

**DIGITAL VIDEO AD COMMITTEE**  
Video Market Review in Runet 2016



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# ABOUT THIS DOCUMENT

“Russian Digital Video Ad Market Overview – 2016” covers main recent events and trends in the area of online video advertising in Russia and abroad. This review will be useful for the entire advertising vertical, from advertisers, agencies, sales houses to ad networks, tech companies and media publishers.

For this overview, we used data from open sources: foreign and Russian researches and surveys, media materials, as well as comments and opinions of the Russian market participants.

We would like to thank IAB Russia Digital Video Committee experts for participating in the research: Anton Beschekov (NATIVEROLL.TV), Nikolay Bulanov (Between Exchange), Natalia Grishkina (Yandex), Yulia Husnulina (Blondinka.Ru), Dmitry Karmenov (CTC), Maxim Krasovsky (Vengo Vision), Elvira Safaeva (Weborama), Irina Skripnikova (Yandex), Olga Trushkova (Rambler&Co), Valeriy Zhelyapov (Buzzoola), - as well as representatives of companies that are non-members of the Committee, in particular: Evgeniy Batyashin (Amberdata), Victor Chekanov (MEGOGO), Adam Hopkinson (Anyclip), Ekaterina Kurnosova (Mediascope), Ilya Lagutin (Aitarget), Gennady Nagornov (Auditorium), Dmitry Pashutin (Ivi).

In order to complete the picture of online video ad market in Russia, highlight main ecosystem elements and determine the underlying trends, we have interviewed leading market players. We express gratitude to the following companies that agreed to participate in our survey, shared the information and views on video ad market in Russia:





# ORDERING PARTIES OF THE RESEARCH

This overview was prepared on the initiative of the IAB Russia Digital Video Committee, backed by the General Meeting decision of the IAB Russia members on October 27, 2016.

Special contribution was made by the Chairman of the IAB Russia Research Committee Alexey Belyaev (Mail.ru Group), Head of the IAB Russia Digital Video Committee Nikolay Kiselev (IMHO) and President of IAB Russia Boris Omelnitskiy (Yandex).

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# DEFINITIONS

**Digital/Online Video Advertising (OLV)** is ad videos that can appear in streaming content or inside editorial content, banner placement or social newsfeed.

**In-Stream Video Ad** is advertising that is played before, during or after streaming video content requested by consumer (Pre-roll, Mid-roll, Post-roll or All-roll/Multi-roll if the exact position of placement remains on publisher's discretion). These ads cannot typically be stopped from being played (particularly with pre-roll). This format is frequently used to monetize the video content that the publisher is delivering. In-Stream Video Ads can be played inside short or long-form video and rely on video content for their delivery.

**Out-stream Video Ad (in-page, in-banner, in-read)** is ad video placed outside streaming content, be it inside banner placement (in-banner) or between paragraphs of editorial content (in-article or in-read).

**Brand-based advertising** is advertising sold on the cost-per-thousand impressions (CPM) pricing model. These are the tools that are aimed at solving branding tasks: traditional banners and online video advertising.

**Online Cinema** is a legal internet service, that streams professional video content on demand either on ad-supported model or on a subscription / transactional basis.

**Brand Safety** is practices and tools allowing to ensure that an ad will not appear in a context that can damage the advertiser's brand.

**Viewable Ad Impression.** A served ad impression can be classified as a viewable impression if the ad was contained in the viewable space of the browser window, on an

in-focus browser tab, based on pre-established criteria such as the percent of ad pixels within the viewable space and the length of time the ad is in the viewable space of the browser. It is recognized that an “opportunity to see” the ad exists with a viewable ad impression, which may or may not be the case with a served ad impression.

The point of view on the market is **Sell-side**, which takes into account money (excluding VAT) received by the publishers as a result of the video inventory sale directly or with the usage of ad networks, sales houses and programmatic mechanisms. Sales houses fee are included into ad revenue estimates. This point of view complies with Russian Association of Communication Agencies (RACA or AKAR) methodology.

# EXECUTIVE SUMMARY

- For the full year 2016 digital video ad market in Russia was estimated by surveyed experts to grow by 19% and reach approximately RUB 6.6 billion (excluding VAT). According to IAB Russia estimates on the online Russian ad market volume, it accounts for 24% of brand-based advertising and 5% of total digital ad segment.
- Within video ad market RUB 6.2 billion accounts for in-stream ads, RUB 400 million – for out-stream ads. In 2017 in-stream and out-stream are expected to begin actively competing for ad budgets.
- Digital video in 2017 is forecasted to grow at the same pace – 15-20%.
- The main digital video drivers are the rise of social video (video advertising in social networks), ongoing increase in non-desktop video consumption (via mobile devices and connected TVs) and growth of advertising sales on these devices, emergence of new out-stream inventory, while in-stream is experiencing shortage.
- Technological and analytical tools continue playing an important role in video advertising development (as well as in the development of all display advertising in general): audience buying, variety of targeting, tracking ad viewability, fraud fighting.
- Main events on Russian video ad market in 2016 are the launch of full-fledged cross-platform video ad products in social networks, the law restricting the share of foreign ownership in any Russian media to 20%, that can be expanded to online cinemas as well.



# GLOBAL MARKET

## MARKET SIZE

**Globally** in 2016, across 70 markets monitored by Magna Global<sup>1</sup>, digital video ad sales grew by 35%, while all digital formats showed increase by 17% and advertising market in general – +5.7%.

**U.S.** spending on online video in 2016, according to preliminary estimates by eMarketer<sup>2</sup>, totaled \$10.3 billion, which is one-third up from 2015. Video comprised 14.3% of all digital ad spending (a year ago it was 12.8%) and 30% of online display ad spending (this share grew up by 1.3 percentage point in 2016 vs. 2015). Every fifth video dollar was spent on YouTube (21%). In 2015 video showed better dynamics than “display umbrella” and digital ad spending in general (growth 2016 vs. 2015 is 28% and 21%, respectively).

Mobile video ad spend in the US in 2016 grew by 55% and reached \$4.47 billion – to comprise 43% of digital video advertising (the share grew by 6 percentage points).

Share of programmatic video buying grew<sup>3</sup> from 39% to 60% of video advertising – from \$3 billion to \$6.18 billion.

1. Magna, “Global Advertising Forecast. Winter Update”, December 2016. URL: <http://magnaglobal.com/wp-content/uploads/2016/12/MAGNA-December-Global-Forecast-Update-Press-Release.pdf>

2. eMarketer, “US Ad Spending. eMarketer’s Updated Estimates and Forecast for 2015–2020”, September 2016; includes advertising that appears on desktop/laptop computers, mobile phones, tablets and other internet-connected devices; includes advertising that appears before, during or after digital video content in a video player; does not include out-stream and in-feed video on social networks – these formats relate to rich media and social advertising.

3. eMarketer, September 2016. <http://www.emarketer.com/Article.aspx?R=1014831>

In **Canada** eMarketer estimates<sup>4</sup> online video growth in 2016 to be not as impressive as in the US, but also substantial: +17.4% to reach CAD 384 million. Canadian online video advertising also grew higher than display-related segment (+12.5%) or digital ad market in general (+10%). Video share of display and digital in 2016 is 18.6% (+1.2 percentage point) and 8%, respectively.

It should be noted, however, that another company – Carat – estimates<sup>5</sup> the dynamics of Canadian online video market to be higher – +28% in 2016 vs. 2015. Carat names improved audience measurements and increased advertiser demand as the main drivers of this growth.

Mobile video advertising, like in the US, grows at a faster pace: +60% year-over-year, from CAD 101 million to CAD 161.7 million. Its share of digital video advertising increased from 31% to 42%.

**British** online video ad spend in 2016 is estimated by eMarketer<sup>6</sup> at GBP 1.1 billion – this is 53% up from last year. Video share of display increased from 23% to 29%, and video share of all digital advertising – from 8% to 11%.

Ad spend on mobile formats grew by 67% and now accounts for almost three-fourth (72%) of all video spend. Teads<sup>7</sup> estimates out-stream advertising to account for around 40% of overall video spend.

Programmatic video in the UK is seen as a big growth area, however due to the lack of premium inventory currently available, share of programmatic in video is lower<sup>8</sup> than in overall display market: 51% vs. 70%.

4. eMarketer, “Worldwide Ad Spending. eMarketer’s Updated Estimates and Forecast for 2015–2020”, October 2016. Includes advertising that appears on desktop/laptop computers, mobile phones, tablets and other internet-connected devices.

5. Carat, September 2016. URL: <http://www.marketingmag.ca/advertising/canadian-ad-market-to-grow-3-in-2016-carat-182922>

6. eMarketer, “Worldwide Ad Spending. eMarketer’s Updated Estimates and Forecast for 2015–2020”, October 2016. Includes advertising that appears on desktop/laptop computers, mobile phones, tablets and other internet-connected devices.

7. <https://www.emarketer.com/Article/Marketing-UK-Finding-Best-Value-Video-Ads/1015310>

8. eMarketer, “UK Programmatic Advertising Forecast”, September 2016. URL: <https://www.emarketer.com/Report/UK-Programmatic-Advertising-Forecast-Market-Maturation-Leads-Greater-Confidence-Automated-Trading/2001857>

## EVENTS AND TRENDS

### INVESTMENTS AND ACQUISITIONS

In **Germany**, according to Nielsen<sup>9</sup> data, pre-roll became the top display ad format ranked by spending – 2016 investments in it totaled EUR 433 million. Ad bundle was the top format in 2015, however last year it was ranked second as it attracted 20% less investments, whereas pre-roll showed an increase by 14%.

Video ad market in **China**, according to Analysys International Enfodesk<sup>10</sup>, between Q4 2015 and Q4 2016 increased its share of digital ad spend from 25.2% to 27.6%. eMarketer<sup>11</sup> provides a close estimate – 27.9% of digital market (\$6.09 billion) in 2016. Between 2015 and 2016 video ad spend has grown by 53%, whereas mobile video ad spend has grown by 87%. Mobile prevails inside video segment with the share of 55% (a year ago it was 45%). This is actually not surprising, taking into account that out of 512 million online video viewers in China (according to China Internet Network Information Center<sup>12</sup>) 86% watch video via mobile devices.

Programmatic video advertising in China in 2016, according to preliminary estimates<sup>13</sup>, more than doubled from \$500 million to \$1.2 billion. However, advertising in premium content is still bought traditionally, therefore programmatic share of overall video segment is not very high yet (20%).

The biggest acquisition on the video market, that indirectly affects digital video advertising industry, was the purchase of Time Warner by AT&T for \$86 billion. As a result of this deal, the telco received not only the largest American cable TV & internet provider, but popular content providers (including HBO) and the access to sports content as well.

Another large deal, that is directly connected with video ad business is the Adobe's acquisition of TubeMogul for \$540 million. TubeMogul is a DSP (demand-side platform) for planning, buying and measuring video advertising through automated systems. It will become a part of Adobe Marketing Cloud as the company is gradually strengthening its technological stack for the Media Optimizer product. For example, in April it launched “cross-device co-op”, that lets participating advertisers and publishers work together to better identify a consumer profile across devices. Using Adobe as a broker to ensure privacy standards, companies “exchange” their data about users and enrich their user databases with new connections. The Device Co-op helps brands recognize familiar consumers using unfamiliar devices, but not unfamiliar users – because of that the system is fair for both large and small companies.

ExchangeWire CEO Ciaran O'Kane noted that the deal is “changing the rules of the ad tech game”<sup>14</sup>: now Adobe offers their clients not only analytical and optimization tools, but also a buy-side solution. It could be expected that competing Salesforce and Oracle might also buy up ad tech firms in 2017, possible candidates being MediaMath, DataXu, Turn, The Trade Desk and Adform.

9. Nielsen, February 2017, as cited by Bundesverband Digitale Wirtschaft (BVDW) and Online-Vermarkterkreis (OVK) in “OVK Online-Report 2017/01”.

10. Analysys International Enfodesk, “Q4 2016 China Digital Advertising Market Monitor Report”, February 2017.

11. eMarketer, “Worldwide Ad Spending. eMarketer's Updated Estimates and Forecast for 2015–2020”, October 2016. Includes advertising that appears on desktop/laptop computers, mobile phones, tablets and other internet-connected devices; excludes Hong Kong.

12 <http://www.content-review.com/articles/36574/>

13. eMarketer, “Programmatic Advertising in China: 2016 Trends and Forecast”, September 2016.

14. <https://www.exchangewire.com/blog/2016/12/23/why-2016-was-the-beginning-of-the-end-of-the-current-ad-tech-cycle/>



In May 2017 Comcast acquired French startup StickyAds.tv – an SSP (supply-side platform), that helps publishers and TV broadcasters sell their video advertising inventory, both online and on TV. The company creates private exchanges, where its customers can auction ads directly to premium advertisers using automated tools. The deal is estimated to reach around \$100 million. StickyAds will become a part of FreeWheel platform (which was bought by Comcast for more than \$320 million back in 2014). Thus, Comcast will increase its programmatic functionality and will be able to sell advertising more effectively.

Within out-stream segment Taboola, a content recommendation company, acquired New York City-based startup ConvertMedia for “just shy” of \$100 million. Taboola did offer video ads before, but the user had to click away from the site in order to view them. Now out-stream technologies will keep the user on the same page, which is likely to drive higher ad rates.

ConvertMedia’s rival – Teads – raised another \$47 million and soon after that has acquired the interactive video platform Brainient to further expand its video ad operation in the US, Europe and Asia. Financial terms of the deal were not disclosed. Brainient team would form a standalone business division called Teads Studio, where publishers and brands can create newer video ad formats, such as vertical or 360-degree video units.

In Europe German broadcasting group RTL Group bought 93.75% shares on online video company Smartclip for EUR 46.9 million. Smartclip bundles online video advertising inventory of more than 700 publishers around the world and manages the integration and serving of video advertising across different internet connected devices. The deal covers such markets as Germany, the Netherlands, Scandinavia and Italy.

## MOBILE VIDEO

According to ZenithOptimedia<sup>15</sup>, in 2016 consumers around the world (in 57 key markets) watched online video on their smartphones and tablets more than on desktop and smart TV: 20 minutes per day vs. 16. This represents a 39% leap for mobile on last year’s figures, whereas fixed video consumption remained static – higher viewing on smart TVs counterbalanced by the viewing lost from desktops to smartphones and tablets.

The ongoing growth in mobile video consumption is being driven by the growing popularity of mobile devices (particularly low-cost models) in lower-income countries; the development of better mobile displays, and the spread of high-speed data connections (particularly 4G). On this evidence, ZenithOptimedia forecasts that mobile video consumption will grow 33% in 2017 and further 27% in 2018, to reach 33 minutes a day. Thus, mobile devices will account for two-thirds (64%) of all online video consumption in 2018. Fixed video consumption will grow as well, but at a slower pace – +13% in 2017 and +3% in 2018 to reach 19 minutes.

According to Ooyala<sup>16</sup>, in Q3 2016 there were more video views on mobile devices globally than on any other device. Nearly half of all viewing on smartphones accounts for video over five minutes in length (a year ago it was less than one-fourth). 30% of all video viewing was of video over 20 minutes in length. Because of that one can understand Instagram’s decision<sup>17</sup> to let advertisers extend their videos to 60 seconds, from 3-15 seconds as it was before.

As for mobile video ad formats in 2016, the expectations of foreign market players have been confirmed: 2016 has not become the year of vertical video “even though it should”<sup>18</sup>. Nevertheless, the year 2017 looks promising: in a recent study Unruly has found that mobile vertical video views drive the interaction rate six times higher than

15. ZenithOptimedia, “Online Video Forecasts 2016”, August 2016. URL: <https://www.zenithmedia.com/mobile-online-video/>

16. Ooyala, “Q3 2016 Global Video Index”, December 2016. URL: <http://go.ooyala.com/wf-video-index-q3-2016>

17. <http://www.theverge.com/tech/2016/3/29/11325294/instagram-video-60-seconds>

18. <http://www.momentology.com/8936-video-marketing-trends-2016/>

that of horizontal mobile video. Because of that the company thinks that vertical video assets will no longer be an afterthought or optional add-on the next year. Mobile-first video makers and digital production teams are already offering vertical video as part of digital content stack, in the UK 42% of both media buyers (advertisers and agencies) and media sellers (publishers and ad networks) have tried<sup>19</sup> vertical mobile ad format.

