



DIGITAL VIDEO OUTLOOK: IS BRANDED VIDEO THE NEW PRE-ROLL?

*Publishers increased value
in digital video content*

by Babette Lazarus
Senior Executive Director, Brand Insights
Trusted Media Brands, Inc.

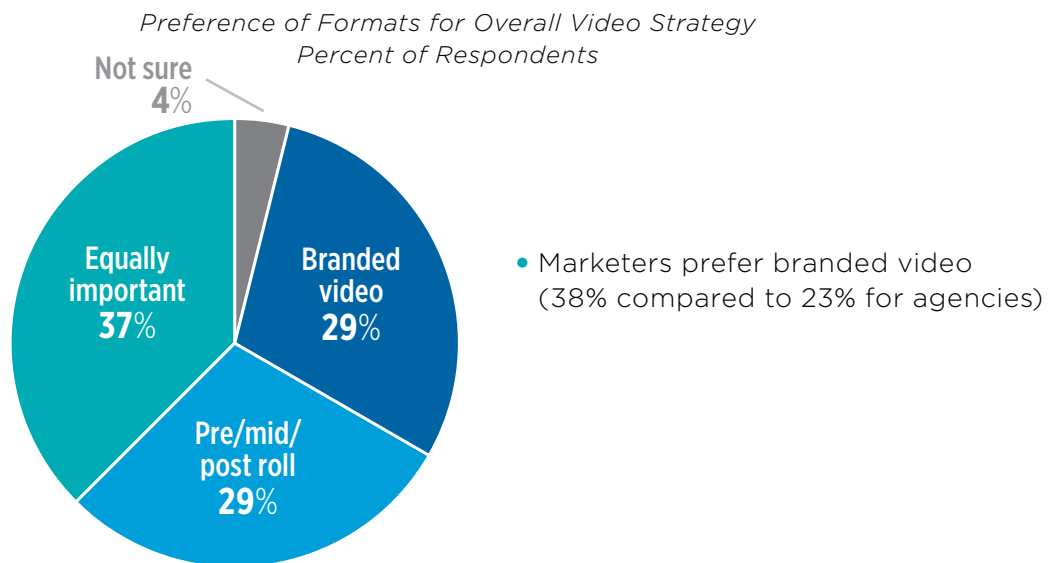
The collapse of television has been greatly exaggerated. But according to new research from Trusted Media Brands, the 30 second TV spot is losing its luster, at least when it comes to digital video. Nearly 4 in 10 (38%) marketers believe branded video is more important to their overall video strategy than pre-roll (the “30 second spot”).

The prognosticators who foresaw a “video-first” world, saw it right. A projected 73% of the population will be consuming digital

video by 2021 — and doing so everywhere they can. A Snapchat report last year boasted 10 billion video views daily, even more than Facebook (though video views are counted differently). Netflix and Amazon Prime seem unstoppable, and the social channels are making video content, such as live sports, easier to watch than ever before (i.e. Twitter, Facebook Watch, Instagram Stories). The consumer thirst for video is being met with a scramble to deliver it from content creators of every stripe — and brands are no exception.

The Trusted Media Brands survey of nearly 300 media decision-makers, from the Advertiser Perceptions Omnibus panel, quantifies the definitive shift of brands as advertisers to brands as storytellers — and video is their mode of sharing. While nearly 37% of total marketer and agency respondents claimed that branded video and pre/mid/post roll are equally important to their video strategy, **a full 38% of the marketer group survey voted for branded video** (versus 23% for agencies).

BRANDED VIDEO AND PRE/MID/POST ROLL ARE EQUALLY IMPORTANT AD FORMATS



Q. Which advertising video format is more important to your overall video strategy?
Base: Involved in Digital/Mobile Advertising

TOP CHALLENGES PRODUCING & DISTRIBUTING BRANDED VIDEO

“Besides the obvious — cost — it’s the challenge of making video content universal enough to engage on multiple platforms for ultimate value”
— Marketer, C-level

“Truly being able to target the right audience and get accurate ROI.”
— Marketer, Director

“Making sure the environment for it is safe and not put the brand at risk.”
— Marketer, C-level

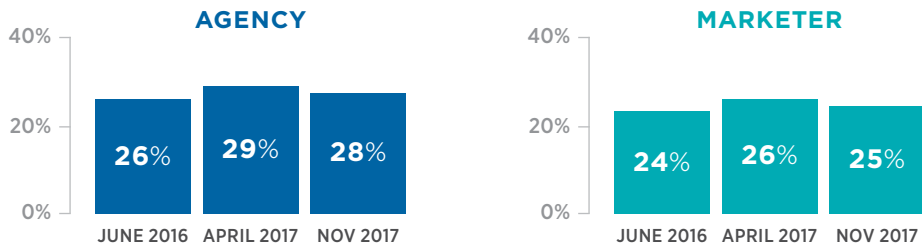
“Producing engaging content and consistently doing it.”
— Agency Supervisor

