

Pre-Roll, Mobile Top Video Ad Formats For 2012

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Performance-based metrics will play a bigger role

Online video has reached critical mass among US internet viewers. eMarketer predicts 169 million people, or 71% of US internet users, will be watching online video each month by the end of 2012.

Such a healthy, sizeable audience can't help but capture advertiser attention. eMarketer estimates US online video ad spending (not all of which is placed against video) will enjoy an aggressive 40% year-over-year increase from 2011, topping \$3.1 billion in 2012.

Findings from Break Media highlight areas of online video advertising North American companies are looking to leverage in the next 12 months. According to the digital video publisher, pre-roll will continue to be a favored ad format: 63% of advertising decision-makers plan to place pre-roll ads in 2012.

More than half (53%) of respondents will also maintain their use of in-banner ads, down slightly from 59% in 2011, a likely result of growing interest in newer ad formats such as mobile video and connected TV. Though only roughly a quarter of respondents plan to run connected TV ads in the coming year, that percentage is double what it was in 2011.

As consumers look to consume video across multiple devices and platforms, interest in connected TV and mobile ads is likewise growing. Advertising decision-makers run video ads in conjunction with non-video display such as banner ads (67%), and almost half (48%) run online video ads in tandem with TV ads to better align consumers' brand experience online and offline.

Break Media also showed evidence of an impending crossroads for online video advertisers and ad sellers. Though the majority of online video ads are sold on a cost-per-impression (CPM) or cost-per-click (CPC) model (69% and 53%, respectively), advertisers increasingly look to purchase online video ads based on metrics that hold sellers more accountable to consumer-advertiser engagement, such as cost per acquisition or cost per engagement.

Cost per acquisition was the most desired pricing model, followed by cost per engagement. Cost per view was also mentioned by 17% of respondents, only slightly behind CPM, at 18%.

The fact that advertisers did not entirely abandon their desire to purchase ads using a CPM model points to the common purchase and measurement of online video for branding objectives. Yet favoring more meaningful engagement metrics does not suggest those campaigns lack a branding focus; rather, it shows growing use of online video advertising to generate both brand awareness and measurable direct-response, a trend marketers should watch closely in the coming year.

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