Music video platform Vevo, in an effort to get rid of a YouTube appendage image, has introduced a new version of its mobile app, where the player gives an equal opportunity of watching full-screen video in both landscape and portrait modes. The same technology will be possibly used for mobile ad serving as well.

Out of other companies' initiatives aimed at improving user experience with mobile video, we can note the launch of a new ad product for smartphones and tablets by YouTube – “Bumper Ads”, that is an unskippable six-second video format, sold through the AdWords auction on a CPM basis and good for driving incremental reach and brand awareness (that is why it is advised to combine them it with a TrueView or Google Preferred campaign). And by 2018 Google is going to phase out unskippable 30-second pre-roll ads on YouTube.

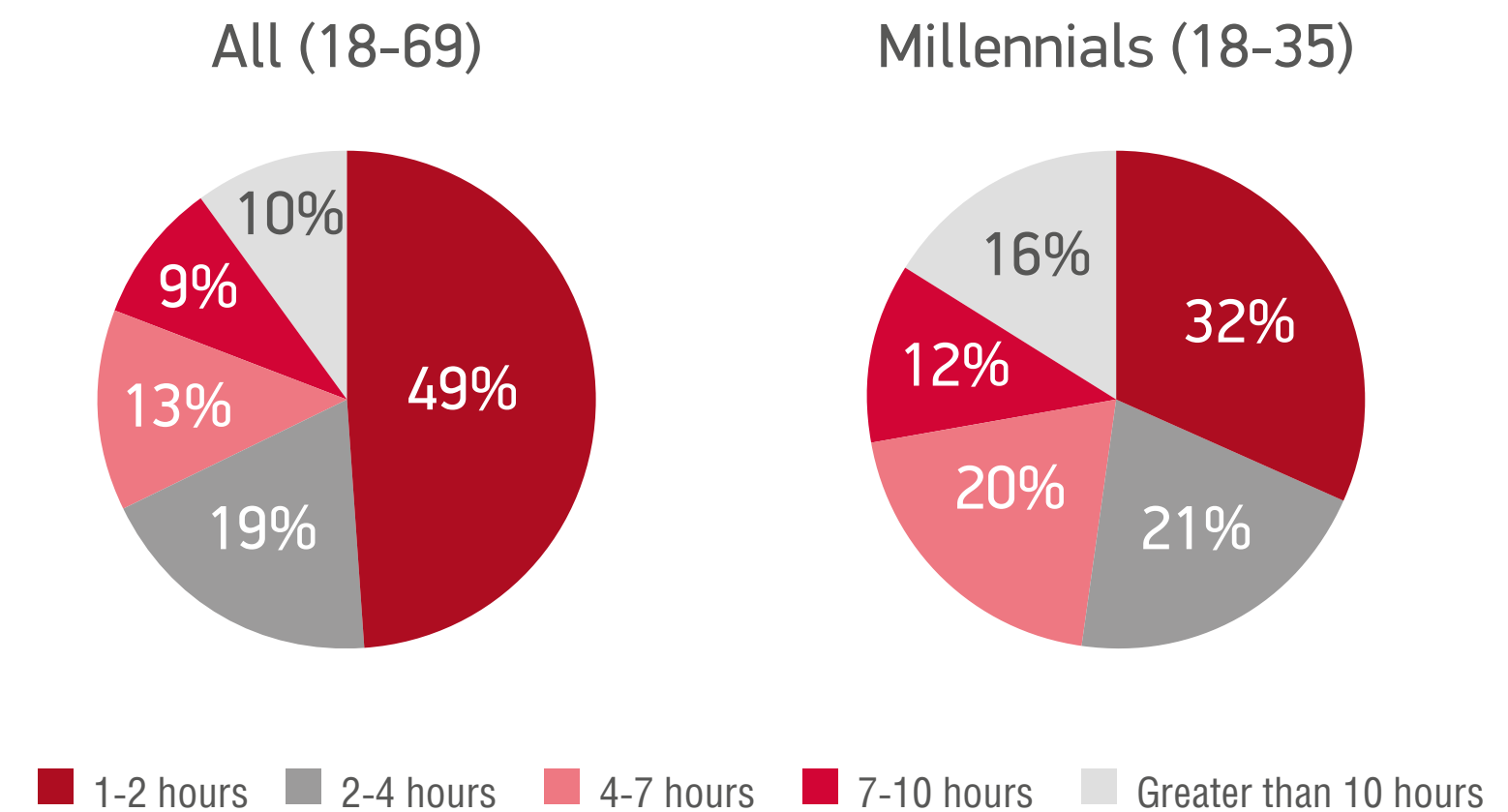
Another interesting launch is Instant – the new mobile-first all-video platform by Time Inc. Instant features content “about the lives and projects of digital celebrities”, as well as content created by the digital celebrities for the new platform exclusively. It will carry native app-like experience directly in the mobile browser and a special user experience – “fluid video stream”, so viewers can watch without interruption, no app download required. The planned business model is advertising, including native and branded formats.

19. ExchangeWire Research and Rubicon Project, “UK Mobile & Video Advertising Truths”, August 2016. URL: <https://www.exchangewire.com/rubicon-project-research/>

## COMMUNICATING WITH MILLENNIALS

Three-fourth of online users age 18+, surveyed by Limelight Networks in the UK and the US, watched online video at least once a week, of them half reported watching it more than 2 hours a week. When breaking out generations, Millennials (age 18-35) reported the highest amount of online viewing, with two-thirds watching more than 2 hours each week, 28% – more than 7 hours.

Weekly Online Video Consumption by Hours per Week<sup>20</sup>



Also, compared to the entire population, Millennials are more tolerant to online video advertising, with two-thirds willing to watch it if it prevents them having to pay for content.

20. Limelight Networks, “The State of Online Video”, the survey of respondents age 18-69 in the UK and the US, December 2016. URL: [http://img03.en25.com/Web/LLNW/%7Bc02f1632-f615-471f-a79e-354d5cc0244f%7D\\_2016StateofOnlineVideo.pdf](http://img03.en25.com/Web/LLNW/%7Bc02f1632-f615-471f-a79e-354d5cc0244f%7D_2016StateofOnlineVideo.pdf)



In light of this, it is interesting to track media companies' activity in engaging this demographic cohort in communication.

In spring 2016 Verizon and Hearst created a joint venture Verizon Hearst Media Partners to develop digital video programming aimed at mobile Millennials, with the first acquisition being digital video network Complex in April 2016.

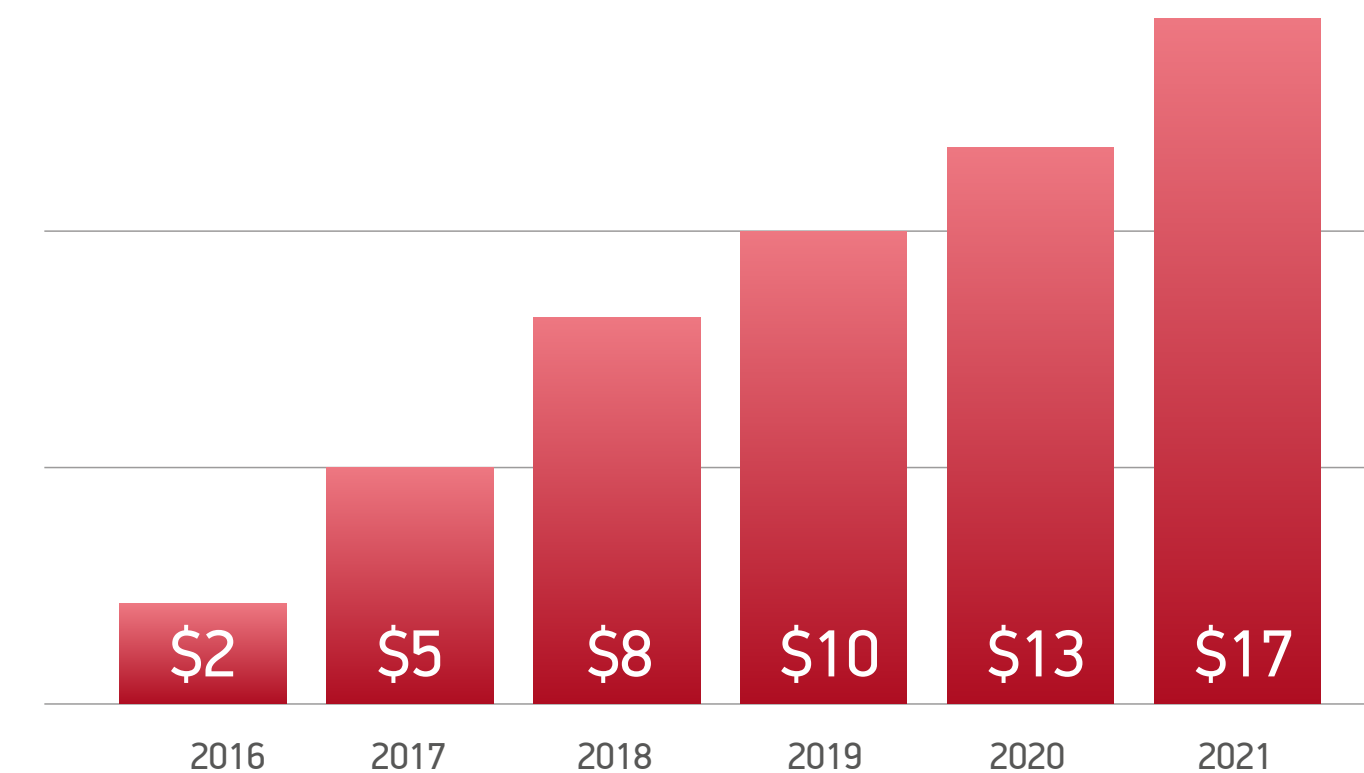
Around that time Verizon also bought a stake at a youth-focused digital media company AwesomenessTV. It paid \$159 million for 24.5% shares owned by Dream-Works Animation and Hearst.

Viacom and Snapchat have launched an unprecedented global partnership aimed at a more effective communication with millennial and post-millennial audiences. Viacom will create two new channels for Snapchat, increase original content production for Snapchat Discover, and its ad sales team will sell ads not only in their own Discover channels, but also the ads on the popular Snapchat-produced "Live Stories".

## SOCIAL VIDEO

Magna Global in its "Global Advertising Forecast"<sup>21</sup> report names social video the biggest game changer in the advertising industry in 2016. The company estimates that in the US video ad spend in social networks in 2016 grew by 142% and totaled \$2.1 billion – this comprises 13% of social media advertising and 23% of all digital video advertising. In 2017 Magna Global expects social video advertising to more than double to reach \$5 billion, and \$17 billion – by 2021.

US Social Video Ad Spend, \$ Billion<sup>22</sup>



The main buyers of social video ads are mainstream consumer brands, previously spending very little with social media. Now they are attracted by the "best-of-both-worlds" promise: creative impact of TV commercials together with targetability and accountability of social networks. The budget sources in this segment are partly other digital video formats and partly – new money.

21. Magna, "Global Advertising Forecast. Winter Update", December 2016.

URL: <http://magnaglobal.com/wp-content/uploads/2016/12/MAGNA-December-Global-Forecast-Update-Press-Release.pdf>

22. Magna, "Global Advertising Forecast. Winter Update", December 2016.

URL: <http://magnaglobal.com/wp-content/uploads/2016/12/MAGNA-December-Global-Forecast-Update-Press-Release.pdf>



At the same time, instead of using a combination of platforms to promote a new branding campaign, more U.S. ad buyers are turning to Facebook Video and YouTube as standalone marketing vehicles. A study by Cowen and Company<sup>23</sup> found that share of U.S. senior ad buyers who chose Facebook Video as the primary platform, has grown between early 2016 and early 2017 by 7 percentage points (from 10% to 17%), share of those who chose YouTube was up by 11 percentage points (from 8 to 19%), whereas share of those who used both these two platforms together with TV – decreased from 35% to 23%.

Around 85% of Facebook Video is watched without sound, however, if the content is completely made for Facebook, brand KPIs (brand lift, purchase intent, etc.) are not affected by it. Rye Clifton, director of experience at GSD&M, says:<sup>24</sup> “Sound is still an option [on Facebook], but it’s not required. If you can make something compelling without needing people to turn the audio on, you’re ahead of people who are not thinking that way”.

It is worth noting that while reporting Q2 2016 earnings, Facebook admitted:<sup>25</sup> it is about to max out on the number of ads it can show users inside its flagship product. Increasing the total number of ads the company can show to each user in news feeds will not be an option, it is necessary to find new ways to provide revenue growth. This is why Facebook is pushing hard into video, that allows to serve more expensive video advertising.

A more niche social network – Pinterest – in 2016 also decided to enter video advertising market and has introduced its Promoted Video Pins product in the US and the UK. The strength of the product is that it offers advertisers not only views, but actions – according to the platform’s statistics, 55% of Pinterest audience use<sup>26</sup> it for purchasing goods, whereas in other social networks this metric is 4.5 times lower.

23. Cowen and Company, “Ad Buyer Survey V: Market Inflects On Mobile & Video”, January 2017.

URL: <http://www.emarketer.com/Article.aspx?R=1015246>

24. <http://digiday.com/media/silent-world-facebook-video/>

25. <http://www.recode.net/2016/7/27/12305002/facebook-ad-load-q2-earnings>

26. <https://www.theguardian.com/media/2016/aug/17/pinterest-video-ads-us-uk-promoted-video-pins>

And YouTube has launched a new ad product called Google Preferred Breakout Videos, that is an extension of its regular Preferred product. The new service lets brands automatically place their content alongside “the hottest” videos, which are rapidly gaining popularity (they comprise the top 5% of YouTube's most popular channels).

## LIVE STREAMING VIDEO MONETIZATION

Live video platform Facebook Live went public in January 2016, building on the momentum generated by Meerkat and Twitter's Periscope in 2015. By September 2016, according to Socialbakers<sup>27</sup>, it was being used by more than the half of the top 500 brands ranked by their Facebook followers. The service was also widely used by celebrities, government agencies and everyday consumers. Facebook Live's success has spawned imitation not only by other competitors but within the Facebook portfolio as well – in December 2016 Instagram launched a similar live video function in its app.

In summer of 2016 “streaming for everybody” appeared<sup>28</sup> on YouTube's app as well. The study by Frank N. Magid found<sup>29</sup> that by the fall of 2016 three-fourth of American online users were watching live streaming online, 45% of them were doing it on YouTube and 24% – on Facebook Live.

According to Facebook<sup>30</sup> data, users spend on average three times longer watching Facebook Live videos compared to non-live videos (pre-recorded and posted). If in 2015 and 2016 many live streaming platforms were created and started gaining momentum, 2017 will be marked by the emergence of advertising formats, that will let brands communicate with users in this type of video. The exact formats are still unclear; a number of analysts suggest that there may be a return of commercial breaks in the form of mid-roll blocks.

For example, online video platform Ooyala has started<sup>31</sup> offering real-time server-side ad insertion (SSAI) for live video media and publishing customers. The technology allows to avoid breaks between content and advertising (so that online viewing feels more like television) and it also helps defeat ad blocking software.

27. <http://www.emarketer.com/Article.aspx?R=1014940>

28. Earlier YouTube live broadcasts were available only for selected sports and cultural events, curated by the service.

29. Frank N. Magid Associates, “Magid 2016 Research Highlights: Digital Video and Cord Cutting”, October 2016.

30. <http://boldcontentvideo.com/2016/03/04/facebook-users-spend-3x-longer-watching-facebook-live-videos/>

31. <http://www.streamingmedia.com/Articles/News/Online-Video-News/Ooyala-Adds-Server-Side-Ad-Insertion-for-Live-Video-Streams-112359.aspx>

## PROGRAMMATIC VIDEO

One of the main 2015-2016 trends is YouTube's transformation into a "walled garden" – closing its ecosystem, and limiting access by third-party companies. Back in late 2015 Google restricted them from buying YouTube ads via DoubleClick Ad Exchange (AdX). In fact, only 5% of video mogul's inventory was sold<sup>32</sup> via AdX (for example, TrueView initially was sold only via AdWords and recently – via DoubleClick Bid Manager), however it is not the inventory volume that matters, but the principle itself – part of the advertising community has taken this step extremely negative. They allege Google is killing the competition, because it forces the clients to buy YouTube advertising through its own platform exclusively. It also cuts off other tech players and does not let advertisers use non-google technologies, that could have made more (or at least different) data on ad campaign effectiveness available. In the spring 2016 Google's ex-partner – TubeMogul – even launched an ad campaign "Independence Matters"<sup>33</sup>, where it criticized Google for "misaligned business incentives" and "conflicts of interest".

