

# THE FUTURE OF DIGITAL VIDEO

*by Rich Sutton  
Chief Revenue Officer,  
Trusted Media Brands, Inc.*

Here's how good my crystal ball is. The first time I saw YouTube, I knew it would be a runaway hit. But Facebook? I just didn't get it.

Fast forward to today. Instead of trusting my gut, we did some reporting to get real answers. We asked hundreds of media executives not just for their opinions, but where they will be spending their digital video ad dollars this year.

Three hundred (300) media executives told us where they thought they'd be placing their digital video ad dollars in the coming year. These respondents are all members of the Advertiser Perceptions Omnibus Panel and are all involved in media brand selection decisions for digital/online, mobile, TV or print advertising.

The biggest surprise to anyone like me who ever doubted Facebook — in our survey 65% of marketers think social platforms are the most important media for digital video campaigns. It's really an "oh wow" moment.

## TOPICS WE EXPLORED

**Which video distribution platforms are used most by advertisers?**

**Will there be a consolidation of platforms?**

**How important is Programmatic in digital video?**

**What do advertisers think of the "play automatically in browser view" video model on Facebook?**

**Where do advertisers stand on newer innovations like Live Stream video?**

**What about platforms like Snapchat—business model or fad?**

**What is advertiser sentiment regarding short form and micro video commercials?**

**How much branded video will be used versus other formats?**

## THE KEY INSIGHTS

The overall findings of the survey give publishers, buyers, planners and anyone involved with digital video a strong sense of what's to come in the next six to twelve months.

- **BUDGETS ARE RISING:** One-quarter of total ad budgets are going to digital video, and this will increase
- **PROGRAMMATIC WILL DRIVE AT LEAST A THIRD OF SPEND**
- **SOCIAL TO SURPASS VIDEO PLATFORMS AS TOP DISTRIBUTION PARTNER:** While video platforms are favored by 59% of all respondents, marketers rate social as by far the most important (65%)
- **LIVE STREAM IS ON THE RADAR AND IS LIKELY TO SEE INCREASED ADVERTISER INVESTMENT**
- **BRANDED CONTENT TO FLOURISH—LEAST OPTIMISM FOR BANNERS**
- **LESS WILL BE MORE...IMPACT:** Short-form video is most popular and use of micro video likely to grow
- **IN-STREAM AUTO-PLAY IS GAINING ACCEPTANCE**

## BUDGETS FOR DIGITAL VIDEO ARE RISING

*The sentiment regarding the use of digital video in campaigns ranges from bullish to very bullish. 65% of agency respondents see an increase in use of digital video in the next 12 months.*

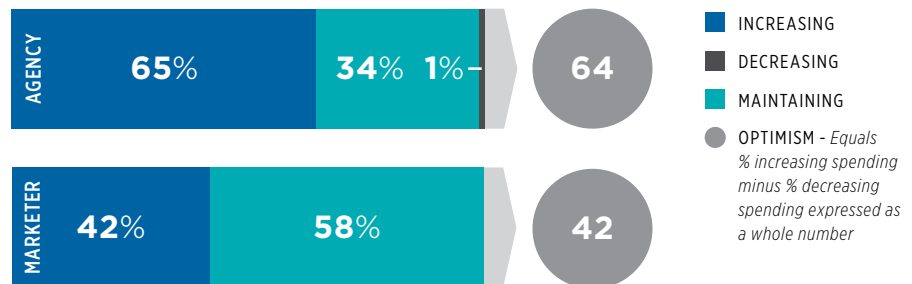
### DIGITAL VIDEO ADVERTISING OPTIMISM

**AVG. AMOUNT OF BUDGET ALLOCATED TO DIGITAL VIDEO**  
*Average of Respondents*

AGENCY  
**26%**

MARKETER  
**24%**

**DIGITAL VIDEO ADVERTISING OPTIMISM**  
*Percent of Respondents*



Q. What percent of your overall advertising budget is currently allocated to digital video?  
 Q. How will your allocation to digital video advertising change over the next 12 months?  
 Base: Involved in Digital/Mobile Advertising

## DIGITAL VIDEO TRANSACTED PROGRAMMATICALLY WILL DRIVE 32% OF THE SPEND

eMarketer reports programmatic display hitting 63% in 2016. Programmatic video isn't too far behind. Agency executives are particularly optimistic with 51% of those we spoke to saying they saw increases ahead for digital video.

