# Long Form Video Overview

**Released September 2009**

**This document as been developed by the IAB Digital Video Committee.**

**About the IAB's Digital Video Committee:**
The Digital Video Committee of the IAB is comprised of over 180 member companies actively engaged in the creation and execution of digital video advertising. One of the goals of the committee is to implement a comprehensive set of guidelines, measurement, and creative options for interactive video advertising. The committee works to educate marketers and agencies on the strength of digital video as a marketing vehicle. A full list of Committee member companies can be found at: www.iab.net/digital_video_committee

**This document can be found on the IAB website at:** http://www.iab.net/long_form

**IAB Contact Information:**
Jeremy Fain
Vice President of Industry Services, IAB
212-380-4724
jeremy@iab.net

# Table of Contents

# Introduction: What is Long Form Video?

In its continued commitment to fostering a vigorous and healthy online video ecosystem, the Digital Video Committee of the Interactive Advertising Bureau (IAB) is proud to introduce the second in a series of whitepapers detailing widely used terminology, practices and standards.

This overview report:
- Provides an overview of the current digital video ad market
- Offers a comprehensive view on multiple forecasts for future ad revenue
- Reviews common long form ad formats and other ad buying opportunities
- Defines key terminology associated with long form video

Online video advertising has been around for almost a decade, but has emerged in the last few years as a material component of the interactive advertising marketplace. Forecasters agree that the online video advertising market will continue to grow substantially with factors like increased broadband penetration and the convergence of TV and PC playing a large role.

As the amount of advertising inventory within this segment increases, it is important to understand the different types of inventory available in order to assess the value of each type and to connect the advertiser with the desired audience.  A number of whitepapers describing the overall digital video advertising landscape have been published by the IAB Digital Video Committee in the past and can be found at www.iab.net.  This document focuses primarily on in-stream ad formats because long form video is mostly seen within in-stream environments.
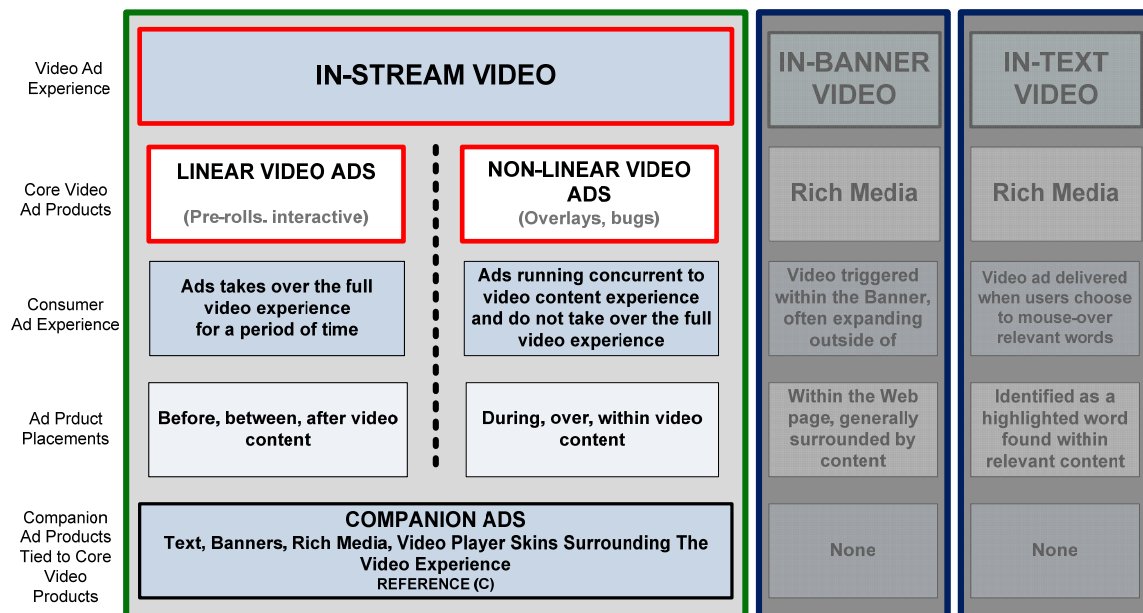
| | IN-STREAM VIDEO | | IN-BANNER VIDEO | IN-TEXT VIDEO |
|---|---|---|---|---|
| Video Ad Experience | **IN-STREAM VIDEO** | | IN-BANNER VIDEO | IN-TEXT VIDEO |
| Core Video Ad Products | **LINEAR VIDEO ADS** (Pre-rolls. interactive) | **NON-LINEAR VIDEO ADS** (Overlays, bugs) | Rich Media | Rich Media |
| Consumer Ad Experience | Ads takes over the full video experience for a period of time | Ads running concurrent to video content experience and do not take over the full video experience | Video triggered within the Banner, often expanding outside of | Video ad delivered when users choose to mouse-over relevant words |
| Ad Prduct Placements | Before, between, after video content | During, over, within video content | Within the Web page, generally surrounded by content | Identified as a highlighted word found within relevant content |
| Companion Ad Products Tied to Core Video Products | **COMPANION ADS** Text, Banners, Rich Media, Video Player Skins Surrounding The Video Experience REFERENCE (C) | | None | None |

