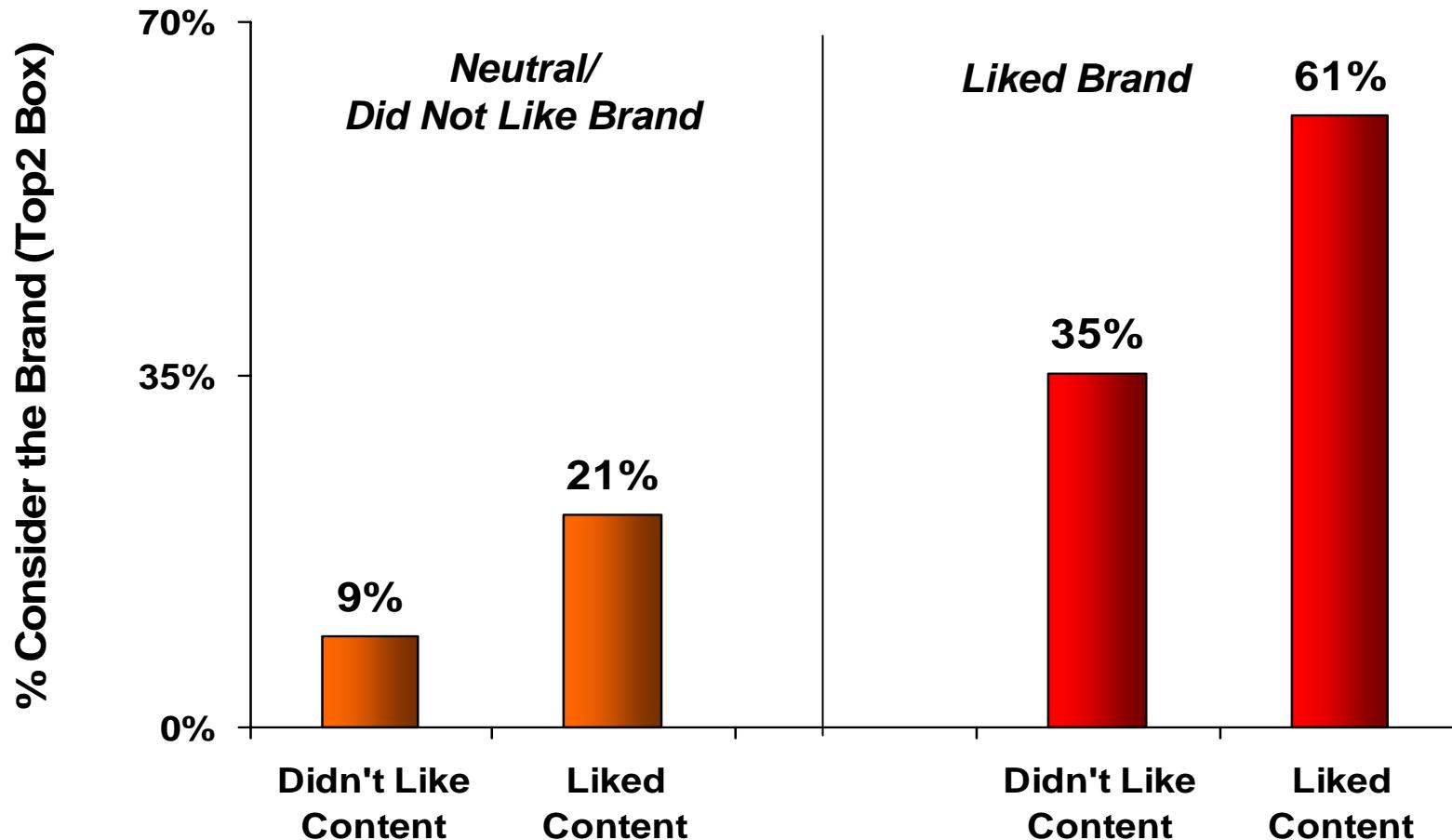
# Prior Brand Connection Combined With Affinity Of The Ad Most Strongly Correlate With High Brand Consideration



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