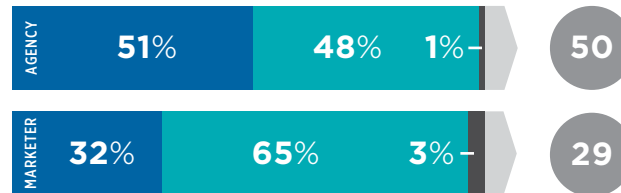
### PROGRAMMATIC OUTLOOK

**AVG. DIGITAL VIDEO SPEND  
TRANSACTED PROGRAMMATICALLY**  
Average of Respondents

AGENCY  
**31%**

MARKETER  
**33%**

**PROGRAMMATIC DIGITAL VIDEO OPTIMISM**  
Percent of Respondents



**INCREASING**  
**DECREASING**  
**MAINTAINING**

OPTIMISM - Equals % increasing spending minus % decreasing spending expressed as a whole number

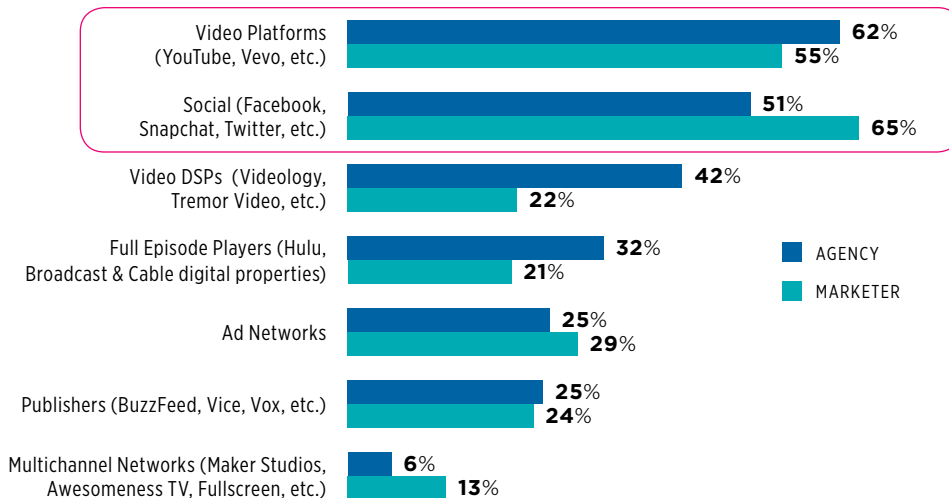
- Q. What percent of your digital video spending is transacted programmatically?
  - Q. How will your allocation of digital spending transacted programmatically change over the next 12 months?
- Base: Involved in Digital/Mobile Advertising

## YOUTUBE TO TAKE A BACKSEAT TO SOCIAL AS A PREFERRED PLATFORM FOR DIGITAL VIDEO DISTRIBUTION

Marketers give social platforms a 10% lead. Facebook, the video leader. We have a couple of hunches on why. Stay tuned.

### PREFERRED PARTNERS FOR DIGITAL VIDEO CAMPAIGN

Percent of Respondents (Sorted by Total)



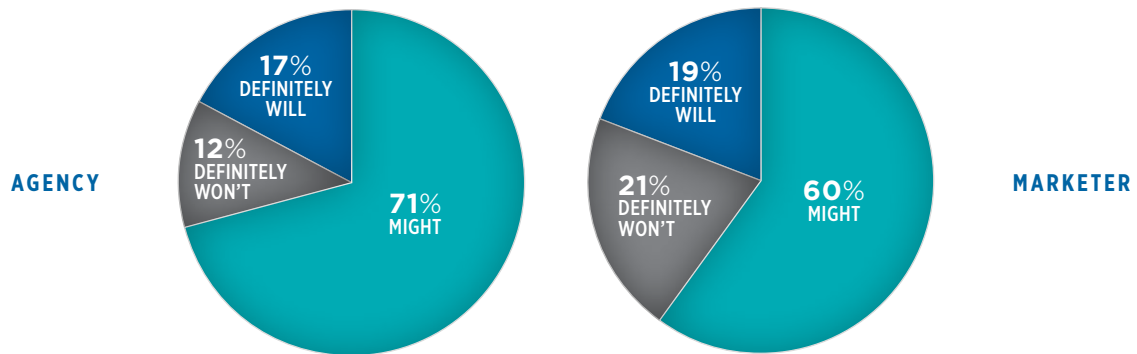
Marketers see social as by far the most important platform for digital video (65% rated social most important followed by 55% for video platforms). Among total respondents however, video platforms (YouTube, Vevo, etc) were rated most important by 59%, with social closely following (56%). All data points to social soon dominating the landscape. Video DSPs (34%), Full Episode Players (Hulu, Broadcast and Cable Digital Properties) (28%) and Ad Networks (28%) fall next down the list.