**Figure 1: Online Digital Video Advertising Landscape**
Long Form Video ads are commonly types of in-stream video ads

Long form video content has arrived as a key segment of the online video marketplace. The terms "Long Form" and "Short Form" are typically used to categorize linear video online video content, but these terms are not consistently defined. In order to help marketers make sense of what they are buying, this overview document has been created to define "Long Form" and "Short Form" and associated terms as well as provide an overview of the long form video marketplace.

**Whether professionally produced or user generated, long form video content always has a content arc with a beginning, middle, and end which in its entirety typically lasts longer than 10 minutes.** It may include professionally produced content from television and cinema that has migrated online, as well as personal videos shared online.

# Economics

## *Current Online Video Market Size*
IAB/Pricewaterhouse Cooper estimate that for 2008 digital video advertising accounted for $737 Million (3% of total Internet ad revenues) in the US.

## *Online Video Market Forecasts*
A large number of sources have produced forecasts of future growth in online video ad spend:

| Online Video Advertising Spending in the United States, 2009- 2013 (in Millions) | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|---|---|---|---|---|
| AccuStream iMedia Research, January 2009 (1) | | | | | |
| Barclays Capital, November 2008 | $847.00 | $1,270.00 | $1,842.00 | $2,487.00 | |
| Barclays Capital, January 2009 | $727.00 | $945.00 | $1,181.00 | $1,441.00 | |
| BMO Capital Markets Corp. (Harris Nesbitt), June 2008 | $1,200.00 | $2,200.00 | $3,000.00 | | |
| Borrell Associates Inc., April 2008 | | | | $10,000.00 | |
| Citi Investment Research, November 2008 | $1,447.00 | $2,171.00 | | | |
| eMarketer, November 2008 (2) | $850.00 | $1,250.00 | $1,850.00 | $3,000.00 | $4,600.00 |
| Forrester, December 2008 | $953.00 | $1,300.00 | $1,675.00 | $2,125.00 | $2,706.00 |
| International Data Corporation (IDC), May 2008 | | | | $3,800.00 | |
| JupiterResearch, June 2008 | | | | | $5,100.00 |
| LiveRail, January 2009 | $876.00 | $1,226.00 | | | |
| MAGNA, April 2009 | $700.00 | $864.00 | $1,009.00 | | |
| SNL Kagan, November 2008 | | | | | |
| Low | $700 | $864 | $1,009 | $1,441 | $2,706 |
| High | $1,447 | $2,200 | $3,000 | $10,000 | $5,100 |
| Average | $950.00 | $1,403.25 | $1,759.50 | $3,808.83 | $4,135.33 |
| Median | $863.00 | $1,260.00 | $1,758.50 | $2,743.50 | $4,600.00 |