SPENDING OPTIMISM IS HIGHEST FOR BRANDED VIDEO

Video ad spending in the U.S. is projected to grow by double digits each year over the next five years, reaching 22.12 billion by 2021 according to eMarketer. Our research shows that marketers allocate an average of 27% of advertising budgets to video, a figure that has remained stable since we started tracking it in June 2016.

OVER ONE-QUARTER OF AD BUDGETS ARE GOING TOWARDS DIGITAL VIDEO

*Allocation of Overall Budget to Digital Video
Average of Respondents*

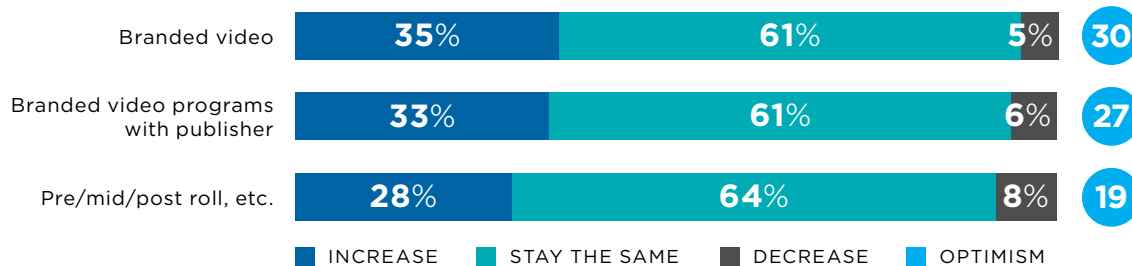


ONE THIRD WILL INCREASE INVESTMENT IN BRANDED VIDEO

But where is the money going exactly? Despite the expense of producing content and the complex distribution landscape, there is more optimism around branded video spending versus pre/mid/post roll (35% will increase spending on creation or distribution of branded video in the next 12 months vs. 28% For pre/mid/post roll) — and 33% will increase spend on publisher produced content.

OPTIMISM IS HIGHEST AROUND BRANDED VIDEO

*Change in Creation and Distribution Spending, Next 12 Months
Percent of Respondents*



- Q. What percent of your overall advertising budget is currently allocated to digital video?
- Q. How do you expect your spending on creation and distribution for each of the following video advertising formats to change within the next 12 months?

Base: Involved in Digital/Mobile Advertising

PUBLISHERS CONNECT BETTER

Brands walk a fine line with consumers when they create branded content. They don't want it to scream advertising, yet they need to meet their KPIs. Their secret weapon: publisher content. Brands have long relied on the 'draft' of their publisher partners, like bicyclists who get pulled along by the leader of the race. Piggybacking on content that is trusted by its audience and by definition designed to engage consumers gives brands the way in to the hearts and minds they so long to capture.

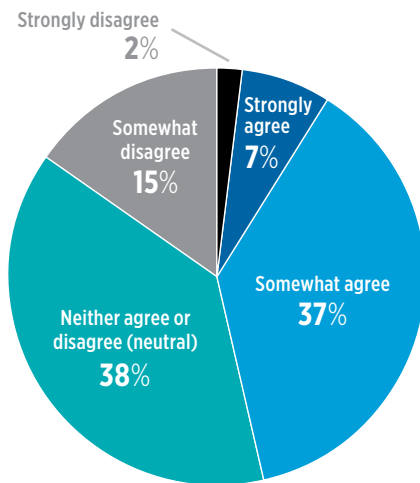
More than 4 in 10 (44%) of marketers and agency respondents agree that publishers/content sites connect better with audiences than content created by an independent content agency or the brand itself. Among marketers alone, the number climbs to 50%.

“Content creators within a publisher’s umbrella, often better understand how customers use products better than the brand owner does.”

— Agency Director

BRANDED VIDEO CREATED BY PUBLISHERS CONNECTS BETTER THAN CONTENT CREATED BY BRANDS/AGENCIES

*Level of Agreement with Statement
Percent of Respondents*



Q. What is your level of agreement with the following statement? Branded video created by publishers/content sites connects better with audiences than content created by an independent content agency or by the brand itself.