- Q. Who are the most important partners when planning a digital video campaign?
- Base: Involved in Digital/Mobile Advertising

## COULD FACEBOOK LIVE BE THE REASON?

While both Facebook and YouTube have “live” offerings for consumers, Facebook Live has struck a chord with millennials and Gen X alike. Is this giving Facebook a perceived leg up in the video platform race? In our survey, live stream is on the radar. Among total respondents, 18% will definitely use live stream video advertising in the next year and a full 71% say they “might”—Facebook Live and YouTube live are most likely to be considered.

### WILLINGNESS TO INVEST IN LIVE STREAM VIDEO

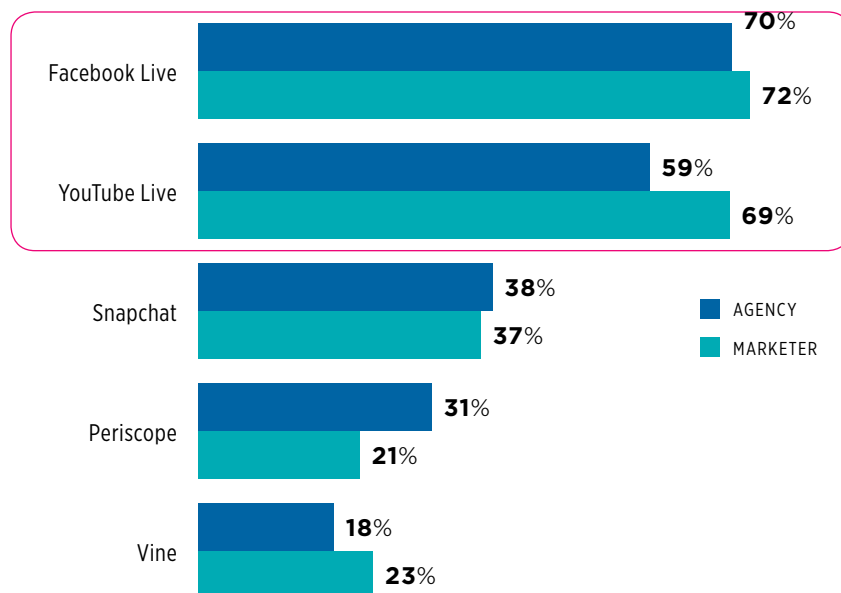


Q. How likely are you to invest in live stream video advertising in the next 6 months?

Base: Involved in Digital/Mobile Advertising and deciding or investing in Live Stream Video Advertising

### PLATFORM CONSIDERATION FOR LIVE STREAM VIDEO ADVERTISING

Percent of Respondents (Sorted by Total)