**Figure 2: Online Video Market Size Forecasts**
*Product placement is generally not included in these forecast estimates.*

**Figure 3: Average of independent forecasts from sources in Figure 2**

*Includes all forms of online video advertising - in-stream, in-banner, and overlays. Numbers for 2008 = actual based on IAB/Pricewaterhouse Cooper estimate. Product placement is generally not included in these forecast estimates.*

# Growth Drivers for the Long Form Video Market

## Supply

As online availability of professionally produced long form video content increases, overall market adoption (scale) and usage (frequency, time spent viewing) are expected to increase. In 2007 and 2008, broadcast TV networks made full episodes available on each of their websites, and the cable networks have started to follow suit. Hulu, which has become the second largest video site by Time Spent Viewing (source: Nielsen VideoCensus, May 2009), now has distribution agreements with three of the major broadcast networks (NBC, FOX, ABC). The new TV Anywhere venture will also accelerate the availability of long form content online as more content owners become comfortable with digital rights management.

The steady increase in long form inventory is being driven by a long list of **content owners**, including:

- Broadcast television
- Cable television
- Sports event coverage
- News agencies
- Syndicators (traditional – e.g. CBS Television Distribution)
- Digitally Focused Professional and Prosumer Producers
- User Generated Content amateurs
- Movie Studios

The content produced by these owners can be classified into **three main content types**:

- **Professionally Produced**
  Content that is usually created or produced by media and entertainment companies using professional-grade equipment, talent, and production crews that hold or maintain the rights for distribution and syndication. This type of content is often considered and referred to as "premium." Professionally produced content often has strong brand equity or brand recognition.

- **Prosumer**
  A blend between "Professional" and "Consumer," Prosumer video refers to consumer- or user-generated content that has professional or industrial qualities (e.g. shot with professional-grade equipment, using professional talent, etc.). Prosumer content often has some brand equity or brand recognition.

- **User-generated (UGC)**
  Publicly available video content that is created or produced by end-users. UGC often has little to no brand equity or brand recognition.

Common technology standards, such as VAST and VPAID (see Standardization section below), are also rapidly increasing the amount of inventory available on standard platforms. These standard technologies are enabling advertisers to easily reach larger audiences across multiple sites.

## *Demand*

A number of variables are playing important roles in driving demand growth both this year and into the foreseeable future:

- **Share of Dollars to Premium Content**
  As more advertisers extend the reach of TV campaigns by adding online video to their buy, these dollars will gravitate towards premium, brand-safe content.

- **User Adoption/Usage**
  Since 2007, growth has been robust across all main usage measurements and will most likely continue to be so over the next few years. According to Nielsen's VideoCensus (Sept '07 – May '09), unique viewers have grown 18.3%, streams have grown 65.3%, and time spent viewing has grown 65.1%.

- **Non-PC Devices**
  The proliferation of streaming digital video on devices other than PCs is beginning to drive material consumption. Television sets, set top boxes (both cable and streaming-video specific), and mobile devices are now able to stream large libraries of both

professionally produced and user-generated video and are making online video ubiquitous across many types of digital devices.

- ***Gap:* Common Metrics vs. TV**
  Due to the increased prevalence of integrated media planning and buying, common metrics are desired to equitably describe engagement and consumption across media. This will require industry cooperation to define new metrics that are not rooted exclusively in online video or television, yet demonstrate the value of both media. Having common metrics will increase demand by enabling publishers to sell more ads, provide greater accountability for advertisers, and simplify the media planning and buying process.

# Standardization

The importance of standardization in the innovative space of online digital video cannot be overstated. The operational efficiencies of fulfilling large-reach digital video buys are being improved by the IAB Digital Video Committee through guidelines, but additional work is still necessary.

## Video Encoding Standards

Industry adoption of low level standards such as H.264 for video encoding has eased friction for content publishers to surface and monetize their video assets using interoperable systems. This will simplify the distribution process and improve the user experience through better video quality, fueling long form video growth.

