

SOCIAL CRACKS THE DIGITAL VIDEO CODE

Facebook
Emerges as the
Top Partner
for Digital Video
Advertising

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Fake news is changing the digital landscape for brands, #ShiftHappens. There is no doubt that we are living in a different era where newspapers, radio and television have taken a backseat to online influencers and now, fake news. The average life expectancy of a brand was once 75 years. It's now only 15 and that is largely driven by this seismic shift in media.

In 2017, there will be winners and there will be losers. What we see is the winners are demanding their messaging runs in brand-safe and transparent environments so their brand doesn't get tarnished in the current media melee. Despite this upheaval around brand safety, fake news and audience accountability on digital platforms, the one unwavering truth is this: consumer appetite for video and premium content is immense and the race to capitalize on it is on.

The landscape is all a blur. YouTube and Hulu have entered the TV business with their live streaming services; the OTT behemoths, Amazon and Netflix are doubling down on original programming and content acquisition to lure younger consumers and cord cutters; and social networks, once the place to share with friends, are now leading hubs for news and entertainment, garnering millions of video views daily. How are buyers deciding where to invest their video advertising budgets?

As part of our ongoing series of insights into the dynamic shifts in the media landscape, Trusted Media Brands fielded its fourth wave of industry research to find out. We engaged over 300 agency and marketer decision-makers from the Advertiser Perceptions Omnibus Panel who shared their views.

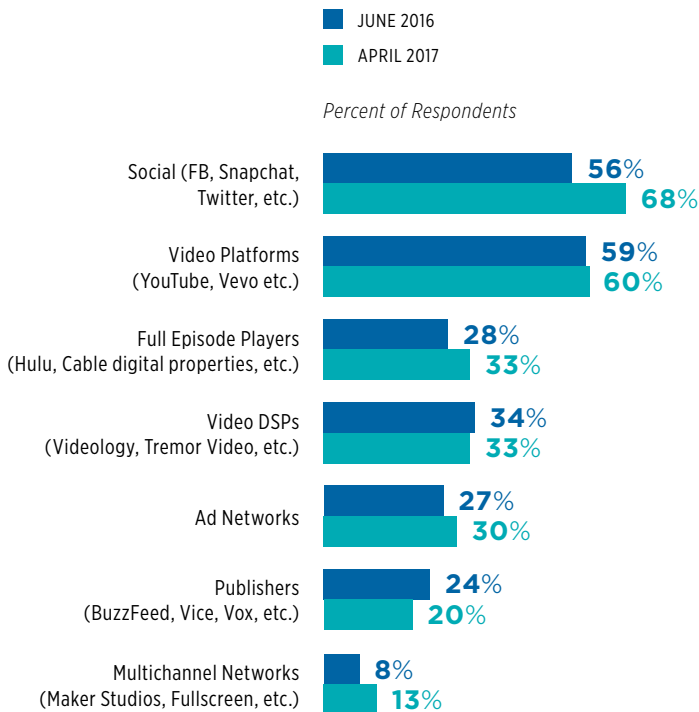
IS FACEBOOK THE NEW YOUTUBE?

Since our previous study on the topic of video, less than a year ago (June 2016), we see a significant shift in where advertisers want to put dollars when it comes to video. Social platforms (Facebook, Snapchat, etc.) are now decidedly most important when planning digital video campaigns, voted as such by 68 percent of participants vs. 56 percent last June, a 12 point lift. That puts social platforms (and presumably Facebook is dominant) as the number one distribution partner, eight points ahead of video platforms (YouTube, Vevo, etc.), which were rated as most important by 60 percent of those surveyed. (In previous research, video platforms

were ahead of social by a small margin, and only marketer, not agency respondents put social in the top spot).

Further inquiry shows us that among seven possible distribution platform types, social gets the highest marks for delivering on **engagement (59 percent), ROI (39 percent) and customer service (38 percent)**; whereas video platforms deliver best on **measurement and reporting**. Perhaps YouTube’s announcement that they will allow more third-party verification and measurement is being recognized here.