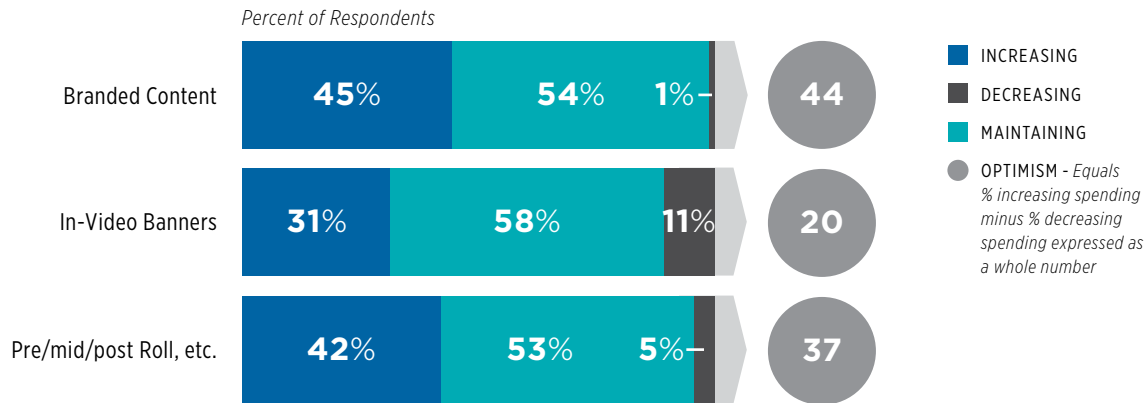
Q. Which of the below platforms would you consider?

Base: Involved in Digital/Mobile Advertising and Might/Definitely Would Consider Live Stream Video Advertising in Next 6 Months

## BRANDED CONTENT LEADS THE WAY

Consumers will be happy to know that even marketers are blocking in-banner video! In comparing formats, branded content was most likely to see increased investment in the next 12 months (45%), and is also the format with the lowest likelihood to see a decrease in spending (1%), compared to pre-mid-post roll advertising and in-video banners.

### OPTIMISM FOR DIGITAL VIDEO TYPES

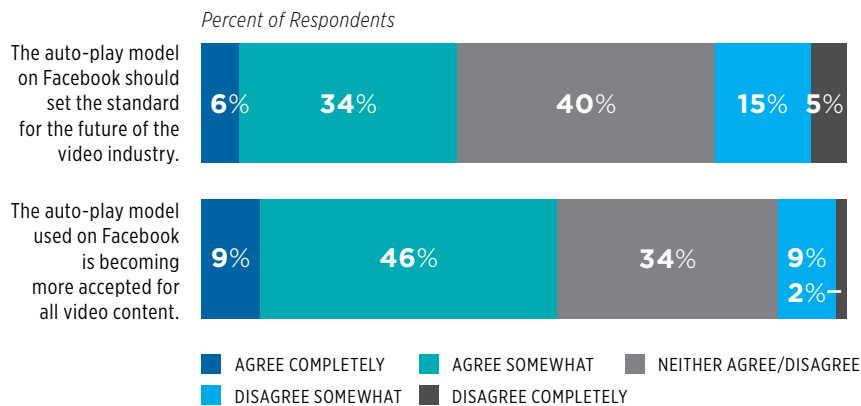


**Q.** How do you expect your spend on each of the following to change within your digital video budget over the next 12 months?  
 Base: Involved in Digital/Mobile Advertising and excluding 'N/A/Do not use/plan to use'

## THE FACEBOOK “AUTO-PLAY” DEBATE. IN-STREAM AUTO-PLAY OR NOT?

I've gotten a myriad of reactions in the industry to in-stream, auto-play, sound-off video. Opposition seems low, and some buyers are of the mind that consumers are “too lazy” to click and it's the best shot at exposure. How does the buying community feel?

### FACEBOOK'S AUTO-PLAY VIDEO MODEL



**Q.** What is your level of agreement with the following statements?  
 (1 = Disagree completely; 5 = Agree completely)

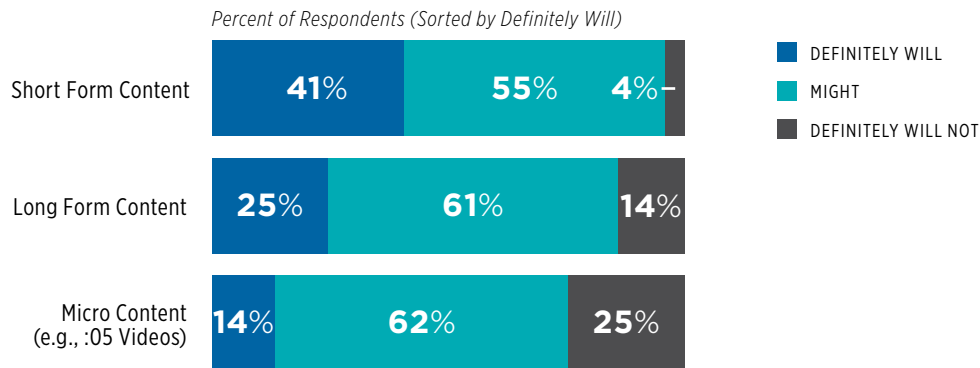
Base: Involved in Digital/Mobile Advertising

Yet consumers are not so keen. A quick poll among our own audience at Trusted Media Brands revealed that six in ten don't like auto-play videos, citing negative impact on the user experience (i.e. lack of control, sound is intrusive). Yet another 20% are neutral and 19% actually like them.