At the same time, Google was actively working on making advertisers' life "inside the walled garden" nice and comfortable. In 2016 TrueView Video Discovery format became available in mobile search results, DoubleClick BidManager added such innovations as Programmatic Native, full set of Google Audience Solutions (including the creation of proprietary audience segments and automated selection of look-a-likes), etc.

Another significant trend is the rise of dynamic creative optimization (DCO) in programmatic (automation of A/B testing, using algorithms to interpret and understand how to serve ads that perform better). While now it applies to a limited extent, in 2017

many analysts expect DCO to reach such level when every brand will have to take into consideration, how granular the audience should be segmented and how many iterations are needed for their goals. Such hypertargeting will be unlikely used by FMCG brands, however it will be very helpful for luxury auto manufacturers.

**Adam Hopkinson, Anyclip:**

*"The most influential trend in video was the (slow) adoption of multivariate creatives for online – this is morphing already into dynamic video creatives being produced that accurately target very granular target audiences. This will continue to develop fast into 2017. I think video will speak to INDIVIDUALS – it will be done in a non-intrusive, glaring way (as retargeting can be) but more in a crafted bespoke way and responses to video advertising will scale as messages connect more with people".*

32. <http://blogs.wsj.com/cmo/2015/08/06/google-to-limit-the-number-of-ways-brands-can-buy-youtube-ads/>

33. <http://www.businessinsider.com/tubemogul-launches-campaign-attacking-google-2016-3>



## VR AND 360-DEGREE VIDEO

The year of 2016 has shown that future is definitely not 3D: Samsung stopped adding this functionality to new TV sets models, and LG significantly decreased the number of 3D-enabled TVs (only every fifth new model of 2016 supported it). The need for 3D began falling away because of the proliferation of UltraHD, virtual reality technologies and 360-degree video. And online players are actively supporting this trend: they not only produce the content, but also create ad products and sponsorship offerings.

In the spring of 2016 YouTube started showing live 360-degree videos, the first broadcast being from Coachella music festival. In addition, YouTube has also started supporting 3D “spatial” audio in the videos (in VR headsets the sound changes along with the viewpoint), and Google has announced Daydream, its platform for developing “high quality” mobile VR apps and games. The New York Times, the Wall Street Journal, USA Today, CNN, HBO Now, Netflix, NBA, Hulu, MLB.com, IMAX, and Lionsgate will all create their own Daydream-compatible apps. Daydream will work out of the box on new smartphones from Samsung, HTC, Huawei, LG, ZTE, Asus, Alcatel, and Xiaomi. Google Play Movies, Google Photos, Google Street View, and of course YouTube will also work on Daydream.

Sony Pictures Television’s internet TV service Crackle has launched a virtual-reality theater experience, where viewers can stream the service’s entire content library – including movies and original programs. Advertisers (the first being LG Electronics) can “skin” the VR experience with logos and ads as well as integrate their own 360-degree commercials. Crackle also introduced a new “break-free advertising” sponsorship model, where a 10-episode original includes only five ads per episode, the same five advertisers have a spot in each of the episodes, and all commercials are logically connected with the content.

USA Today Network (USATN), in partnership with Club Med, has added 360-degree video capabilities to its existing ad unit Gravity. All USATN news apps now have a virtual reality section “VR Stories”, there also exists a standalone virtual reality app of the same name, all of the apps contain VR branded content. In addition to this, USATN has also started producing a new feature called “VRtually There” — the first branded news experience presented in virtual reality.

AOL has acquired a virtual reality studio RYOT that produces VR and 360-degree films and documentaries with the aim of giving viewers more immersive experiences. The studio will be placed as a new unit under AOL’s Huffington Post and will be contributing 360-degree VR capabilities to all of the publisher’s global news desks. In addition, the studio will be creating specialized content for partnered brands through AOL’s Partner Studio. The purchase price is estimated to be in the \$10 to \$15 million range.

In March 2016 British broadcaster Sky created Sky VR Studio, a dedicated in-house VR production unit. Initially the content is created for Facebook 360 Video platform; the full VR experience is available on the Oculus platform, and viewable on Samsung Gear VR and Oculus Rift headsets. Later in the year, Sky started distributing content through a dedicated Sky VR app. For the year 2016 Sky planned to produce over 20 individual films about cultural and some of the biggest sporting events.

Twitter started supporting 360-degree video (still without an editing option though) only in the very end of 2016. However back in summer 2016 the company did experiments with partners, for example, with NBA and Samsung. Twitter cards in NBA official account linked out to Samsung website where the user could watch exclusive game videos filmed on a Samsung Gear 360 camera.

Netflix and Hulu also support VR trend. Hulu launched a VR app for Samsung Gear VR, initially it included close to thirty 360-degree videos from Discovery Communications, Babab Studios, the National Geographic Channel, RYOT, Showtime Networks, Viacom and others, as well as Hulu’s entire catalog of TV shows and movies via a virtual living room. Netflix produced a 360-degree video promo for a popular TV show “Stranger Things”.

Sony Pictures Entertainment became the first brand to use Snapchat's new 360-degree ad format to provide users with a “snackable” 10-second ad. The campaign promoted a thriller “Don't Breathe”, in the video viewers could not only rotate their view 360 degrees but also move forward.

According to the survey by ExchangeWire Research and Rubicon Project<sup>34</sup>, in the UK 43% media buyers (advertisers and agencies) name 360-degree video “the next large video growth area”, 32% name VR video. In the US 53% online users surveyed by YuMe<sup>35</sup> agreed that “360-degree video can help create engaging experience”, another 36% would be more likely to engage with an ad if it was in 360-degree video.

However, a report by Fishbowl VR<sup>36</sup> on the current state of user experience in ten 360-degree apps (including Netflix and Hulu), showed that users missed the feeling of shared viewing when in VR (that might be rectified with the arrival of Facebook's social VR integrations). They also wanted more interactivity inside the videos they were immersed in, better video quality, more video descriptions and solving a buffering problem. Only then 360 video can really hope to reach the masses and therefore – ad budgets.

34. ExchangeWire Research and Rubicon Project, “UK Mobile & Video Advertising Truths”, August 2016.

URL: <https://www.exchangewire.com/rubicon-project-research/>

35. YuMe, “Immersive Technologies: The New Emerging Platform & Opportunities for Brands”, January 2017.

URL: <http://www.yume.com/research/seeing-is-believing>

36. Fishbowl VR, “The State of VR Video. User Experience Report”, December 2016.

URL: [https://www.fishbowlvr.com/resources/experience-reports/state-of-vr-video#key\\_findings](https://www.fishbowlvr.com/resources/experience-reports/state-of-vr-video#key_findings)

## QUASI-EQUILIBRIUM OF PAID AND AD-SUPPORTED MODELS

The year 2016 in the field of professional video content was marked, in the first place, by the global expansion of American video services Netflix and Amazon Prime Video.

In the very beginning of January Netflix brought its internet TV network to more than 130 new countries around the world. That means that now it is available on all world territories, except China (where government strictly regulates internet), Crimea, North Korea and Syria due to U.S. government restrictions on American companies. In most new countries Netflix is available in English, it also added Arabic, Korean, Simplified and Traditional Chinese to the 17 languages it already supports.

In the end of the year Amazon Prime Video also entered the global market – it expanded to 200 new territories. On some territories the company started offering its streaming video service on a monthly basis – before that it was accessible only through the annual Prime shipping membership.

During 2016 the following companies revised their business models in favor of paid offerings: CBS All Access (launch of “ad-free” model on top of regular subscription with some ads), Vimeo, Hulu (discontinuation of the free, ad-supported service in a move to all-subscription model), Vessel (which, however, soon after that was acquired by Verizon and closed). New services were launched by AT&T (DirectTV NOW and Fullscreen, initially named AT&T Mobile), Turner (FilmStruck — in partnership with Criterion), Fandango (FandangoNow), BBC Worldwide (BBC Player) and others.



A study by Hub Research<sup>37</sup> shows how it has affected the preferences of the audience: if earlier ad-supported model prevailed over the paid one, now they are approaching the equilibrium. 53% online TV viewers in the US prefer watching TV shows for free, “paying” by viewing commercials, others choose paid platforms: subscription (40%) or transactional models (7%).

Premium services attract users with an increasing amount of original content. While in 2012 there were only three online scripted U.S. TV shows, that number rose to 41 in 2015 and to 57 in January-October 2016<sup>38</sup>. Last year YouTube Red also joined “content arms race” with six original series. Even a streaming audio service Spotify began producing short-form episodes, targeting millennials.

Other than that, in selected countries Netflix and Amazon Prime Video finally launched offline playback, that of course had a positive impact on offline video viewing: thus, in the UK among Amazon Prime Video viewers on smartphones, 67% downloaded videos to their devices and only 32% streamed it<sup>39</sup>.

Other measures to attract subscribers include development of online TV offerings, alternative to cable and satellite products. Hulu and YouTube are aiming to launch such services in the beginning of 2017.

However, all of this does not mean that new ad-supported (or mixed model) services have stopped appearing.

In May 2016 Amazon launched an add-on to Amazon Video to directly compete with YouTube – Amazon Video Direct, open to any video creator. Participating partners can make their content available to Prime Video subscribers and receive a per-hour royalty fee; it can be sold as an add-on subscription through the Streaming Partners Program; it can be offered for digital rental or purchase; or it can be made available to all Amazon customers for free with ads, and creators will receive a 55% share of the

ad revenue (the same as YouTube). Amazon will pay partners 50% of the retail price for digital purchases, rentals and subscription fees.

And AT&T, in addition to paid services DirecTV NOW and Fullscreen, rolled out FreeVIEW (initially called AT&T Preview) – an ad-supported content collection, available to everyone. It is a kind of an introduction for those users who want to try the company’s OTT services. For AT&T it is an opportunity to test content before its premium launch and monetize videos that can work better on ad-supported model. FreeVIEW (as well as its fellow services) is carrier-agnostic, however AT&T wireless customers get special offers.

37. Hub Research, “2016: TV and Advertising”, August 2016. URL: <http://www.prweb.com/releases/2016/09/prweb13691715.htm>

38. IHS Markit, “World TV Production Report 2016”, October 2016.

URL: <https://technology.ihs.com/584722/netflix-and-amazon-outspend-cbs-hbo-and-turner-on-tv-programming-ihs-markit-says>

39. GFK SVOD Content Consumption Tracker, December 2016. URL: <http://www.emarketer.com/Article.aspx?R=1015002>



# FORECASTS

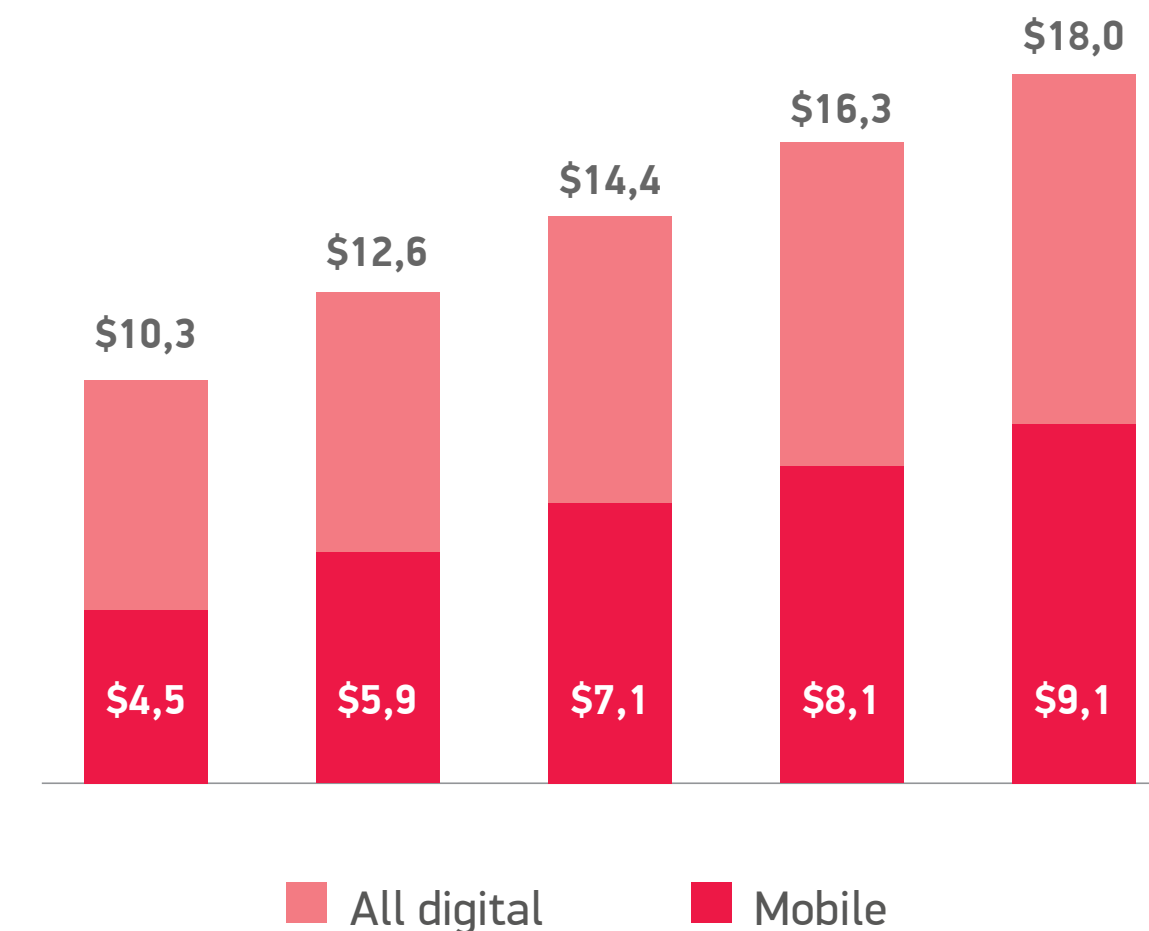
**Global market.** ZenithOptimedia<sup>40</sup> estimates global digital video advertising in 2017-2019 to grow at 18% a year. By 2019 it will total \$35.4 billion and even become fractionally ahead of the amount spent on radio advertising (\$35.0 billion).

Although most online video consumption is mobile, the majority of online video ad expenditure goes to fixed devices, however, this share is declining each year. If in 2015 desktop and smart TV video ads accounted to three-fourth of all online video advertising, in 2017 the share of fixed video ads will decrease to 68% and in 2018 – will approach 50%.<sup>41</sup>

Magna Global forecasts<sup>42</sup> global digital video ad sales to grow by 27% in 2017. The drivers are rapid rise of social video, worldwide increase in YouTube sales, positive growth for premium content on FEP (full episode players) platforms, re-energizing of digital video long tail with news media and other non-video-centric websites that run an increasing volume of out-stream video commercials, frequently bought programmatically.

**In the US** online video advertising continues growing at double-digits every year. eMarketer forecasts that in 2017 video ad revenue will grow by 22% to reach \$12.6 billion, and will total \$18 billion in 2020. Video ad share of total display will increase from 29.8% in 2016 to 30.7% in 2017 and then – to 31.7% in 2020. Accordingly, online video ad share of overall digital advertising will also gradually increase: from 14.3% in 2016 to 15.1% in 2017 and 15.9% in 2020.

U.S. Digital Video Ad Spending Forecast, \$bn<sup>43</sup>



in 2017 47% of video ads (or \$5.87 billion) will account for mobile devices, in 2019 mobile and desktop shares will equal and in 2021 mobile video advertising will have a slight advantage – 51% of video ads (\$9.08 billion). As can be seen, mobile video shows a better growth than digital video advertising overall: +31% in 2017, +21% in 2018, +14% and +12% in 2019 and 2020, respectively.

Programmatic video advertising in the US will grow<sup>44</sup> at even faster pace: +40% (to reach \$8.66 billion) in 2017, +23% (to reach \$10.65 billion) in 2018. Thereby, programmatic share of digital video advertising will increase from 60% in 2016 to 69% in 2017 and 74% in 2018.