## IAB Ad Format Guidelines

Recent standards published by the IAB will help accelerate the growth of the online video advertising market, in support of long form video. In particular, the In-Stream Ad Metrics Definitions, Digital Video Ad Serving Template (VAST), and Digital Video Player-Ad Interface Definition (VPAID) documents have standardized the ecosystem for online video advertising distribution. Adoption of these standards will fuel growth as advertisers are able to take advantage of online video advertising with greater scale and portability.

## Open and Transparent Measurement Processes

As online video advertising revenue grows, greater transparency and accountability in online video ad sales is necessary. This includes clear definitions of auto-play videos, separation of different types of video ads (ex: in-banner vs. in-stream), and complete transparency in how performance metrics are calculated across different publishers. The IAB Digital Video Committee continues to drive standards in these areas.

## *Reporting and Forecasting*

It is recommended that reporting on the market for online video advertising (including forecasts) should indicate when video impressions are (or are not) tied to monetizing video content. For example, in-text video advertising that is not associated with the presence of long form video content should be broken out separately. This will help provide the market with more accurate estimates of the revenue growth for long form video. Additionally, greater accountability in reporting will help in the buying and planning process as agencies will be able understand the types of video inventory they are buying.

# Video Ad Units Types

## *IAB Standard Ad Units*

Please see the IAB Digital Video In-Stream Ad Format Guidelines and Best Practices for more detail on ad unit types: http://www.iab.net/media/file/IAB-Video-Ad-Format-Standards.pdf. Although all ad types are described here, long form video and the ads served in conjunction with it usually reside within the In-Stream Linear and Non-Linear categories (see Figure 1).

- **In-Stream**
  A video ad experience either viewed within or around video content (In-Stream) from a video player, such as a browser, or client.  Ad Types that lie within In-Stream include Linear and Non-Linear.

- **Linear vs. Non-Linear**
  A linear video is experienced in-stream, which is presented before, between, or after the video content is consumed by the user. One of the key characteristics of linear video ads is the ad takes over the full view of the video.

  A non-linear video runs parallel to the video content so the user still has the option of viewing the content. Common non-linear ad products include overlays which are shown directly over the content video itself, and product placements which are ads placed within the video content itself. Non-linear video ads can be delivered as text, graphical banners or buttons, or video overlays.

- **In-Banner**
  A video ad experience displayed or triggered within a display banner such as an IAB Universal Ad Package (UAP) size like a 300x250 or a 768x90.

- **In-Text**
  A relevant video ad experience displayed only when a user chooses to mouse-over a highlighted word or phrase within the text of web content.

*Note: All formats can be delivered and are fully supported by the VAST and VPAID standards.*

# Buying Trends and Opportunities

As the graphs below suggest, linear in-stream video is forecasted to be the largest revenue growth area for online video advertising. Other formats that utilize video in novel ways are significant contributors, but for the next five years TV-like spots are expected to drive the majority of online video ad dollars, with spend shifting from the banner into the player.