## CAN I RUN MY 30 SECOND TV SPOT ONLINE?

*Turns out that less is more when it comes to impact. Forty-one percent will definitely be running short form video content in the next year compared to 25% who will run long form. Micro content (e.g. five second videos) could be on the rise with 14% definitely running micro-videos and another 62% who say they might. Reasons include better fit with short form content, more consumer attention and appeal, and the fact that shorter videos are more likely to be completely viewed.*

### MICRO VS. SHORT VS. LONG FORM CONTENT



### REASONS DEFINITELY WILL OR MIGHT RUN MICRO CONTENT

“ From a consumer standpoint, I really like it. I plan to invest further in the mediums that reach my age group and Generation Z.   
- Marketer CEO ”

“ I think micro content is going to be the marketing view of the future with more.   
- Marketer Manager ”

“ Costs less to create and better to have more content that briefly stops a consumer on social.   
- Agency Director ”

“ It’s an effective way for us to promote brand recognition and awareness.   
- Marketer Manager ”

“ Audiences are more receptive, better native fit running next to short form content.   
- Agency VP Level ”

“ Shorter content appeals to consumers and is more likely to be completely viewed.   
- Agency VP-Level ”

**Q.** How likely are you to run micro vs. short form vs. long form content in next 12 months?  
Base: Involved in Digital/Mobile Advertising

**Q.** You indicated that you definitely will or might run micro content. Can you explain why you will use this form of content?  
Base: Involved in Digital/Mobile Advertising and Definitely or Might run Micro content

## SUMMARY

We can count on more dollars moving into digital video, and social platforms continuing to drive innovation. The trends favor the consumer appetite for shorter content with micro video and branded content on the rise. Consumers should be happy because they will get their video

where they already like to go—on social. It seems the genie is not going back in the bottle on in-stream, auto-play video, and we can thank Facebook for that. We think this one however, might not make consumers so happy. At least, not until they get used to it.

### ABOUT ADVERTISER PERCEPTIONS

Advertiser Perceptions is the world leader in providing media company executives with the research-based advertiser insight and guidance necessary for producing superior advertiser experiences. The company specializes in determining, analyzing, communicating and applying what advertisers think — their plans, opinions and motivations.

### ABOUT THE AUTHOR

Rich Sutton is Chief Revenue Officer, Trusted Media Brands, Inc. Sutton has over 25 years of experience in management, marketing, start-ups, turnarounds and working to grow world-class brands.

Sutton's work with brands has been recognized by Ad Age, Forbes, AAAA, Adweek and many industry publications. He's a published author (Best Practices in Branded Entertainment — for the ANA) as well as the recipient of numerous online and marketing awards. Contact: Rich.Sutton@tmbi.com

### ABOUT TRUSTED MEDIA BRANDS, INC.

Trusted Media Brands, Inc. (formerly known as The Reader's Digest Association, Inc.), is a visionary, brand-driven multiplatform media company whose portfolio of iconic properties and products include Taste of Home, the world's largest circulation food media brand; Reader's Digest; The Family Handyman, America's leading source for DIY; a suite of highly targeted brands including Birds & Blooms, Country, Country Woman, Farm & Ranch Living and Reminisce; and digital properties which include EnrichU, the Taste Community and Haven Home. Trusted Media Brands, Inc. reaches active consumers who genuinely connect with our blend of uplifting and enduring expertly-curated family, food, health, home improvement, finance and humor content – digitally, via social media, magazines and books, and events and experiences. Founded in 1922 by DeWitt Wallace as The Reader's Digest Association, Inc., one of the first user-generated content publishers, Trusted Media Brands, Inc. is headquartered in NYC. For more information visit TMBI.com.