43. eMarketer, "US Ad Spending. eMarketer's Updated Estimates and Forecast for 2015–2020", September 2016; includes advertising that appears on desktop/laptop computers, mobile phones, tablets and other internet-connected devices; includes advertising that appears before, during or after digital video content in a video player; does not include out-stream and in-feed video on social networks – these formats relate to rich media and social advertising.

44. eMarketer, September 2016; includes advertising that appears on desktop/laptop computers, mobile phones, tablets and other internet-connected devices; includes advertising that appears before, during or after digital video content in a video player; does not include out-stream and in-feed video on social networks – these formats relate to rich media and social advertising. URL: <http://www.emarketer.com/Article.aspx?R=1014831>

40. ZenithOptimedia, "Advertising Expenditure Forecasts", December 2016.

URL: <https://www.zenithmedia.com/social-media-ads-hit-us50bn-2019-catching-newspapers/>

41. ZenithOptimedia, "Advertising Expenditure Forecasts", August 2016. URL: <https://www.zenithmedia.com/mobile-online-video/>

42. Magna, "Global Advertising Forecast. Winter Update", December 2016. URL: <http://magnaglobal.com/magna-advertising-forecasts-winter-update-digital-media-drives-global-ad-sales-to-5-7-strongest-growth-in-six-years-driven-by-social-and-search/>

The following years YouTube will continue<sup>45</sup> developing along with the market and so will remain the leader of U.S. video ad market with a share of 20-21%.

**In Canada**, according to eMarketer forecast<sup>46</sup>, digital video advertising in 2017 is expected to grow by 10% to reach CAD 424 million (however, Carat sees<sup>47</sup> a somewhat bigger growth — by 14.7%). After 2017 video will grow at almost the same pace with all digital advertising (+9% in 2018, +7% in 2019, +6% in 2020), therefore video share of digital ad market in 2017-2020 will remain at the level of 8-8.2%.

Mobile share of video advertising will increase from 42% in 2017 to two-thirds in 2020 due to the outpacing growth of the segment (+60% in 2017 to reach CAD 162 million, +34% in 2018 to CAD 216 million, and a further growth to CAD 352 million in 2020).

The growth rate of programmatic video advertising is expected to be even higher. If in 2014 only 9% of video ads in Canada was bought programmatically<sup>48</sup>, in 2018 this figure will leap to 74%. A relative lack of quality digital video ad inventory has plagued the segment, but that is resolving through better publisher monetization of programmatic video.

**In the UK** digital video investments in the following four years will keep growing<sup>49</sup> double digits. In 2017 digital video ad market will grow by 20% to reach £1.3 billion, in 2018 — by 17% to £1.5 billion, and by the end of 2020 it will total £2 billion. Compound annual growth rate (CAGR) 2017-2020, therefore, will be 16%, which is higher than that of display advertising (+11%) and overall digital (+7%). Because of that

45. eMarketer, “Q4 2016 Digital Video Trends: Monetization, Audience, Platforms and Content”, December 2016.

46. eMarketer, “Worldwide Ad Spending. eMarketer’s Updated Estimates and Forecast for 2015–2020”, October 2016; includes advertising that appears on desktop/laptop computers, mobile phones, tablets and other internet-connected devices; includes advertising that appears before, during or after digital video content in a video player; does not include out-stream and in-feed video on social networks — these formats relate to rich media and social advertising.

47. Carat, September 2016. URL: <http://www.marketingmag.ca/advertising/canadian-ad-market-to-grow-3-in-2016-carat-182922>

48. eMarketer, “Canada Programmatic Ad Spending Forecast 2016”, October 2016. URL: <https://www.emarketer.com/Report/Canada-Programmatic-Ad-Spending-Forecast-2016-Automated-Methods-Will-Increasingly-Dominate-Display-Ad-Buying/2001907>

49. eMarketer, “Worldwide Ad Spending. eMarketer’s Updated Estimates and Forecast for 2015–2020”, October 2016; includes advertising that appears on desktop/laptop computers, mobile phones, tablets and other internet-connected devices; includes advertising that appears before, during or after digital video content in a video player; does not include out-stream and in-feed video on social networks — these formats relate to rich media and social advertising.

video share of display advertising will increase from 30% in 2017 to 34% in 2020; video share of overall digital during this time will increase from 12.3% to 15.5%.

Mobile video advertising shows even higher growth dynamics: in 2017 it will grow by 34% and reach £1 billion, CAGR 2017-2020 being +23%. According to ZenithOptimedia forecasts<sup>50</sup>, in 2018 an average U.K. consumer will use desktop internet 83 minutes per day, while mobile – almost 2.5 hours (148 minutes). In the first half of 2016, PwC and IAB UK<sup>51</sup> estimated that mobile ad revenues surpassed desktop for the first time (£802 million vs. £762 million). In this light, eMarketer’s estimates on mobile share of digital video (81% in 2017, 96% in 2020) seem somewhat more realistic.

**In China** online video is developing rapidly and will keep growing double digits at least in the near future. In 2017 eMarketer<sup>52</sup> expects digital video ad investments to grow by 39% to reach \$8.4 billion, and in 2020 – to reach \$15.4 billion. Chinese digital video advertising will grow at almost the same pace as the market: in 2017-2020 CAGR for all digital advertising is forecasted to be 20%, for display – 21%, for video – 22%. As a result, during this time video share of display and digital will show only a slight increase: from 29% to 30% and from 15.5% to 16.5%, respectively.

As for mobile video advertising, in 2017 its sales will grow by 50% to reach \$5 billion, and by the end 2020 will more than double (\$11.2 billion). Mobile share of digital video will therefore increase from 59% in 2017 to 73% in 2020.

Programmatic video advertising in 2017 will grow<sup>53</sup> by 67% to reach \$2 billion, and in 2018 – by 43% to reach \$2.9 billion. As a result, by the end of 2018 more than one-fourth (26%) of digital video advertising in the country will be bought programmatically.

50. <http://digiday.com/mobile/state-uk-mobile-ad-spend-5-charts/>

51. <https://www.exchangewire.com/blog/2016/10/13/mobile-overtakes-desktop-first-time-latest-iab-uk-ad-spend-report/>  
52. eMarketer, “Worldwide Ad Spending. eMarketer’s Updated Estimates and Forecast for 2015–2020”, October 2016; includes advertising that appears on desktop/laptop computers, mobile phones, tablets and other internet-connected devices; includes advertising that appears before, during or after digital video content in a video player; does not include out-stream and in-feed video on social networks — these formats relate to rich media and social advertising.

53. eMarketer, “Programmatic Advertising in China: 2016 Trends and Forecast”, September 2016.



# IN RUSSIA

## EVENTS AND TRENDS MARKET CONSOLIDATIONS

Undoubtedly, the main event of the entire Russian advertising market, that affects online video ad selling as well, is establishing a united company National Advertising Alliance (NAA) by Russian media holdings VGTRK, Channel One, Gazprom-Media Holding and National Media Group. TV ad sales on the major channels are now combined on the basis of NAA. It replaces the Vi group (“Video International”) and Gazprom-Media holding’s proprietary sales house. The goal of the alliance is “the emergence of a single trading platform that will take into account TV industry interests and will provide a balance of interests between advertisers and broadcasters”.<sup>54</sup>

The biggest video ad sellers – IMHO and Gazprom Media Digital (GPMD) – should also be part of a new mega seller, but the form of this structure is not clear yet. At the very end of 2016, the New Service Company, originally plotted as an exclusive technology partner, NAA’s back office, filed an application to Federal Antimonopoly Service for the purchase of shares of sales houses Vi Trend (sells ads on regional television) and IMHO, as well as a controlling stake in GPMD.

54. <http://www.gazprom-media.com/ru/press-release/show?id=1151>

The next mega structure on video market can be the creation of a single platform for monetizing legal content online. This idea has been discussed since the summer 2016 by the largest Russian media holdings: Gazprom-Media, Channel One, VGTRK, CTC Media and National Media Group. As Dmitry Chernyshenko, CEO of Gazprom-Media, noted, the purpose of this online showcase is to determine the general rules of the game on the market: “Online content distribution from the B2B point of view will be conducted from one source and on one video player. All the content outside the showcase will become pirated by default nationwide. Piracy will simply stop”.<sup>55</sup>

In May 2016 Gazprom-Media and Pladform closed the deal on creating a new video platform Ruform (the holding bought one-third of Pladform’s shares). Gazprom-Media merged its video service Rutube with the largest distribution platform of legal content in Runet – Pladform, through which video is placed on many Russian online properties including Vkontakte. By the end of 2016 Ruform took<sup>56</sup> over one-fifth of video ad market in Runet; 46% of Russian audience watched content through the platform’s video player.

Having made the main stake on RuTube/Ruform, Gazprom-Media also began revising development plans of the rest of its video services. It is likely that the unprofitable online cinema Now.ru will be closed.

There was also a merger in the field of programmatic video in 2016. A new company appeared on the market – Between Exchange – created by merging of four Impulse VC’s portfolio assets: Between Digital, RTB-Media, ViHub and Intency. New exchange provides real-time auctions for ad inventory on more than 100 thousand Russian online properties. All popular ad formats are available, including programmatic video on desktop, mobile and smart TV.

55. <http://kommersant.ru/doc/3185101>

56. <http://www.kommersant.ru/doc/3185101>



## ONLINE CINEMAS

American streaming services Netflix and Amazon Prime Video became available in Russia in 2016 as part of a global expansion – for RUB 649-949/month and \$2.99/month, respectively. These are nominal launches that do not have a significant impact on the country's market yet. The reasons for that are relatively high (in case of Netflix) cost of subscription, lack of local content, small share of content with Russian-language voice-over and subtitles and relatively small content catalog, in general. According to the statistics by Unofficial Netflix Online Global Search<sup>57</sup>, at the time of Netflix launch, the content catalog available in Russia (522 movies and 200 TV shows on January 8, 2016) was about 8 times smaller than the American one, though a year after this gap went down to 2.5 times.

However, as Alexander Akopov, Amedia founder, noted, “if we don't take special measures, Netflix can devour everyone – its financial resources are unlimited, its financial model is completely obscure and reserved, though it is allegedly published. Generally speaking, all Russian TV channels spend on TV shows \$600 million per year. Netflix, if it wants to, can spend \$100 million and grab a significant market share”.<sup>58</sup>

In 2016 Russian industry was also waiting for an online cinema from another foreign player – a “Chinese Netflix” LeEco. The company has opened Russian office and considered possible options for launching a streaming service in the country: either to establish its own video platform, or to acquire one that already exists in Russia, with a subsequent business restructuring (Okko, Tvizavr and Tvigle were named among the candidates).

However, in fall 2016, in light of a possible passing the law that will restrict the share of foreign ownership in online video service to 20%, LeEco suspended<sup>59</sup> the development of its own platform, as well as the consideration of purchasing one of the existing Russian OTT-platforms.

57. <http://unogs.com/countrydetail/?q=&cl=402,78,&pt=stats&st=&p=1>

58. <https://rns.online/interviews/Prodyuser-aleksandr-akopov-o-biznese-na-rossiiskih-serialah-2016-12-29/>

59. <http://izvestia.ru/news/635679>

According to the idea by Media-Communication Union, online video services should be equated to media, and therefore foreigners cannot own more than 20% of their shares. The legislation applies to the services that offer audiovisual content on the paid or ad-supported model and have a daily reach of more than 100 thousand people. The legislation was not supported by market participants as it sharply undermines investment attractiveness of this segment. In the beginning of 2017 Internet Video Association, Ivi and Russian Association for Electronic Communications (RAEC) prepared their amendments. They offered to divide foreign and Russian video services and make different regulating rules: foreign services will still have the 20% restriction, while Russian platforms will have to work only via local legal entities.

The experience of foreign online cinemas shows that original content production is one of the most powerful weapons in the competitive struggle that allows to attract and retain users. Russian video services are also gradually starting and/or increasing the production of original long-form content. In 2016 Ivi presented its own children's animated series “Ten Friends of Rabbit”, Megogo – “Cossacks. Soccer”, Mail.ru Group announced the production of web-show about office life (has not been released yet), and in early 2017 it became known<sup>60</sup> that V Kontakte representatives are in the early stages of negotiation with producing and TV companies and administrators of popular VK groups about creation of its own exclusive content that will be published on the social network's platforms.

As for online cinemas advertising activities in 2016, we can note the following.

Ivi in partnership with GetShopTV launched a new interactive option, that allows advertisers to contact a potential customer right after showing a video ad on smart TV. A special frame is integrated in the video; it displays an invitation to learn more about the product, request a call back or get a mobile checkout link (via SMS). “Ok” button on TV remote leads a viewer to the product's microsite, where he or she can find more details and input a mobile phone number. After that the viewer can request a call back or get a promo code with a link to advertiser's website or to an app in AppStore or GooglePlay.

60. <http://www.vedomosti.ru/technology/articles/2017/03/02/679604-v-kontakte-kontent>

Megogo started testing a new technology for recognizing images in streaming video, based on computer vision and neural networks. This will allow the company to offer deeply targeted advertising on its platform, “that will not be just shown to target audience, but will also be shown at specific moments, depending on what is happening on the screen”.<sup>61</sup>

Yandex.Video has allocated special placements for the affiliates that show ad networks’ video formats on their websites. Their videos will be shown for relevant search queries in a section marked as “YAN Partner”. For example, if the user is looking for a specific movie, this special placement can show a partnering online cinema where this movie is available for streaming. As a result, affiliates will get more targeted traffic and an opportunity to monetize it with advertising.

As estimated by the experts, participated in the IAB study, **online cinemas account for 50-65% of in-stream video ad revenues in 2016** (in 2015 this share was estimated to be around 35-40%).

TelecomDaily estimated<sup>62</sup> that in five years from 2012 to 2016 share of advertising budgets in online cinemas revenues (where the agency also includes YouTube) decreased from 75% to 63%, due to the outpacing growth of the paid model.

For instance, Megogo still names advertising its main revenue source in Russia – in the year-end 2016 it accounted for 80% of the revenues (RUB 574 million); that is 60% more than in 2015. However paid services revenue over this period grew three times to reach RUB 145 million. Because of this its share increased from 11% to 20%.

The company explains the growth of paid model revenue by an increase of paying audience: “Users started viewing and paying more”.<sup>63</sup> According to Megogo representatives, the number of paying users in 2016 grew by 170%, and the number of those who have done more than two purchases, – by 41%. The average check of a paying user also grew by 41%.

61. <http://www.cableman.ru/content/megogo-do-kontsa-goda-zapustit-reklamnyu-tehnologiyu-na-baze-neironnykh-setei>

62. <http://www.cableman.ru/content/rynok-onlain-video-ri-zarabotal-31-mlrd-rublei-v-i-polugodii-2016-goda>

63. <https://vc.ru/n/megogo-2016>

Online cinema Tvzavr (that announced profit for the first time in seven years) increased its video ad revenue by 50% in 2016, and paid revenue – 5 times, while subscription based doubled to reach 4 million users.<sup>64</sup>

Online cinemas also associate the growing interest in paid models with the ongoing catalog expansion, and a growing number of new local and foreign movie releases.

In 2017 ad revenues of online cinemas are expected to grow along with video ad market or slightly behind it. The slowing dynamics is linked with legislation changes, redistribution of video market in favor of TV channels and social networks. Paid model will also continue developing, it is likely for the trend of outpacing growth (paid vs. ad-supported) to remain.

If earlier one of the main competitive advantages on the market was the size of content offering, now audience also finds important such things as variety of video genres and ability to watch content on different screens.

#### Nikolay Bulanov, Between Exchange:

*“Despite the noticeable market growth of advertising and SVOD/EST revenues, the absolute majority of online cinemas remain operationally unprofitable, and investors cannot return the “optimistic” years of investments. In this regard, it would be logical to expect a wave of acquisitions and consolidations of market assets, but the situation is complicated by the restriction on foreign ownership of media assets, as well as the general poor investment climate in the country.*

*The dynamics of non-advertising revenues also depend heavily on the level of piracy. Here such factor matters as the growing popularity of TV sets with smart TV functionality, because illegal content is poorly developed in this ecosystem.”*

64. <https://adindex.ru/news/releases/2017/02/13/158058.phtml>



## SOCIAL VIDEO

Video advertising in social networks, as noted earlier, became one of the main trends of global video ad market in 2016. This trend is extremely relevant for Russia as well.