Q. Why do you feel that branded video created by publishers/content sites connects better with audiences?

Base: Level of Agreement

*Why Branded Video Created by
Publishers/Content Sites Connects
Better with Audiences*

“Audiences trust branded video. It’s consistent with daily living and audiences like seeing the brands they use advertised.”

— Agency President

“It feels more on brand with the publisher/content site, and more likely not to feel as forced.”

— Agency Director

“Organic execution carries weight”

— Marketer, Director

“They know what content will resonate best with their audience and integrate a brand into content rather than the brand just talking about itself.”

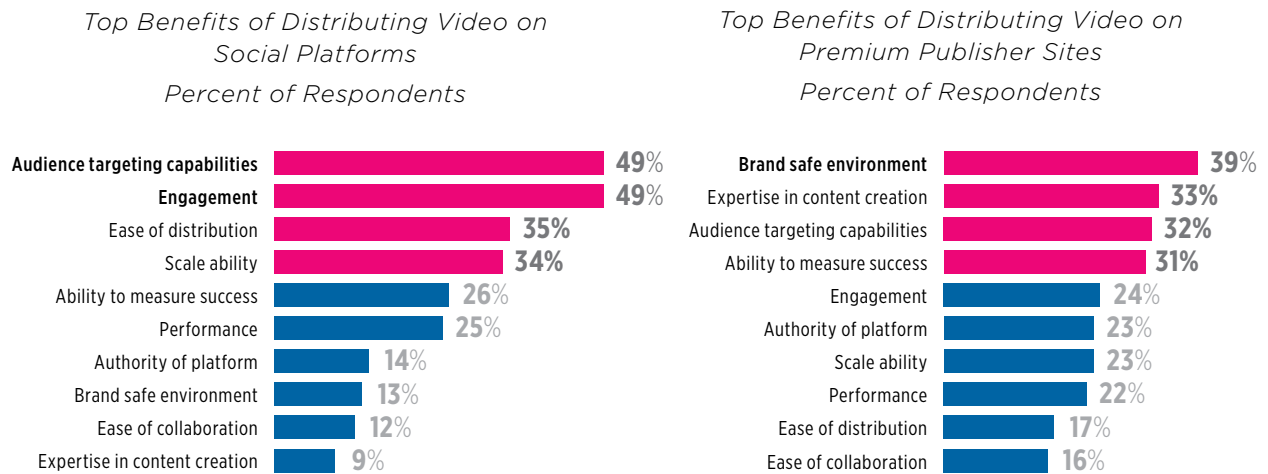
— Marketer, VP level

PUBLISHERS TOP BENEFIT: BRAND SAFETY

As we've seen in previous research, social still dominates the landscape as a distribution partner for digital video, and it's top perceived benefits include audience targeting capabilities and engagement. But publisher's are deemed more essential to brands than ever as brand safety has emerged as a priority for advertisers. The top benefit for distributing video on premium publisher sites was brand safe environment (39%) followed by expertise in content creation (33%).

Measurement was also rated among the top benefits for publishers by nearly one third (31%), more so than social platforms (26%) who have had their share of transparency and credibility issues when it comes to reporting.

TOP BENEFITS WHEN DISTRIBUTING VIDEO ON SOCIAL PLATFORMS VS. PREMIUM PUBLISHER SITES



Q. Whether or not you are currently involved in branded video, what do you perceive as the top 3 benefits to distributing video on both social platforms and premium publisher sites?

Base: Involved in Digital/Mobile Advertising

PREMIUM PUBLISHERS DELIVER BETTER PERFORMANCE/ROI

When asked which delivers better on the same series of benefits, premium publishers won on 6 of 10 attributes, extending beyond their leadership marks in both brand safety and content creation. Publishers had a sizable edge for ability to measure success (53% vs. 31%), Performance/ROI (49% vs. 33%) and ease of collaboration (47% vs. 31%). But no one can deny where consumers like to while away their hours: the social platforms excelled most for ability to scale (60% vs. 30%) and engagement (52% vs. 35%).

SUMMARY

As brands seek ways to efficiently produce video and engage key audiences, branded video will continue to grow in importance.

- 1. The 30 second pre-roll may be plateauing:** we see more spending optimism for branded video vs. pre/mid/post-roll formats
- 2. Publishers are the secret weapon for branded content:** publisher platforms are highly prized for their trusted environments and content creation expertise
- 3. Social platforms continue as the perceived powerhouses for scale and audience targeting**
- 4. Measurement and ROI are also now strengths for premium publishers,** as transparency concerns still linger over social platform reporting

ABOUT THE AUTHOR

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. 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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