This trend reinforces the expectation that online long-form video will continue to capture larger portions of brand marketing budgets.
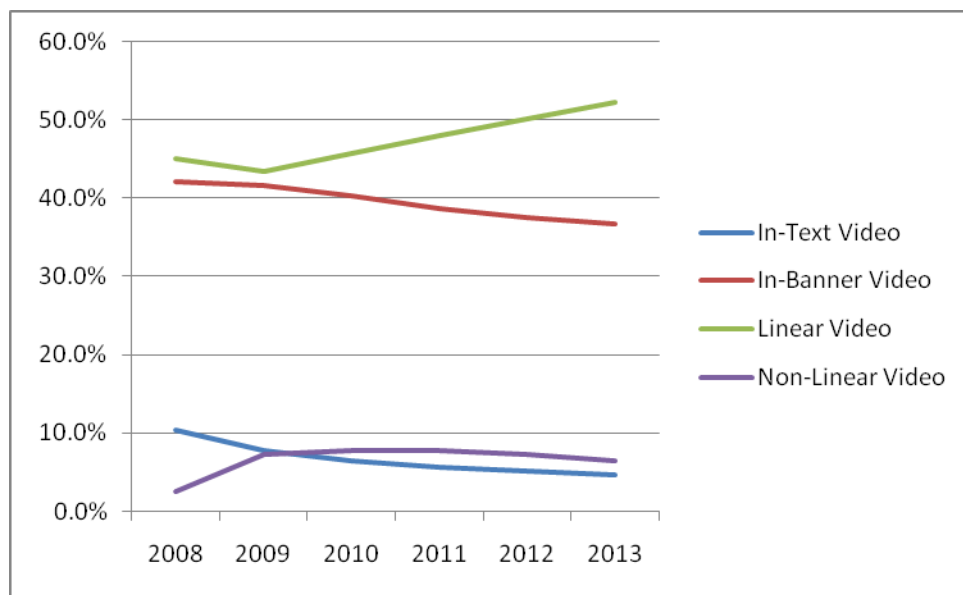


**Figure 5: Percentage of Revenue Forecasts for Online Video Categories**
Sources:  eMarketer Dec '08, Forrester Dec '08, Barclay Capital Nov '08, LiveRail 2008
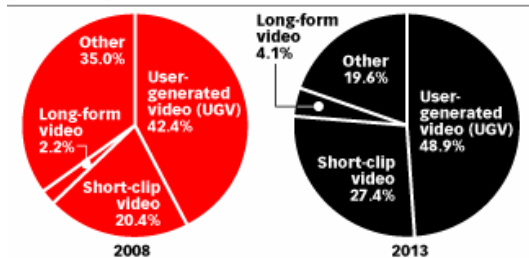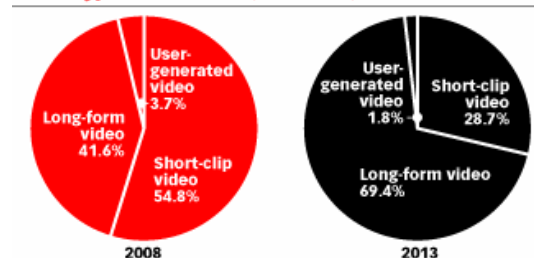


**Figures 6 & 7: Stream Forecast & Percentage of Revenue Forecast by Online Video Type**
Source: eMarketer Jul '08

## *Sponsorships*

Advertisers are experimenting with new formats to improve the effectiveness of their advertising and reach their target audiences within highly engaged experiences. Sponsorships can include branding of an overall program (e.g.: "Brought to you by"), skins in and around the player, and deeper, customized content and offerings.

## *Brand Integration and Product Placement*

These ad formats typically involve the advertiser's actual product in the story line or within context of a scene in the program. Brand integration may include host/character recommendation and discussion, whereas product placement tends to be more subtle. With several new technology providers product placement can be dynamically inserted into many Flash-based video players.

## *TV vs. Online Media Buying*

Traditionally, television advertising is bought based on audiences to programs and day parts, whereas online video advertising has focused on audience delivery and more targeted approaches to buying. As technology improves and collaborative industry initiatives create new opportunities to share data, it is possible that these media buying methods may evolve in either direction.

Another important factor in media buying methods will be the alignment of up-front and exchange-based systems. Television advertising has historically been purchased with a significant emphasis on "up front" sales. Online advertising is typically bought in a more real-time, transaction-based method with auction or exchange-based processes adding further automated efficiencies. Alignment between these systems will enable advertisers and their agencies to more easily purchase online video as part of integrated media plans.

While repurposed television commercials remain the most frequently used ad unit for long-form online video, advertisers should recognize that the online medium gives them more power to solicit response directly from the user.  Several companies are developing units which can serve a call to action or other prompts on top of these television ads.  Online video ads can be even more effective when they are developed specifically for online usage, more directly prompting the user to interact with the ad.