Native auto-play videos appeared in the web version of Odnoklassniki back in the end of 2015. In spring 2016 a new mobile video ad format was added – pre-rolls with more than 250 targeting options, – and in December Mail.ru Group presented “Video+” format – desktop and mobile video with unique frequency in Vkontakte and Odnoklassniki newsfeed. Product’s potential reach in Russia is more than 50 million users, that exceeds any other media property’s reach in the country. Bayer and Danone were the first advertisers.

Thus, now advertisers can use two social networks as a single advertising platform. A new algorithm of tracking impressions recognizes the same user not only on different devices, but in different social networks as well. If a campaign is set with frequency = 1, the user will see an ad only once: after an ad post in mobile version Vkontakte, this ad will not be shown in Odnoklassniki on desktop, and vice versa.

The company notes that the format stands out not only by its unique reach possibilities, but also by access to modern advertising technologies, as well as transparent pricing. The main advantage of the newsfeed video format is also the maximum friendliness towards the user: you can skip the video you do not like by scrolling the page down.

And in the beginning of 2017 Vkontakte enabled auto-play videos in its newsfeeds. The video starts playing without a sound – it turns on only by clicking on the video. The company believes that such video advertising “does not cause irritation and allows to reach an audience that usually does not watch video online”. The future plan is to launch this ad format on all Mail.Ru Group projects, with unique frequency as well.

For this format the social network recommends using short videos that will attract user attention from the very first second with bright content, relevant topic and

targeting. According to Adidas, that tested the new format the first, “video completion rate was twice as high as when promoting a video on YouTube, and cost per completed view was several times lower than when promoting YouTube’s embed”.<sup>65</sup>

In addition to introducing new video formats, social networks also work actively on increasing video content offering. Here they also follow foreign trends, by launching live streaming services similar to Twitter’s Periscope and Facebook Live, and by investing in creating original content (e.g. Odnoklassniki has launched a weekly TV show “OK in touch”).

In summer 2016 in Russia and CIS Odnoklassniki launched a new live streaming app OK Live, that allows users to broadcast online in real time. Video creators can also monetize their archived broadcasts through the function “allow ads”. A few months later the company launched another app on the basis of OK Live – OK Live for Media. It is a free tool that allows online and TV news editors in Russia and throughout the world search for user content to enhance publications. The goal is to encourage users to create more videos and make content search easier for editors.

According to the year-end results, the number of unique users of the Video section on Odnoklassniki grew by 29%<sup>66</sup>, the number of video views increased by 51%, the number of video downloads – by 33%. The number of video broadcasts per day in December 2016 increased by almost 3 times compared to the same period in 2015.

In the end of the year another Mail.ru Group’s social project – Vkontakte – launched a similar application to OK Live app - VK Live. This app supports not only advertising model – viewers can also send creators paid virtual gifts.

**Maxim Zenin, Mail.ru Group:**

*“Social video is the main trend for us. It is a huge source of new video inventory, which, however, generates new challenges: muted views, video timing limitations, mobile domination on video consumption platforms, etc.”*

65. <https://vc.ru/n/vk-videoad-autoplay>

66. <https://roem.ru/13-01-2017/240505/odnoklassniki-itogi-2016/>



Social video attracts new advertising budgets, but also competes with other video ad formats (in-stream in professional content, in-read in news media etc.) for the existing budgets in price, reach and targeting capabilities. In 2017 the growth of social video advertising revenues is very likely to be partially ensured by shifting budgets from advertising in online cinemas and, as a consequence, there will be a decrease in online cinemas share of the digital video advertising “pie”.

## VIDEO ADVERTISING ACROSS VARIOUS PLATFORMS

Russian internet audience continues to slowly shift attention from desktop devices to mobile ones. Despite the fact that the total online audience in Russia, according to Mediascope/TNS<sup>67</sup>, grew over the year by 3% (to 86 million people or 70% of Russian population age 12+), desktop internet usage decreased by 1% and smartphone usage increased by 18%. In total by December 2016 almost two-thirds (63%) of online users accessed internet via smartphones, 27% – via tablets, 13% – via smart TV.

Only one-third of video resources users access<sup>68</sup> them from desktop only – 42% use both desktop and mobile, 23% – mobile only. At the same time, from December 2015 to December 2016 the total unduplicated monthly reach of video views across all measured properties remained unchanged.<sup>69</sup>

Video consumption on smart TV (and, following it, video advertising on this platform) continues to develop faster than on other devices. The number of active users of Samsung Smart TV, as cited by the vendor, in April 2016 grew by 20% vs. April 2015.<sup>70</sup> The total video viewing time of Tvzavr in 2016 increased<sup>71</sup> by one-fourth comparing to 2015, the main reason being the growth of smart TV audience.

According to Weborama, in 2016 video ad impressions share by platform was the following: 55% desktop, 33% mobile, 12% smart TV. Money-wise the experts surveyed by IAB Russia attributed in-stream ad budgets across platforms as 60-80% for desktop, 15-30% for mobile, 5-10% for smart TV.

67. Mediascope/TNS, Web Index Establishment Study, all Russia, all 12+, Monthly Reach across all devices.

68. Mediascope/TNS, Web Index, Russia cities 700k+, all 12-64, Monthly Reach of TV and video properties.

69. Mediascope/TNS, Web Index, Russia cities 100k+, all 12-64.

70. <http://www.vedomosti.ru/technology/articles/2016/05/23/641902-televizori-zahvativayut-internet>

71. <https://adindex.ru/news/releases/2017/02/13/158058.phtml>

When serving advertising across various devices, the question of frequency capping becomes relevant and vital. In spring 2016 Yandex announced the option of placing video ads across its YAN ad network with cross-device frequency – all data on user devices that is available to Yandex is automatically taken into account. This allows to expand reach on various devices and optimize frequency for a unique user across smartphones, desktop and smart TV, and, therefore, makes non-desktop inventory more attractive for advertisers.

**Dmitry Pashutin, as cited in the interview for AdIndex:**

*“We can definitely name mobile as a leitmotif of 2017. This is facilitated by vast personalization opportunities, development of targeted advertising and interactive options. <...> Another step will be a massive shift towards TV ratings sales model on smart TV, which will significantly simplify perception of total buying volume and comparability of TV and online video products. Such method is especially effective in cases when advertisers use TV along with online – this helps to standardize ad campaigns”.*<sup>72</sup>

72. <https://adindex.ru/publication/135645/2017/02/1/157780.phtml>

## QUALITY INDICATORS OF VIDEO AD INVENTORY

Measurement scandals that occurred with major global players in 2016, prompted both global and Russian advertising community to take a more serious approach to evaluate the advertising effectiveness.

Facebook, when calculating the average time users spent watching videos, was only factoring in video views of more than three seconds (however charged money for all video views). As a result, the average time spent watching videos during last two years was overestimated by between 60% and 80%<sup>73</sup>, and in selected cases – up to 94%<sup>74</sup>. Twitter faced a similar problem: A technical error in one of recent versions of Twitter Android app inflated video advertising metrics by as much as 35%<sup>75</sup>.

Incorrect metrics calculation has increased agencies concerns that large advertising platforms provide advertisers with incomplete statistics – the market lacks transparency, despite the fact that digital is often called the most measurable media.

Another advertisers concern is the inventory quality, fraudulent traffic, unauthorized placement of video players on properties with low-quality content and, accordingly, serving advertising to audience with different characteristics. Brands and ad agencies have become more demanding when it comes to quality inventory indicators, they want to understand whether real people actually see advertising.

In the end of 2016 online ad seller IMHO with the help of Weborama researched the ad inventory quality on the properties within its ad network (online cinemas and TV channels sites, including Channel One, REN TV, Rossiya 1, Vesti.ru, TVC, Zoomby, Tvigle, Tvzavr, Ivi and others). The audit showed that the botnet share (the most com-

73. <https://www.forbes.com/sites/stevenrosenbaum/2016/09/27/why-facebooks-inflate-gate-matters/#61fdc86e419a>

74. <https://mumbrella.com.au/facebook-streaming-numbers-plummet-recalibration-423919>

75. <http://www.businessinsider.com/twitter-app-bug-inflated-video-ad-metrics-by-as-much-as-35-2016-12>



mon type of “trash” traffic – fake ad views by bots) across IMHO ad network accounted for only 0.12% of all video inventory.<sup>76</sup>

In general, according to Weborama estimates, share of fraudulent traffic across all formats varies from 1% to 30%, and globally (according to IAB estimates) reaches 36%. Video ad views are usually harder to fake: video starts not just when a page loads, but when clicking on a video, or when scrolling to a specific place in the content.

Share of fraudulent traffic in Yandex Video Network depends on month and grows strongly towards the end of quarters, from 0.3% to 2.6%. The company eliminates botnets when charging advertisers. By the way, back in the end of 2015 Yandex added “100% Completion Rate” bundle for its video network, where advertisers would pay for completed video views only, though the statistics could show both completed and unfinished views.

Video ad distribution services do their best to maximally protect themselves from unauthorized player embedding, using both analytical and technical means. Thus, Pladform prohibits launching player on unapproved websites, by using technologies that restrict giving web-pages access to another domain’s resources (CORS, X-Frame-Options), and conducts a video player’s viewability audit on a regular basis.

If fraudulent traffic in video advertising happens less often, the visibility problem is, on the contrary, more vexed. According to the study by Integral Ad Science<sup>77</sup>, in the first half of 2016 on average 54% of display advertising was viewable; in case of video – just 40% (however, this metric is different on programmatic or direct publisher’s traffic – 32% vs. 65%, respectively). At the same time, 11% of video ad impressions possess brand risk: they are served around adult content, illegal downloads, offensive language. IMHO estimates<sup>78</sup>, that in Russia video ad viewability on premium content is 90% and the market average is around 50%.

76. <http://www.kommersant.ru/doc/3161882>

77. <https://integralads.com/resources/h1-2016-media-quality-report/>

78. <https://adindex.ru/publication/interviews/agency/2017/02/7/157904.phtml>

IMHO has also conducted a study where compared ad performance on premium inventory (online cinemas and TV channels) with the market average: “Video completion rate and viewability turned out to be significantly higher than average numbers. Clearly, it is absolutely impossible to buy such ad inventory at a low price. Channels invest a lot of money into content, online cinemas share their revenues with rights owners. But the price justifies such placements, because this is a reputation that will not be affected, and this is the quality of contact with user”.<sup>79</sup>

**Natalia Grishkina, Yandex:**

*“Viewability continues to be the main trend, and is probably the main word of the year 2016. There is virtually no advertiser who does not care how his advertising is really visible to viewers”.*

**Anton Beschekov, NATIVEROLL.TV:**

*“Video advertising market has energetically moved to the stage of deliberate complication. Viewability is a new currency. There is still a place for improvement in correct measurement of the indicator. There is also a noticeable tendency of increased transparency of placements; more and more campaigns are served through VPAIDs from different suppliers. Clients are beginning to understand the importance of campaigns with ability to see the specific sites where advertising was actually served. Such metrics as video completion rate cease to be indicators of efficient placement. Low cost indicators are inferior to the opportunity of building quality communication with payable audience, even though price can be higher than usual”.*

The use of targeting in video advertising adds one more parameter to the quality of placement audit. It should be noted that different types of targeting were welcomed by the market as progressive means to increase message relevance, however currently one of them – socio-demographic – generates a problem of uneven demand which leads to uneven sellout.

79. <https://adindex.ru/publication/interviews/agency/2017/02/7/157904.phtml>



The massive shift of the largest advertisers towards buying specific socio-demographic audiences leads to the lack of impressions in the most sought after segment – females 18-45 (where the most popular group is even narrower – females 25-34), while this segment, at best, accounts for 25-30% of overall inventory. The need to sell the rest of the traffic, that is now, due to the absence of the most “delicious” audience, skewed toward seniors and males, leads to an increase in the cost of buying this target audience. However, a very high markup “for popular targeting” negates the advantages of selective placement, if you can advertise “for all” with the same budget.

Lubov Yachkova, head of the video advertising department in IMHO, offers the following solution: “Advertisers work with the already established demand. They know that their product is popular among women 25-34 years old, and so advertise for this audience. We offer to work not only with the already established target audience, which buys, but also to form new customers, for instance, target a campaign not only for women, but for men, as well. We conduct an advertising campaign with a vast reach and look at the user behavior: who has visited, who has bought. Then we select several groups that have acted differently and create separate ad campaigns for each of them. It is necessary to work with all data, form a new demand. Working with the same target audience is a common mistake. Internet is a media where you can thoroughly see everyone’s behavior”.<sup>80</sup>

That is why more and more advertisers try not only simple sociodemographic segments, but custom-made, including user interests and behavioral attributes. It is still difficult to conduct accuracy measurement and verification of such segments on a regular basis, therefore brands estimate effectiveness on campaign performance or conduct ad-hoc research on the impact of advertising campaign on brand metrics.

A related trend is working with the first-party data – advertiser’s data. In this case, it is important to mention the launch of Yandex.Audience service in the summer of 2016, that allows advertisers to use their own offline data about target audience, as well Yandex data, for setting up advertising campaigns (including video). And in the

80. <https://adindex.ru/publication/interviews/agency/2017/02/7/157904.phtml>

beginning of 2017 Yandex enabled an option of showing precise contextual or display advertising to those users who have seen advertiser’s banners or ad videos. A special code insertion – a pixel formed in Yandex.Audience that works as a tracking link – makes it possible to collect data about video viewing in Yandex.Display and other advertising systems and based on this information – to form targeting segments in Yandex.Direct. More and more advertisers use retargeting technologies for consistent communication with the audience, as online video is being more actively integrated into the overall communication strategy and begins to play a major role at the top of the communication funnel.

On the other hand, not only advertisers, but users as well are concerned about the quality (often decreasing because of the quantity – ad clutter) of advertising that they are exposed to. As a consequence, recent years are marked by an increase in the use of ad blockers, to a greater extent this affects desktop browsers.

As estimated by PageFair<sup>81</sup>, by the year-end of 2016 11% online users worldwide were blocking desktop advertising – it is nearly one-third more than a year ago. In Russia this indicator is almost two times lower (6%), but still rather significant. At the same time, 77% of ad block users, surveyed by the company in the US, consider some ad formats quite acceptable; in particular, one-third of them do not mind skippable video advertising.

**Nikolay Kiselev, IMHO:**

*“Ad blocking is a raiding of the XXI century. The proportion of users who block advertising in 2016 increased to a point where it cannot be ignored; this affects publishers’ revenues, and therefore, their ability to develop projects, create new free content for the audience. “Raiders” play on users’ concerns about internet security, while there is no danger in advertising on premium websites. Such danger exists only on small sites and doorways, on pirate content sites, where the main revenue sources are ad networks, performance and RTB-products.”*

81. PageFair, “2017 Adblock Report”, February 2017.

**Irina Skripnikova, Yandex:**

*“Advertising often irritates people, but it allows to offer high-quality video content for free. In order to take into account both users’ wishes and our partners’ interests, we make strict requirements to the quality of video advertising. In particular, we do not increase advertising volume, we limit number of videos in a commercial block and we give an opportunity to target advertising videos with the help of machine learning.”*

**Dmitry Frolov, Sizmek:**

*“In 2016 viewability & verification became a new standard of quality for the key advertisers. In the future a client will pay only for the actually viewed impressions, and the role of generally recognized industry standards and regulators will increase. The importance of brand safety is obvious for everyone, since advertising in negative content entails brand risks.*

*Advertising fraud is also a vexed problem – according to our global measurements, up to half of advertisers’ budget can be spent on such traffic. Aside from the botnet problem, there are such as, for example, cloning and substituting of famous websites, or “superimposition” of several creatives on each other. This especially relates to video advertising: ad video start can be simulated or produced in an invisible area, and a page can contain several videos or have small-sized video players.*

*At the modern stage of technologies development, the client is able to not only audit the purchased traffic post-factum, but also – in case of RTB-placements – check inventory quality in the mode of pre-bid verification. Pre-bid verification allows to decide whether it is worth trying to win a particular impression bid, – this helps to eliminate the risks of unwanted placement”.*

## CHANGES FOR THE MEASURER

In August 2016 VCIOM closed the deal on acquiring 80% of TNS Russia – the main media audience measurer in the country – from the British holding WPP. The change of owner became necessary because of the bill passed by the State Duma prohibiting foreign companies from measuring Russian TV audience (the share of foreign ownership should be limited by 20%). After the acquisition TNS Russia changed its name into Mediascope – WPP did not permit to use the brand of TNS, but allowed to add “powered by TNS”.

