

Publishers Optimistic About Online Video Ad Growth

Contributed by eMarketer
Monday, 07 November 2011
Last Updated Tuesday, 08 November 2011

Brands in favor of video even as cost is a concern for agencies

The online advertising industry has its eyes on online video, the fastest-growing digital ad format. eMarketer expects online video ad spending to reach \$2.2 billion by year's end, up 52.1% from 2010. By 2015, it will account for \$7.1 billion in online ad spending.

According to online video ad network BrightRoll, publishers too are focused on digital video advertising: More than three-quarters of US online publishers expect online video advertising to be a top revenue generator for 2012.

Most publishers (63%) are betting on in-stream video ads, such as pre-roll or mid-roll units, to generate the most revenue. Nine percent said in-banner video would bring in the most ad dollars.

However, publishers and advertisers alike recognize roadblocks are keeping more dollars from freely moving to online video advertising.

Most online publishers felt lack of standardization was limiting online ad growth—a valid statement considering the vast number of networks, video players and providers in the online video space. Likely related are the challenges of technical implementation and integration with third parties, mentioned by 31% and 26% of respondents, respectively.

Online publishers also saw online video's interruptive nature as bad for the user experience, with 39% of respondents citing this as a barrier to additional online video ad growth. On the other hand, the interruptive nature of online video is often considered an asset among advertisers looking to capture complete user attention.

Publishers and advertisers appear misaligned in their opinions on cost. Though only 17% of US online publishers said cost was a deterrent, earlier Q1 2011 findings from BrightRoll indicated cost was the most prohibitive factor among US ad agencies to increased online video ad growth.

US online publishers plan to raise their average cost per impression (CPM) in the coming quarter; therefore, cost will be a continued factor for online video advertisers. Sixty-three percent anticipate CPM hikes of 15% or more; only 7% of publishers expect no increase.

As political advertisers recharge their budgets for the coming year, digital video advertising is likely to see additional dollars as politicians turn to online video to reach and engage key audiences across news sites, social networks and other community-focused web locations.

4 November 2011