MOST IMPORTANT PARTNERS FOR DIGITAL VIDEO CAMPAIGNS



PLATFORMS DELIVERING BEST ON VIDEO ADVERTISING FEATURES

Percent of Respondents

	SOCIAL	VIDEO
Customer Service	38%	25%
Measurement/Reporting	38%	44%
ROI	38%	33%
Engagement	59%	36%

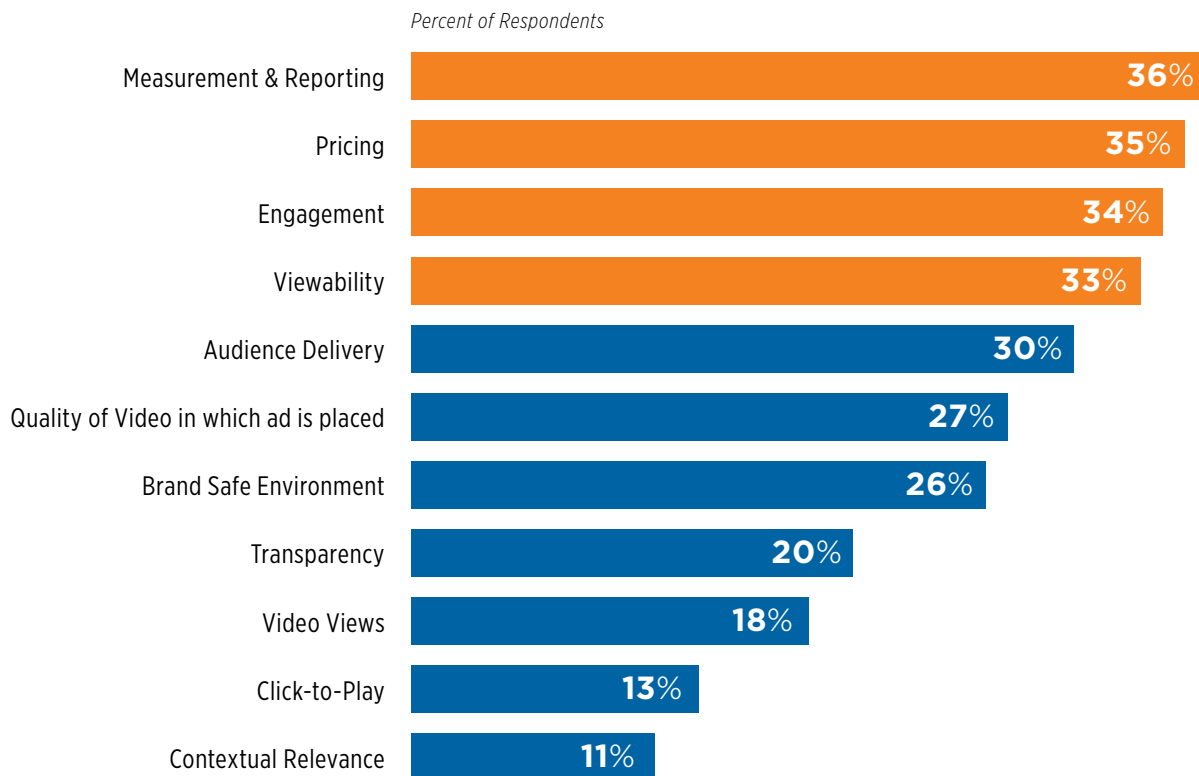
Q. Who are the most important partners when planning a digital video campaign?
 Q. Which platforms do you feel best deliver on these features when placing a digital video pre-roll campaign?

Base: Involved in Digital/Mobile Advertising

MEASUREMENT IS KING

When push comes to shove, numbers matter, underscoring the transparency advertisers have been asking for from their media partners. When asked to select their top priorities for placing pre-roll digital campaigns, *more than one third of respondents* rated **measurement and reporting on top (36 percent)** followed by **pricing (35 percent)**, **engagement (34 percent)** and **viewability (33 percent)**.

PRIORITIES WHEN PLANNING DIGITAL VIDEO PRE-ROLL CAMPAIGNS



Q. What are your priorities when planning digital video pre-roll advertising campaigns (select up to three.)

Base: Involved in Digital/Mobile Advertising and Place Digital Video Pre-Roll Advertising Campaigns

THE NEAR TERM

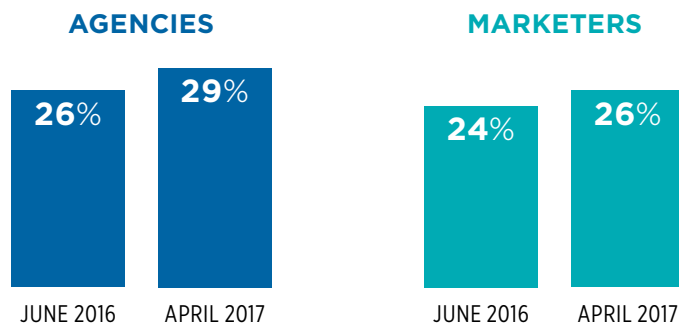
In the next six months, advertisers will increase video budgets, reporting their allocation of overall budgets to digital video at 28 percent, an increase from 25 percent in our June 2016 research wave. Both agency and marketer respondents have cited higher allocations than we saw last June.

Which formats will rule the day?