In 2016 Mediascope/TNS continued the development of internet research, enhancing it with new technological solutions. In the beginning of the year Mediascope launched out-stream and native video ad monitoring, and in April – in-stream video ad monitoring.

The company describes the monitoring work as follows. Video ad monitoring captures the fact of placement on all sites (social networks, aggregators, online cinemas, etc.) with an accuracy of a day. Collected data helps allows to pick out all varieties of “bad placements” (ad viruses, pirate websites, ad fraud add-ons etc.). The project provides information about all types of ad videos, including pre/mid/post-roll, and video players, where ad videos were served. In addition, for each ad video such information is collected as the ability to skip video (“skip” button), ad server, banner network, size, triggered events counters.

The data is collected on the largest user-centric panel in Russia – all information comes from plugins and special software installed on the panelists’ computers, it passes stages of filtering and verification. A special robot downloads the creatives themselves, and editors describe them. The automatic recognition program checks whether online ad video is identical to the one placed on TV.



Thus, advertisers now have an opportunity to analyze not only their online video ad placements, but also its quality, data on ad campaigns of competitors and (thanks to unified catalogs of advertisers and product categories) cross-media placements on TV and other media.

Mediascope hopes that this data will make video ad market more transparent, and, therefore, more attractive for advertisers. The next step will be adding mobile video advertising data and audience indicators for campaigns.

## INTEGRAL PRODUCTS

The addition of online video advertising to television spots in order to increase the unique reach (Incremental Reach) remains the main buying model for a significant part of advertisers, especially for FMCG and Pharmaceuticals. Important growth drivers of video ad budgets are not only creation of unified media splits, but unification of planning and purchasing approaches as well. A few years ago, video advertising tried to “become TV”: there were active discussions about Online TRP implementation. Now media buying is moving towards Advanced TV, where digital model with its personalization and real-time reporting is the benchmark for media planning tools.

And the first steps have already been made. In the beginning of 2016 Vi in partnership with Dentsu Aegis Network developed a programmatic product that allows to place advertising campaigns on TV online, using agency’s automated algorithms. This product is a system of web services aimed at automating advertising agency’s work with TV inventory. The system is expected to improve ad campaigns performance by bringing together all the participants of the process in a single program space.

And Mail.ru Group launched the synchronization of commercials aired on selected TV channels with those that are shown in the news feeds of its social networks VKontakte and Odnoklassniki. The project partners are GroupM and Mediascope/TNS, which will supply Mail.ru Group with real-time information on commercial air time on federal channels.

Another current innovation from Mediascope/TNS is the BigTV Rating project, which combines the measurements of all TV show viewers – from “traditional” broadcasting viewing to digital audiences of linear and nonlinear viewing. The tests were held together with CTC Media and Vi.



In fall 2016, viewing popular TV shows on personal computers added an average of 2% to Russian TV channels reach (up to 10% for sports broadcasting), mostly there were viewers 34 years old and younger.<sup>82</sup>

The plan for 2017 is to include mobile measurements in the project panel (currently these devices, as well as out-of-home viewing, are not taken into account). As mobile TV and video viewing grows faster than other devices, the addition of mobile measurements will provide a more realistic opportunity to sell advertising according to the new rating data. Currently advertisers receive this additional audience for free.

## MARKET SIZE AND STRUCTURE

**Market size.** As estimated by the experts, participated in the IAB study for this overview, total video ad revenues (both in-stream and out-stream) in Runet for the full year of 2016 reached RUB 6.6 billion (excluding VAT). According to IAB Russia estimates on Russian digital ad market revenues<sup>83</sup>, it makes 24% of online brand-based advertising and 5% of all digital advertising.

**Video Ad Revenues in Russia 2016, by Quarter**

	Ad spend (RUB, bn)	QOQ 2015
Q1 2016	1,1	37%
Q2 2016	1,5	18%
Q3 2016	1,9	19%
Q4 2016	2,2	11%
Total for 2016	6,6	19%

According to RACA<sup>84</sup> estimates, Russian ad market 2016 in general grew by 11%, an important factor being a low base effect after a significant drop in 2014-2015. In 2016 almost all market segments and sub-segments changed negative dynamics into positive (Internet +21%, TV +10%, Radio +6%, Out-Of-Home +6%, Press -16%). Online video advertising continued to be one of the fastest growing formats.

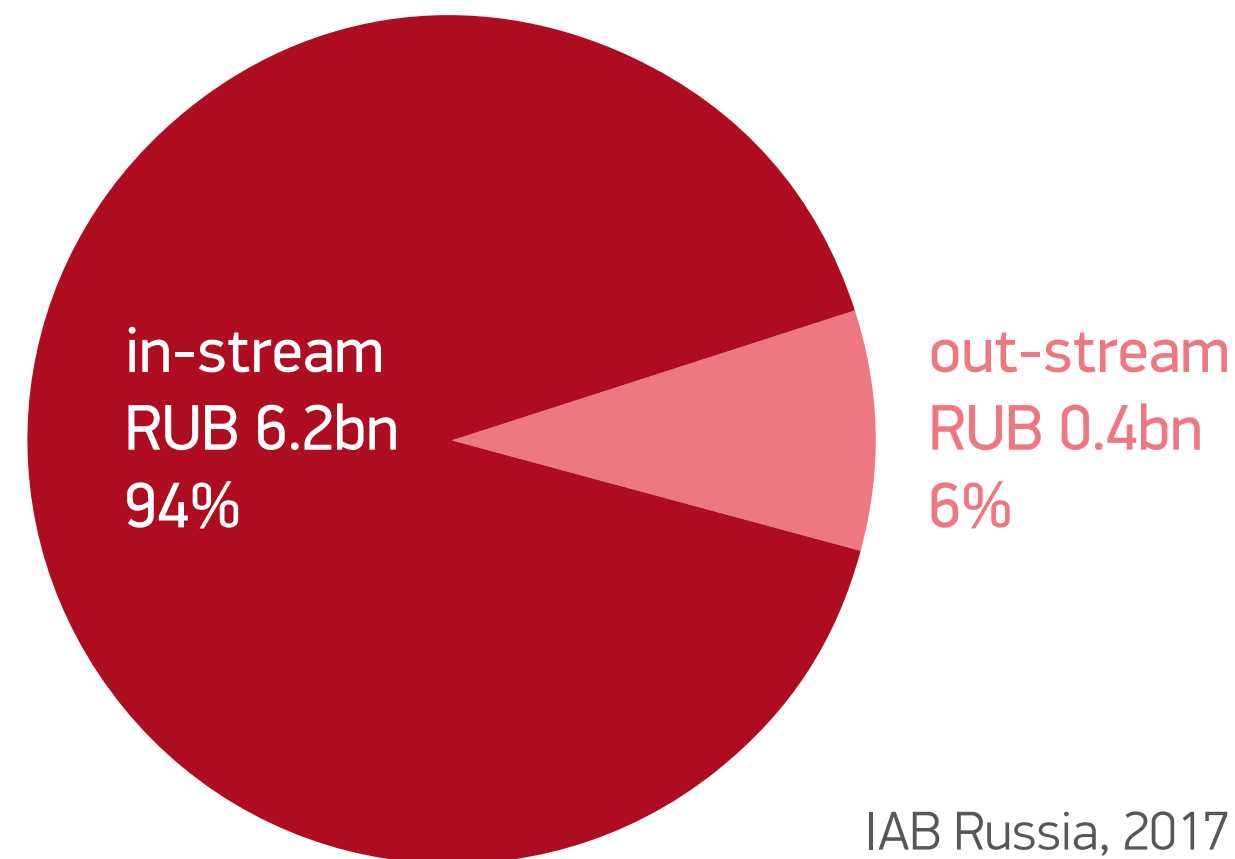
82. <http://www.kommersant.ru/doc/3176331>

83. <http://www.iabrus.ru/news/927>

84. [http://www.akarussia.ru/knowledge/market\\_size/id7363](http://www.akarussia.ru/knowledge/market_size/id7363)

## Online Video Ads Revenue by Format in Russia, 2016

Total revenue: RUB 6.6 billion (excluding VAT)



Within online video market a lion's share of 94% (or RUB 6.2 billion) accounts for in-stream advertising, remaining 6% – RUB 400 million – for out-stream ads, be it an ad video inside a banner position (in-banner) or an ad video interrupting a text article (in-read).

Weborama estimates the volume of in-stream formats in 2016 to be nearly 10 billion impressions, in-page – around 100 million, in-banner – 7.5 billion. In this way, the total volume of OLV placements for the year 2016 totaled 17.6 billion impressions, an increase by 38% comparing to 2015.

According to comScore estimates for the first half of 2016<sup>85</sup>, ad videos account for 12% of all videos viewed online. This is almost two times less than in the UK and three times less than in the US.

85. comScore Video Metrix, January-June 2016, 15+.

The largest online video advertisers, according to ADV for the period of April-November 2016, coincide with top TV advertisers (by ad spend): Procter & Gamble, Unilever, Coca-Cola.

## Top-10 Online Video Advertisers in Runet<sup>86</sup>

	Company	Ad spend (RUB, m)
1	Procter & Gamble	213
2	Unilever	166
3	Coca-Cola	164
4	Reckitt Benckiser	160
5	Mars	139
6	Nestle	134
7	Mondelez	134
8	Wargaming	84
9	GSK	83
10	PepsiCo	80

According to the survey “Digital Advertisers Barometer — 2016” by IAB Russia, video advertising share already accounts for 9% of digital budgets on average (contextual ads, banners and CPA are the only ones that have a bigger share) or about 30% of online branding formats.

Digital video is characterized by high concentration of interest from one specific category of advertisers: it accounts for almost one-fourth (23%) of manufacturers digital budgets, but for only 1-2% of retailers and service providers. However, among

86. ADV estimate for April-November 2016. URL: <http://www.kommersant.ru/doc/3188631>

brick-and-mortar companies share of those utilizing video advertising is more than two times higher than among online companies: 72% vs. 33%. And if to break advertisers by type of business, it turns out that digital video has the most popularity among manufacturers (used by 85%), then – retailers (50%) and service providers (32%).

**Experts surveyed by IAB Russia, estimated the share of programmatic in in-stream budgets in 2016 to be around 15%, and in out-stream – around 20%.**

As it was forecasted in the previous year's study, in 2016 programmatic share in in-stream did not change, as there is still a considerable lack of quality inventory and so there is no point in using additional technological solutions. Nevertheless, this segment shows growth along with the market (up to 50% for selected companies). And since Russian programmatic video market is mostly a market of private deals, open auction share, although growing, remains minimal.

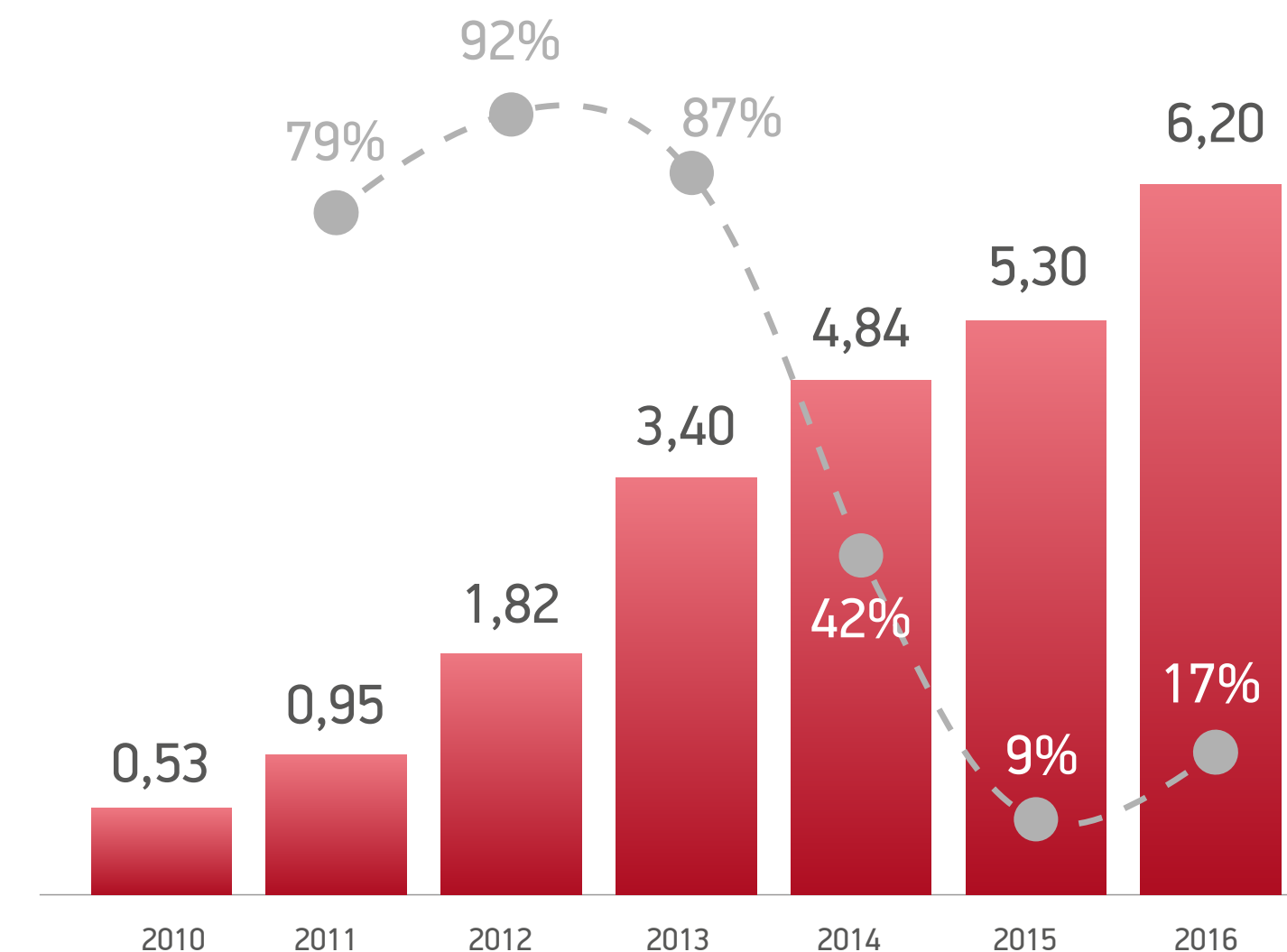
**Irina Skripnikova, Yandex:**

*“By the year-end 2016 70% of our video sales accounted for an auction-based product. It allows to create brand audience with the help of all targeting options that are available through Yandex.Crypta, and all retargeting/remarketing mechanics, as well as taking into account the optimal advertiser's budget allocation strategy.”*

## IN-STREAM

As estimated by IAB Russia, **in-stream video advertising revenues in 2016 totaled RUB 6.2 billion (excluding VAT)**. The majority of estimates by the surveyed experts were in the range of RUB 6 billion to RUB 6.3 billion.

**In-stream Video Ads Revenue and Growth in Russia (RUB, bn, VAT excluded) in 2010-2016<sup>87</sup>**



The main sellers of in-stream video advertising in Russia are GPMD, IMHO Vi and YouTube's own sales (some is done through IMHO Vi). The share of the first two sellers is estimated by market players to be two-thirds of the segment, YouTube — 21-25%. Gazprom-media estimated<sup>88</sup> GPMD's market share to be 42%, where more than half of the revenues come from the holding's own assets.