Changes in media buying and planning will depend on the campaign objectives of the advertisers (such as high quality/targeted impression vs. a high reach/broad audience). Additionally, the brand equity of specific programs and talent will matter as this may impact the effectiveness of advertising with those programs. Standardization of metrics across different buying scenarios (irrespective of platform) will help fuel the growth of long form content by making integrated media planning more efficient.

## *Video Ad Networks*

Video Ad Networks play two key roles in the online video advertising ecosystem:

- **Remnant Inventory**
  In this scenario video ad networks support publishers by buying up excess (remnant) inventory for distribution and further packaging to advertisers.

- **Audience Aggregation**
  Video Ad Networks also enable advertisers to buy and aggregate audience across sites. This typically falls into one of two types: Horizontal, with the intention of aggregating a large audience (reach) across sites, and Vertical, geared towards isolating specific types of audiences/consumers on niche/targeted sites.

# Related Long Form Video Terminology

**Long Form Video**: Long Form Video is a descriptive term for a type of video content that has a content arc with a beginning, middle, and end which in its entirety typically lasts longer than 10 minutes. If the content is ad supported, it typically contains breaks (mid-roll).

**Stream**: A stream is derived from the term "streaming" which is a method for delivering multimedia content to a user in a continuous fashion. A single long form viewing session is typically composed of multiple streams, similar to how an article is often broken into multiple page views.  Caution should be used when using stream as a measure of user experience and engagement; measures of unique users and the average length of video session would be more representative.

**Impression**: The impression is the widely agreed billing standard for video ads running in all types of content. The precise methodology for determining when an impression event occurs is outlined in the IAB Broadband Video Commercial Measurement Guidelines, found here: http://www.iab.net/iab_products_and_industry_services/508676/guidelines/1479. The measurement and reporting of any companion ads should be governed by the IAB Interactive Audience Measurement and Advertising Campaign Reporting and Audit Guidelines: http://www.iab.net/iab_products_and_industry_services/508676/guidelines/campaign_measurement_audit.

**Viewing Session**: A viewing session is a period of time devoted to viewing one or more pieces of content on a single website. A viewing session ends when followed by a period of inactivity.

**Player**:  Software program which decompresses audio and/or video files so the user can hear and/or see the video or audio file. Some examples are Real Player, Windows Media and Quick Time Player. This term is also synonymous with the term "Media Player".

**Chapter**: A chapter is a segment or subdivision of an episode. Ads are often inserted between chapters within long form content.

**Avail**: Slang for opportunity in video content where ad may be sold.

**Pod**: Also referred to as an ad pod or an ad break, a pod is a collection of one or more linear video ads that play between linear video content. The ads within a pod may be interactive and of varying lengths. For long form video content, these often appear in between chapters.

**Episode**: An episode is a single installment of a dramatic work such as a serial television or radio program. An episode is a part of a sequence of a body of work, akin to a chapter of a book.

**Unique**: An identified and unduplicated individual Internet user who accesses content or advertising during a measurement period. For more, please see the *IAB Audience Reach Measurement Guidelines* http://www.iab.net/media/file/Audience_Reach_Guidelines.pdf

**Time Spent Viewing**: Amount of video viewed at normal speed in seconds or other appropriate time-based units; if a rewind event occurs during play, time spent viewing may be calculated on total amount of video viewed at normal speed (i.e. including additional amounts of video viewed after rewind.

**Average Session Length**: A measure of the typical length of a viewing session for a particular site over a period of time.

**Percentage of Ad Viewed**: *This is covered in the IAB Digital Video In-Stream Metrics Definitions as "percent complete":* *http://www.iab.net/iab_products_and_industry_services/508676/508950/dv_metrics_definitions*

**Short Form**: Short Form is a descriptive term for a type of video content that lacks a content arc which in its entirety typically lasts less than 10 minutes.. The experience is typically uninterrupted with linear video ads playing before or after, instead of during a break (mid-roll).

**Syndication**: Syndication is the sale of the right to broadcast or publish multimedia content to affiliate publishers.