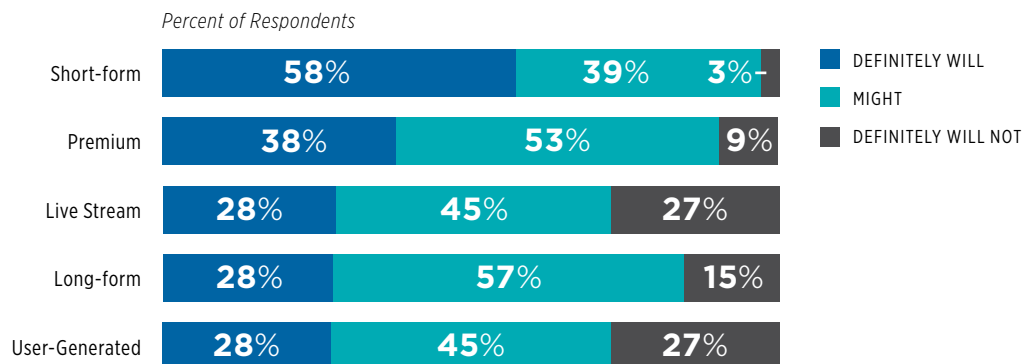
- 1. 58 percent ‘definitely will’ be investing in short-form video**
- 2. 38 percent in premium video**
- 3. Live stream and user-generated are lower down the list for pre-roll placement; more than one quarter say they will still be buying these formats**

BUDGET ALLOCATION TO DIGITAL VIDEO ADVERTISING

Allocation of Overall Budget to Digital Video
Average of Respondents



LIKELIHOOD TO INVEST IN DIGITAL VIDEO PRE-ROLL FORMATS



Q. What percent of your overall advertising budget is currently allocated to digital video?

Q. When it comes to placing pre-roll digital video advertising, how likely are you to invest in the following formats in the next six months?

Base: Involved in Digital/Mobile Advertising and Place Digital Video Pre-Roll Advertising Campaigns

SUMMARY

KEY TAKEAWAYS

Have a strong and differentiated video strategy. Video is the largest advertising growth area in digital display right now, according to eMarketer. Advertisers recognize the huge and growing consumer audiences for video and the engagement chops of sight, sound and motion in advertising. Video will be front and center for the foreseeable future.

Facebook will lead. Who can beat 1 billion daily users? Despite some grumblings that Facebook is driving the fake news problem, it gets high marks from buyers for engagement and ROI and has emerged as the definitive partner for video campaigns—at least for right now.

Show them the numbers. As advertiser consciousness increases toward issues from brand safety to viewability in the world of automated advertising, platforms must find better ways to prove their worth and accountability not only in how well, but in where they reach audiences.

Shorter is better. Short form pre-roll digital format is the most likely to get support and drive engagement. Other formats have their place as well. We see sizeable investment still promised for premium, long form, live stream and user-generated formats.

Brands have a new set of expectations around all their messaging including digital video. Publishers need world-class audience targeting. They need to provide brand-safe content and standardized measurement. Most importantly, the media needs to show marketers a return on their investment.

**WELCOME TO THE BRAND SAFE ECONOMY.
IS YOUR BRAND PREPARED?**

ABOUT THE AUTHORS

Rich Sutton is Chief Revenue Officer of Trusted Media Brands, Inc. Highly regarded and with proven success in digital media, Sutton has more than 30 years of experience in management, marketing, startups, turnarounds and working to grow world-class brands. He was recruited from The Daily Mail where he had also served as Chief Revenue Officer.

Previously, he was Senior Vice President of consumer markets at WebMD, where he tripled revenue to more than \$150 million per year and broadened the company's client base. Prior to joining WebMD, Sutton served as Senior Vice President for Warner Bros. Entertainment where he led digital media sales and client marketing for Warner Bros. Online for more than 13 years.

Sutton's work with brands has been recognized by Ad Age, Forbes, AAAA, and Adweek, among other industry publications, and online and marketing awards. He is the author of "Best Practices in Branded Entertainment" for the Association of National Advertisers, as well as several White Papers for Trusted Media Brands, including: "The Future of Digital Video" and "Can Video and Native Formats Rule Mobile Advertising?".

Babette Lazarus joined Trusted Media Brands, Inc. as Executive Director, Brand Insights in 2015. Bringing extensive experience in advertising and publishing, including senior research and brand marketing positions at Hearst and Condé Nast, Babette directs the primary and syndicated research activities across all brands for TMBI. She is instrumental in evolving the company's data strategy and leveraging first party customer data in digital audience targeting for clients. Babette is on the Program Advisory Committee for the Print and Digital Research Forum (PDRF) and is the current MPA Research Committee Chair.

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.

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