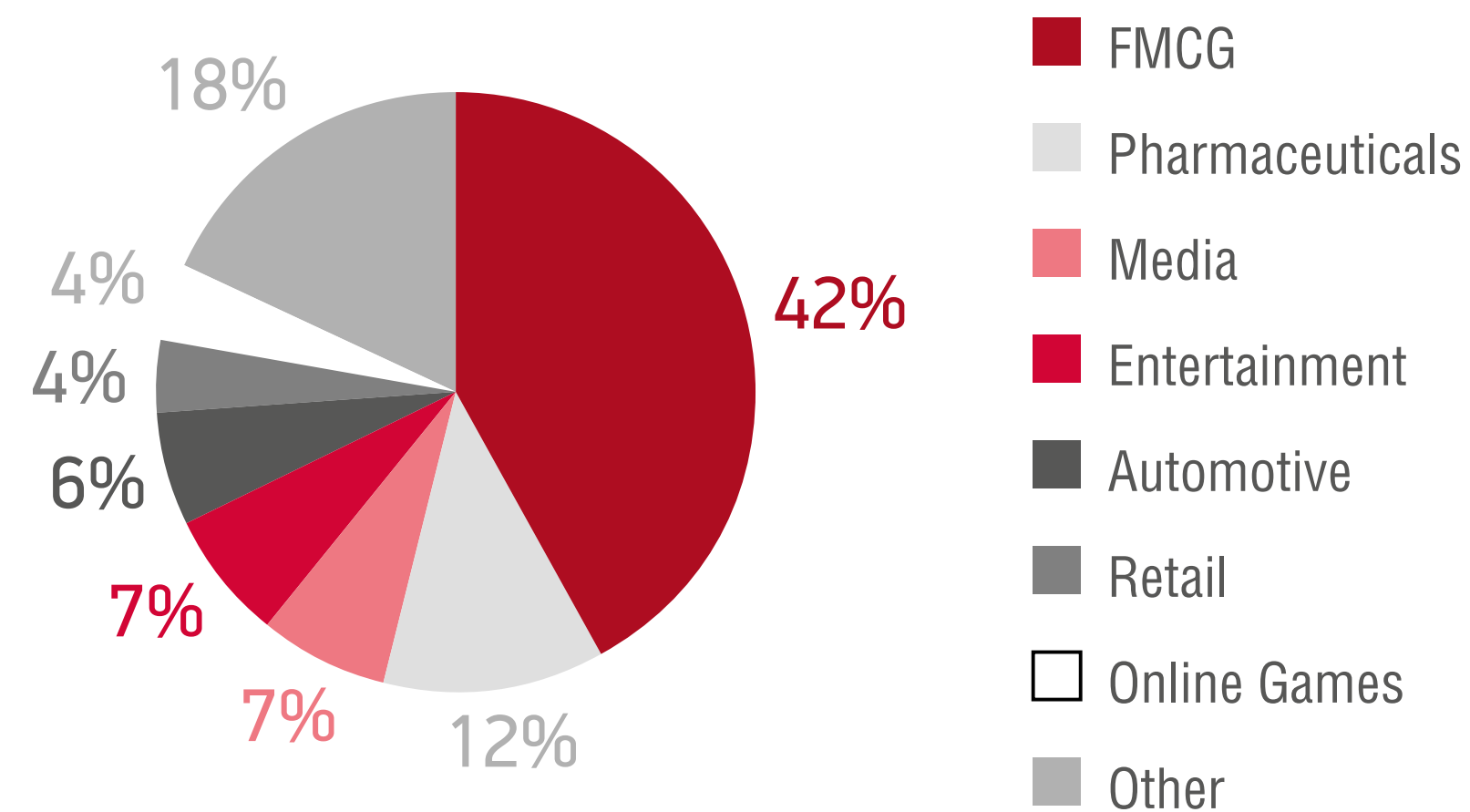
87. IMHO and IAB Russia estimates.

88. <http://www.kommersant.ru/doc/3185101>



According to the surveyed experts, the leading in-stream advertiser categories in 2016 were the same as a year ago: FMCG, Pharmaceuticals, Automotive (both vendors and dealers), Real Estate, Telecom. Experts' opinions largely correlate with the data from video ad monitoring, that was launched by Mediascope/TNS in fall 2015. According to it, the most advertised in in-stream video products fall into such categories as FMCG (for example, Procter & Gamble, Mondelez, Nestle), Media and Entertainment (Walt Disney).

**In-stream Video Impressions by Advertiser Category<sup>89</sup>**



89. Mediascope/TNS Media Intelligence, Russia, impressions, desktop, September 2016. All sites, panel users.

**Top-10 In-Stream Video Advertisers<sup>90</sup>**

1	<b>PROCTER &amp; GAMBLE</b>
2	<b>MONDELEZ INTERNATIONAL</b>
3	<b>NESTLE</b>
4	<b>WARGAMING.NET</b>
5	<b>L'OREAL</b>
6	<b>WALT DISNEY</b>
7	<b>SANDOZ FARMA</b>
8	<b>PEPSI CO</b>
9	<b>RECKITT BENCKISER</b>
10	<b>VISA INTERNATIONAL</b>

**Dmitry Pashutin, Ivi:**

*“Video advertising segment in Russia in 2016 kept the highest growth rates in comparison with other media segments. The growth drivers were mobile video advertising and the ongoing redistribution of TV budgets towards OLV. Despite the web audience stagnation, video services showed an increase in reach on this platform, primarily due to the development of partner networks. The consequence of this trend was the growing relevance of placement quality audit. Interactive video formats are still in high demand.*”

*“Programmatic growth lags behind expectations due to the low transparency of such transactions, and the lack of uniformity of standards and methodology. We should also note a significant growth of inventory bought by sociodemographic segments, which led to a noticeable deficit in certain age groups in 2016.”*”

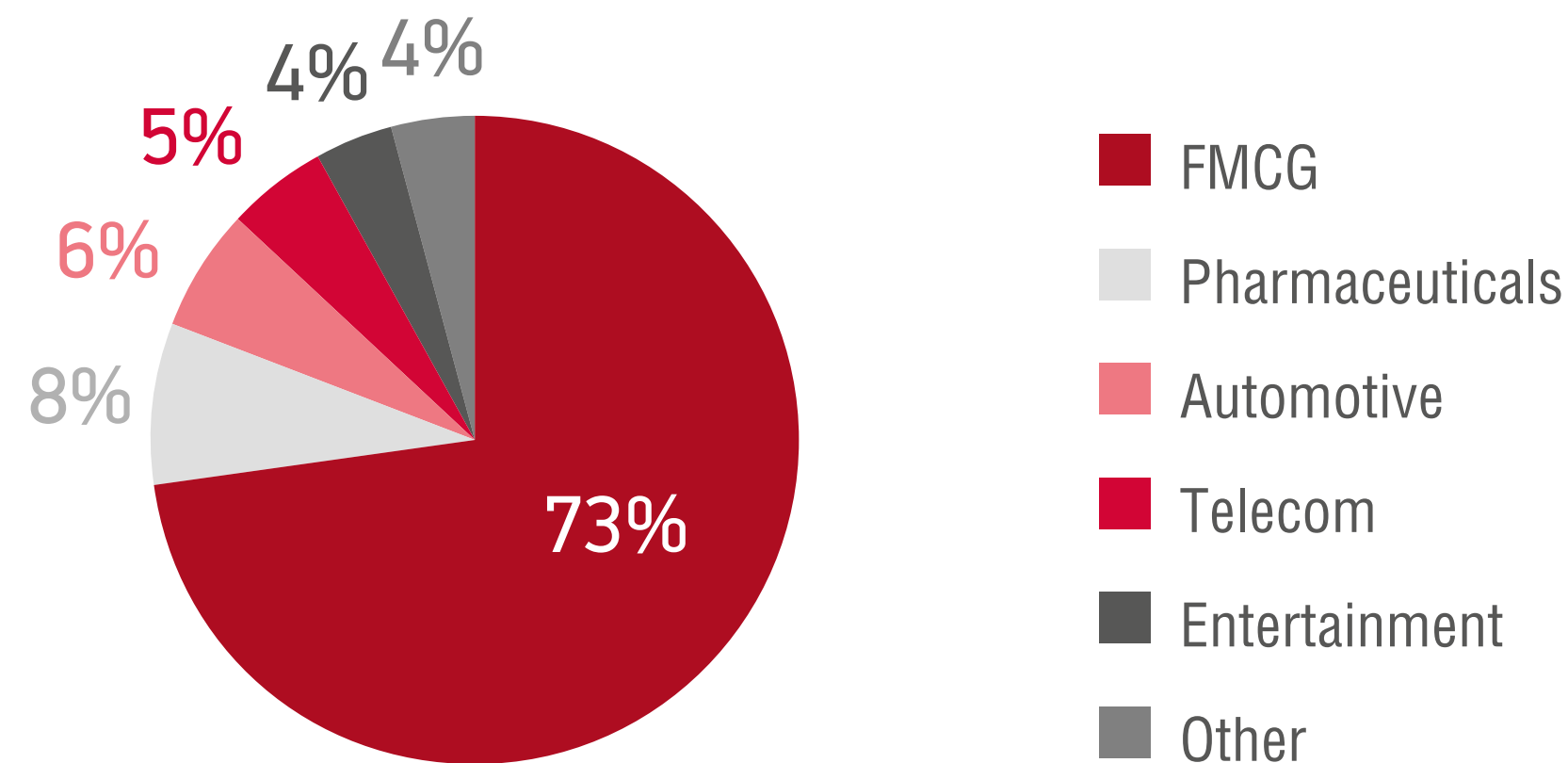
90. Mediascope/TNS Media Intelligence, Russia, impressions, desktop, September 2016. All sites, panel users.

# OUT-STREAM

According to IAB Russia, **out-stream video advertising revenues in 2016 totaled RUB 400 million excluding VAT**, the growth was +54% vs. 2015. The majority of estimates by the surveyed experts were in the range of RUB 300 million to RUB 500 million.

Advertiser categories in out-stream are nearly the same as in in-stream: FMCG, Pharmaceuticals, Auto motive (vendors and dealers) and others.

Out-stream Video Impressions by Advertiser Category<sup>91</sup>



91. Mediascope/TNS Media Intelligence, Russia, impressions, desktop, September 2016. All Monitoring websites, Robot.

Ton-10 Out-stream Video Advertisers<sup>92</sup>

1	MARS-RUSSIA
2	DANONE
3	NESTLE
4	PROCTER & GAMBLE
5	RECKITT BENCKISER
6	COCA-COLA
7	HOCHLAND
8	MCDONALD'S
9	MONDELEZ INTERNATIONAL
10	BERKSHIRE HATHAWAY

Among the major out-stream publishers and networks were named Mail.ru Group, RBC, Rambler, Buzzoola, NATIVEROLL.TV.

In summer 2016 a new player appeared on out-stream market – premium cross-media native video network Vengo Vision, part of Vengo Group. And an already existing company NATIVEROLL.TV in partnership with AMNET launched native programmatic video product. The buying process is done in the format of private deals at a fixed price and on a certain list of publishers, while retaining all advantages of programmatic advertising.

### Maxim Krasovskiy, Vengo Vision:

*“In the beginning of 2016 out-stream video was mostly sold in media mix together with in-stream, in order to increment reach as the audience duplication was minimal. Starting the second half of 2016 advertisers began paying more attention to targeting the right audience, precision on Mediascope’s sociodemographic data and average video completion rate. Brands realized that out-stream video can increase their reach and better ensure Brand Safety, because out-stream frame is located on website domain without any embeds.”*

92. Mediascope/TNS Media Intelligence, Russia, impressions, desktop, September 2016. All Monitoring websites, Robot.



## FORECASTS

The general feeling of market experts is the same as a year ago: video advertising (in-stream + out-stream) will show better dynamics compared to banner ads and so to display segment on the whole. **The majority of growth rate estimates for video advertising in 2017 are in the range of 15% to 25%.**

In particular, IMHO, one of the largest online ad sellers, predicts<sup>93</sup> an increase in online video advertising market in Russia in 2017 by about 15-20%: “All segments will continue to grow, new advertiser categories will appear, and new non-standard formats will provide growth, especially in mobile.”

According to the advertisers, surveyed for IAB Russia study “Digital Advertisers Barometer — 2016”, the segment also demonstrates a high potential for further growth: video advertising (including its mobile version), was the top answer for a question about new tools that advertisers can start using in the near future, more than 40% of “offline born” advertisers predicted an increase in video advertising share in their digital budgets.

**Dmitry Pashutin, Ivi:**

*“OLV segment will keep its high growth rate in 2017. Among the drivers there still will be growth of mobile video advertising, interactive ad formats, audience buying and growth of smart TV monetization. On the whole, we notice ad channels digitalization, and TV advertising in particular. A single video advertising space will be formed more and more, it will combine TV advertising, cinemas and digital outdoor, as well as online video advertising. OLV’s interactivity and reach of specific audience groups will be a good addition to TV advertising. Such synergy will bring our market closer to the phenomenon of Advanced TV. The increasing share of embedded placements (through partner networks) will increase the relevance of placement quality monitoring (viewability, completed views, brand safety).”*

93. <https://adindex.ru/publication/interviews/agency/2017/02/7/157904.phtml>

**Most experts forecast that in-stream video ad revenues in 2017 will grow by 15-20%**, that is, basically, the same dynamics as in 2016. The segment will depend greatly on the implementation of a single seller policy, economical macroeconomic indicators (in particular, consumer confidence level), effectiveness of combating ad blockers.

**The estimated growth of out-stream advertising in 2017 is, on average, twice as high as that of in-stream: 20-40%**, up to 100% for selected publishers. In part such forecast can be explained by the low base effect, in part – due to the development of industry standards and training both on the side of clients and agencies.

**Maxim Krasovsky, Vengo Vision:**

*“In 2016 supply greatly outnumbered demand, price lists and out-stream industry in general were in early stages of development. In 2017 we expect out-stream budgets to grow as brands will want to increment reach due to the minimal audience duplication with in-stream. There will also be adoption of standards to measure placement efficiency, increase of video completion rates both on desktop and mobile, thanks to precise targeting that improves ad relevancy.”*

Since in-stream and out-stream compete for the same advertisers, there also exist an opinion that these formats will be used in advertising campaigns for various purposes.

**Nikolay Kiselev, IMHO:**

*“2017 will be a year of a furious battle between in-stream and out-stream video ad formats. This battle will be red and in a short number of years will end with a division of territories. In-stream will remain a branding chain leader, and out-stream will occupy a strong position in trade chain and performance campaigns.”*

The experts, surveyed by IAB Russia, agree that Russian digital video advertising market is developing in a similar way to Western ones, but in certain segments and technologies it is still lagging one to three years behind.

**Nikolay Bulanov, BetweenExchange:**

*“In Russia in-page video and mobile formats are less popular, compared to the largest global markets (primarily the US, the UK and Germany). Among other significant differences are the following: in Russia programmatic buying accounts for a much smaller share, and so-called performance video (when specified acquisitions – installs, form submits, leads and others – are collected from video placements) is almost absent. Western market is also much more advanced in terms of additional video efficiency metrics, the main one being viewability. The concept of Programmatic TV or Addressable TV (targeted placements of TV ads) is burgeoning in the US and some other markets (the UK and some APAC countries), but at the moment the vast majority of suitable inventory accounts for smartphones and tablets, although the situation is changing rapidly. At the same time, the lack of quality premium inventory is a common problem for both Russian and Western markets.*

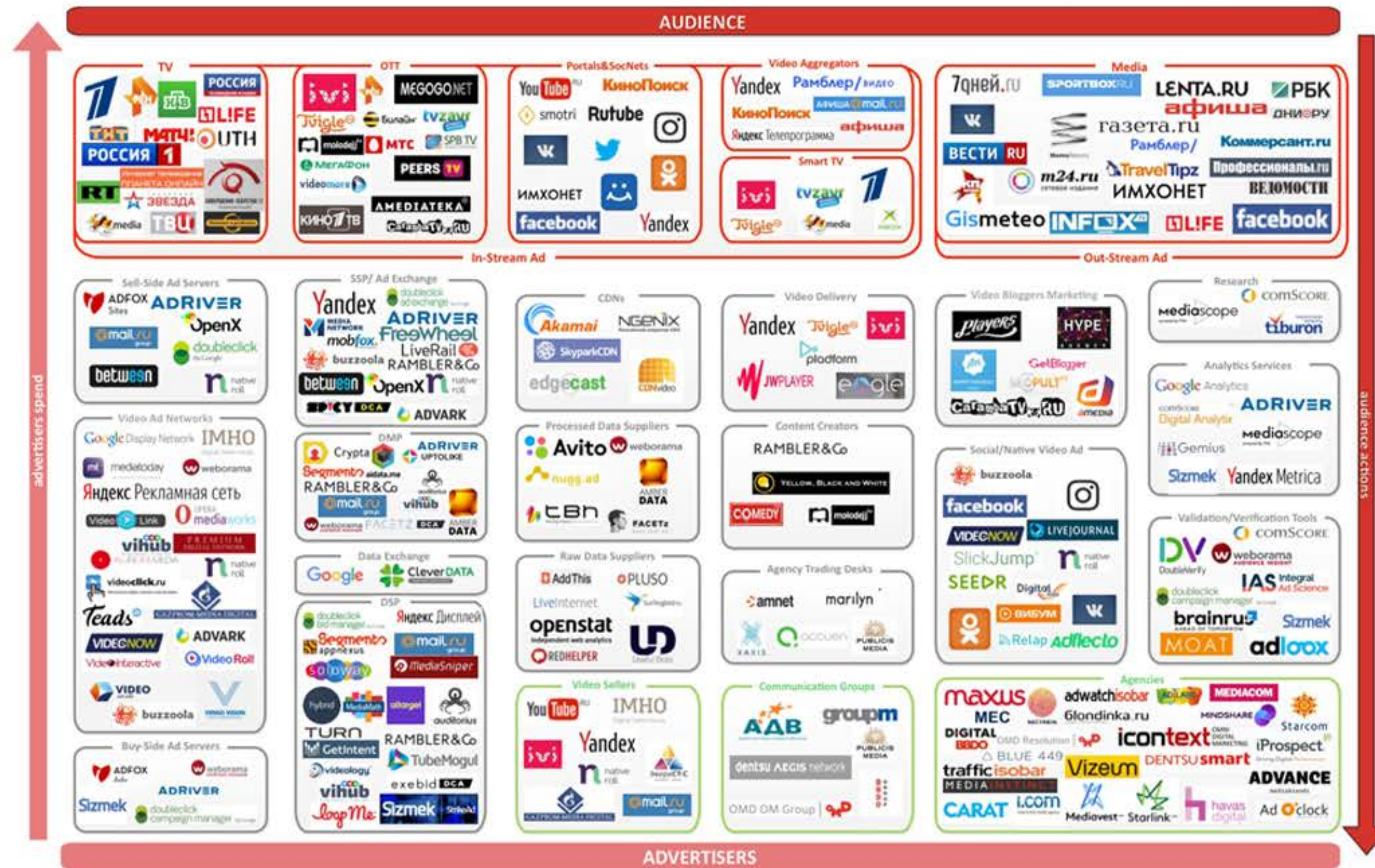
*Another similarity is the Big TV concept, though all leading markets (first of all, the US), have gone much further. There it is possible to buy and place OLV and TV advertising using a single audience data source, for example, Nielsen products. However, for Russia and almost all other countries except the United States, this remains unrealizable.”*

**Gennady Nagornov, Auditorius:**

*“The main deterrent is the lack of additional quality inventory and difficulties in producing ad videos. The crisis in the country makes video ad buying possible mainly to big Western and Russian corporations only, and they take over almost all of the premium inventory. The market can expect a significant growth if it is possible to find a way of creating new premium and inexpensive inventory, as well as emergency of platforms for producing affordable video ads, so to attract new money from new industries.”*



# APPENDIX 1. RUSSIAN VIDEO AD ECOSYSTEM





# APPENDIX 2. RUSSIAN VIDEO AD MARKET PLAYERS

## AGENCIES, SALES HOUSES, RESELLERS AND AD NETWORKS



ADLABS is a performance marketing agency with a long tradition.

<http://www.adlabs.ru/doc/ads promo/>



Aitarget is the only reseller of Facebook in Russia and a marketing partner of Instagram. Company's activity is focused on mobile advertising, including social video. It works with its own DMP Aidata.me.

<http://www.aitarget.ru/>



Buzzoola is a native advertising company that delivers scale, engagement and hyper-transparency with a cost-per-view format. Buzzoola Native AdExchange is the platform for creating advertising campaigns with native video and other display advertising formats.

<https://buzzoola.com/>



Digital BBDO specializes in solutions development and implementation for effective brand presence in digital communication channels. The key task of the agency is to propose digital communication that will solve client business challenges. The agency is a part of the Media Direction Group (BBDO Group Holding).

<http://bbdogroup.ru/about/agency/digitalbbdo/>



The Everest Sales advertising agency was established in the fall of 2010 and is responsible for selling the advertising inventory on four of CTC Media Russian channels, namely CTC, Domashniy, Che and CTC Love, and online video assets: videomore.ru, domashniy.ru, ctc.ru, chetv.tu, ctclove.ru.

<http://www.everest-sales.ru/>





Gazprom Media Digital (GPMedia) is the biggest seller of video commercials on Runet. The company was created in the fall of 2011 and since January 1, 2012 has been offering advertisers the opportunity to post video commercials on leading Runet video resources.

<http://gpm-digital.com/>



The Google Display Network comprises a variety of sites, blogs and other niche sites across the internet, as well as Google resources, in particular, Gmail and YouTube. GDN offers text, image, interactive and video ads, different targeting settings are available.

<https://www.google.com/ads/displaynetwork/>



IMHO is the largest seller of display advertising in Runet. It exclusively sells ad inventory on more than 35 online portals, digital media and thematic sites, as well as their mobile versions and applications. It manages its own large video ad network that comprises resources with fully professional, legal and high-quality content.

<http://imho.ru/>



Mediatoday is a multiformat ad network that offers such products as “video click”, “video interactive” and “video roll”. VideoRoll is an ad network, offering ad videos placement inside websites video content. The network comprises several dozen sites with total monthly traffic exceeding 20 million views. The main partner is Gazprom-Media Digital (GPMedia).

<http://videoroll.mediatoday.ru/>



myTarget is an advertising platform provided by Mail.Ru Group. It includes all the major social networks on the Runet (Russian-speaking internet) and services that reach more than 140 million people.

<https://target.my.com/>



NATIVEROLL.TV is an innovative platform for placing out-stream video ads in premium content. It is developed with technical support from Seedr (video distribution service).

<http://nativeroll.tv/>



Publicis Media is one of the four solutions hubs of Publicis Groupe, alongside Publicis Communications, Publicis.Sapient and Publicis Healthcare. Led by Steve King, CEO, Publicis Media is powered by its four global brands, Starcom, Zenith, Mediavest | Spark and Optimedia | Blue 449, and supported by its digital-first, data-driven Global Practices which together deliver client value and business transformation. Publicis Media is committed to helping its clients navigate the modern media landscape and is present in more than 100 countries with over 13,500 employees worldwide.

<http://www.publicisgroupe.com/>



Vengo Vision is a premium cross-media native video network, part of Vengo Group. The main advantages are the capability of bundling ad deals with mobile premium network iVengo Mobile, vast reach due to the combination of popular federal media, unique formats, as well as the use of the data from DMP Vengo Consult – a platform for mobile and desktop surveys, that allows to target advertising for narrow audience segments.

<http://vengovision.ru/>



Videonow is the first video ad network in Russia, launched in 2008. In 2015 the network presented its own free SSP, that increases return on every video view due to the daisy chaining of several ad suppliers.

<http://videonow.ru/>



Yandex Video Network comprises the main Russian-language movie service KinoPoisk as well as other resources in Yandex Display Network and partner sites of YAN (Yandex Ad Network). Yandex offers to advertisers in-stream (multi-roll), out-stream (in-page, in-banner), cross-platform (desktop web, mobile web, mobile apps, smart TV) and cross-media (video, audio) formats with unified targeting, social-demographical characteristics and frequency capping. Ad buying can be done on the fixed price or auction-based (pay per views or completed views).

[https://advertising.yandex.ru/media/banner/videoweb\\_yandex.xml](https://advertising.yandex.ru/media/banner/videoweb_yandex.xml)

## VIDEO PORTALS AND SOCIAL NETWORKS



KinoPoisk is the largest movie portal for Russian-speaking audience, where users can find information about movies and series and exchange opinions. In 2013 was acquired by Yandex. In fall of 2015 a separate section “KinoPoisk+” was launched – online cinema aggregator.

<http://www.kinopoisk.ru/>



Mail.ru Group owns the largest Russian social networks “Vkontakte” (Vk.com), “Odnoklassniki” (Ok.ru) and Moy Mir (My World). Video contents and its monetization



is of great importance in all of these projects. Video ads are shown both in-stream and in social newsfeeds (with autoplay). Ads are placed through myTarget ad platform.

One of Mail.ru portal's services – Afisha@Mail.ru – is, on the one hand, TV guide and entertainment guide for big cities and, on the other hand, movies, series and TV shows aggregator from online cinemas (both ad-supported and paid).

<https://corp.mail.ru/ru/company/social/>, <https://afisha.mail.ru/>

## RAMBLER&Co

Rambler&Co is a Russian group of company that specializes in media and IT. One of the main resources is Rambler.ru portal, which section – “Rambler. Video” is a curated video catalog from various sources, that offers “Snapshot of the Day” personalized for every user. In 2015 Rambler&Co also launched its own video production studio.

Another asset – “Afisha” – has a movie guide and live broadcasting of art events. “Afisha. Serialy” (“Afisha. Series”) is the largest in Russia legal online aggregator of series (both paid and ad-supported models).

<https://video.rambler.ru>, <http://show.afisha.ru/>



RBC is a leading Russian multimedia holding. It operates in internet, television and print media segments. RBC occupies leadership positions in news and business media as well as in domain name registration and hosting. Online properties actively develop in-text video ad format.

<http://www.rbc.ru/>

## Rutube

Rutube is one of the leading internet companies, that comprises a major Russian video portal and a platform of content distribution. Rutube is a part of Gazprom-media holding, ad inventory is sold through GPMD.

<https://rutube.ru/>



YouTube is the largest video portal both globally and in Russia, was launched in 2005 and soon after that acquired by Google. It contains professional video content as well as user-generated videos and actively develops video blogging. It offers various types of ad formats, including skippable pre-rolls. Ad inventory is sold partly through IMHO Vi, partly in-house.

<https://www.youtube.com/>

## ONLINE CINEMAS



ivi is a Russian media company, that develops online projects with legal professional content. Among the projects are the largest in Russia (in terms of audience and video catalog) online cinema ivi.ru, the first in Runet personalized service with video channels music.ivi, video service for kids deti.ivi and the online media “Titre” with news and articles about movies and series, that are based on the service's statistics.

Since the end of 2015 ivi.ru is available not only in Russia but in CIS countries as well. It utilized two business models: selling ads in free movies catalog and selling content of premium service ivi+. Advertising is sold in-house and through IMHO Vi.

<http://www.ivi.ru/>

## MEGOGO

MEGOGO is the world's largest multiscreen video service for Russian speaking audience, that is available in 15 Post-Soviet countries. In the end of 2014 it launched a new product MEGOGO TV – a new format of online TV broadcasting (both popular TV channels and its own interactive ones), available as the single platform on any screen.

<http://megogo.net/>



Molodej.tv is a project of Yellow, Black and White studio (video production and distribution). The portal offers the access to online viewership of YBW content and YBW TV – exclusive videos from making of Yellow, Black and White content.

<http://molodej.tv/>



Tvigle.ru is one the first Russian online video services with 100% legal content. It comprises cloud video distribution platform, vast affiliate network, mobile apps for Android and OS and smart TV apps.

<http://www.tvigle.ru/>



TVzavr is one of the major Russian online cinemas, launched in 2010. Utilized both free and paid (TVOD) model, advertising is sold through IMHO Vi.



Videomore is the first Social TV Network in Russia. The site combines all the advantages of a professional video portal with those of a social network. The portal offers content (including catch up) from three Russian CTC Media channels, namely CTC, Domashny and Peretz.

<http://videomore.ru/>



Zoomby is the largest online TV content aggregator with main nationwide TV channels content, movies and kids programming. It offers catch up of Russian TV shows in two hours after broadcasting. Zoomby.ru is managed by “WebTV” that is a subsidiary of WebMediaGroup. Advertising is sold through IMHO Vi.

<http://www.zoomby.ru/>

## TECHNOLOGIES



AdRiver started operating in 2011 and over this time has become a recognized leader in the Russian market of technological solutions in the field of internet advertising. AdRiver software provides more than 2 billion hits daily. Today AdRiver has



the possibility of selling advertising inventory via AdRiver SSP on any auction model (open, private, direct deal).

<http://www.adriver.ru/>



Advark allows webmasters to fully monetize their video and website traffic and helps advertisers access their target audience across hundreds of websites. Advertising is available across desktop and mobile, domestic and international traffic, using a variety of in-player and near-player video advertising formats.

<https://advarkads.com/>



**aidata.me**

Aidata.me offers its DMP solutions for smarter audience buying to all players of RTB market. Aidata.me aggregates, processes, segments and delivers data about age, gender, interests and intents of more than 1 000 000 000 unique cookies per month.

<http://www.aidata.me/>



**auditorius**

Auditorius is a developer of complex solutions for the automated display advertising buying, the owner of its own software technologies stack.

<http://www.auditorius.ru/>



Between Exchange (BetweenX) is an independent advertising platform that gives the opportunity for brands and agencies to plan, buy, measure and optimize their media programmatic buying. The company is founded by merging four leading players on the programmatic market: Between Digital, ViHub, RTB-Media and Intency.

<http://betweenx.com/>



Blondinka.ru is one of the leading search ad agencies in Russia, that is focused on performance advertising. It manages two ad platforms Marilyn (for major advertisers) and Aori (aggregator for SMB), that allow to managing YouTube video campaigns among other formats.

<http://blondinka.ru/>



comScore is an international research company, that measures cross-platform audience, brands and consumer behavior. For video industry the company offers such product as VMX (Video Metrix, measures audience metrics for video players on desktop web) and vCE (validated Campaign Essentials) – an expanded analysis of video ad effectiveness, including viewability.

<http://www.comscore.com/>



D.C.A. Data-Centric Alliance comprises several RTB-products for the Russian market: Exebid DSP, Spicy SSP, FACETz DMP. The proprietary DMP accumulates data about online audience for providing extended socio-demographical and behavioral targeting. Exebid offers audience taxonomy on more than 700 segments.

<http://datacentric.ru/>



DoubleClick Bid Manager is DSP by Google, which provides a real-time control of media purchasing and video advertising on RTB model. Google DBM works with major RTB-exchanges in the world (DoubleClick Ad Exchange, AppNexus, FBX, MoPub, etc.).

<https://www.doubleclickbygoogle.com/>



Eagle.Platform is an online video platform by Dulton Media for video content management and monetization, from video section on the site to large UGC video portal.

<http://eagleplatform.com/>



iMarker company offers targeted advertising based on user behavior online, entered the RTB market in 2014. To obtain data on the behavior, iMarker collaborates with leading ISPs in Russia. The company has its own DMP. Available formats include video advertising.

<http://imarker.ru/>



Pladform is the largest Russian ecosystem for video content management (publishing, distribution and monetization). In 2016 Pladform is planned to be merged with Rutube, possible under the name of Ruform. The exclusive ad selling partner is GPMD.

<https://pladform.ru/>



Segmento is an ad platform that targets display advertising (banners, video, mobile) using offline and online data. It works on the RuTarget technological stack, since 2015 is a part of Sberbank Group.

[www.segmento.ru/](http://www.segmento.ru/)



SPB TV is a provider of OTT, IPTV and mobile TV solutions for broadcasting TV and video content on various screens, be it cellphones, tablets, desktop computers or TV sets. Its own B2C TV apps is available on any platform. Linear TV and VOD is accessible both free and on a paid model.

<http://spbtv.com/>



Soloway is an operator of selective advertising that offers RTB-solutions for platforms (SSP AdRiver), and for advertisers (DSP and DMP). Over the years Soloway



gathered a large network of internet websites, and now offers auction-based ad buying. Soloway provides both internal and open auctions, collaborating with other SSPs on the Russian market.

[www.soloway.ru/](http://www.soloway.ru/)



Weborama is a kingfish of European audience data market. It has the full stack of tech solutions and expertise for using data in marketing: its own DMP, ad server and display audit system, interactive technologies. In Russia the company operates since 2012 and collaborates with leading advertisers, agency groups and publishers.

<http://www.weborama.com/>



Xaxis is the world's largest technology platform, working in the field of programmatic buying and ad buying in digital media. Xaxis Russia is part of GroupM Russia, the leading global media holding.

# ABOUT IAB RUSSIA

## **The Interactive Advertising Bureau (IAB) Russia**

A non-commercial partnership for interactive advertising promotion, a part of an international IAB association. The main objective is to grow and develop interactive advertising market. IAB successfully operates in 41 countries on 5 continents.

### **Priority areas of The Interactive Advertising Bureau (IAB) Russia are the following:**

- Educational activities;
- Formation of industry standards, guidelines and glossaries;
- Organizing industrial events, including MIXX Conference and MIXX Awards;
- Conducting research in the field of online advertising, taking into account international methodologies and best practices.

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