



Video Landscape Report

IAB Digital Video Center of Excellence

November 2017, 3rd Edition



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Introduction

The current video landscape is being transformed by the confluence of technological innovations and consumer behavior shifts. As an industry, it is critical that we monitor these trends in order to understand the on-going convergence between traditional TV and digital video and the implications for media. What does video mean? What will it become? How is video used to reach, engage, and drive attention and action? It is absolutely imperative to understand the complex and evolving ecosystem of video advertising to guide our perspectives and decisions on both the buy side and the sell side.

Background

- IAB Digital Video Center of Excellence created this video landscape report after reviewing and compiling existing industry research reports and publications, as well as consulting with more than a dozen industry practitioners and subject matter experts including broadcast, cable, ad tech, digital pure plays, agencies, and brands.
- The key objective of this report is to provide perspectives on the state of the video advertising ecosystem. It will also serve as a modular tool to simplify video and educate the advertising marketplace about the growth and value of video in reaching and engaging consumers.
- Given the complexity of the entire video landscape, this report is going to anchor around the confluence of consumer consumption and technology in an advertising-supported video ecosystem to provide a clear understanding to a buy-side audience of the current state of video.
- This is the third iteration of the report (initially released in October 2016).

Executive Summary

- The video ecosystem has never been more complicated and exciting. We have seen an increased number of content creation sources, delivery and consumption channels, and platforms, and as a result, more video viewing time in total. While traditional TV still dominates ad revenue, digital video—especially mobile video—is the fastest-growing video type by consumption. All of these developments provide more opportunities for brands and marketers to connect with consumers.
- Looking across the video platforms and channels, traditional and new opportunities to reach and engage consumers abound in this rapidly evolving video ecosystem. This report looks into a number of opportunities including Programmatic Video, Addressable TV, Connected TV/OTT, Augmented Reality, Vertical Video, Live Video, esports, Original Digital Video, 6 second ads, and Social Video.

Executive Summary

- While opportunities to reach viewers have increased, we continue to see challenges across traditional TV and digital video platforms due to consumers' behavior shifts and new technologies, especially advanced audience data and automation. Key challenges that the industry needs to watch out for and address as a whole include audience fragmentation, advertising experience, ad avoidance/blocking, ad fraud, and cross-platform measurement.
- The interplay of technology and consumer behavior is driving current and emerging trends that push and shape this evolving video landscape. The industry needs to have a deeper understanding of the shift in consumer dynamics and technology to better leverage the trends that may have a significant impact on video advertising's future for both publishers and advertisers.

Landscape

The video ecosystem has never been more complicated and exciting—we have seen an increased number of content creation sources, delivery and consumption channels, and platforms, and as a result, more video viewing time in total. While traditional TV still dominates ad revenue, digital video— especially mobile video—is the fastest-growing video type by consumption.

The changing faces of video in a complex ecosystem

The term video is perceived through varying yet overlapping frameworks and lenses

Video Type

Long form video
Short form video
Original digital video
User-generated content
Vertical video
360 video
Virtual reality
Live video

Distribution Mechanism

Over the air/Broadcast
Cable
Satellite
IP-based

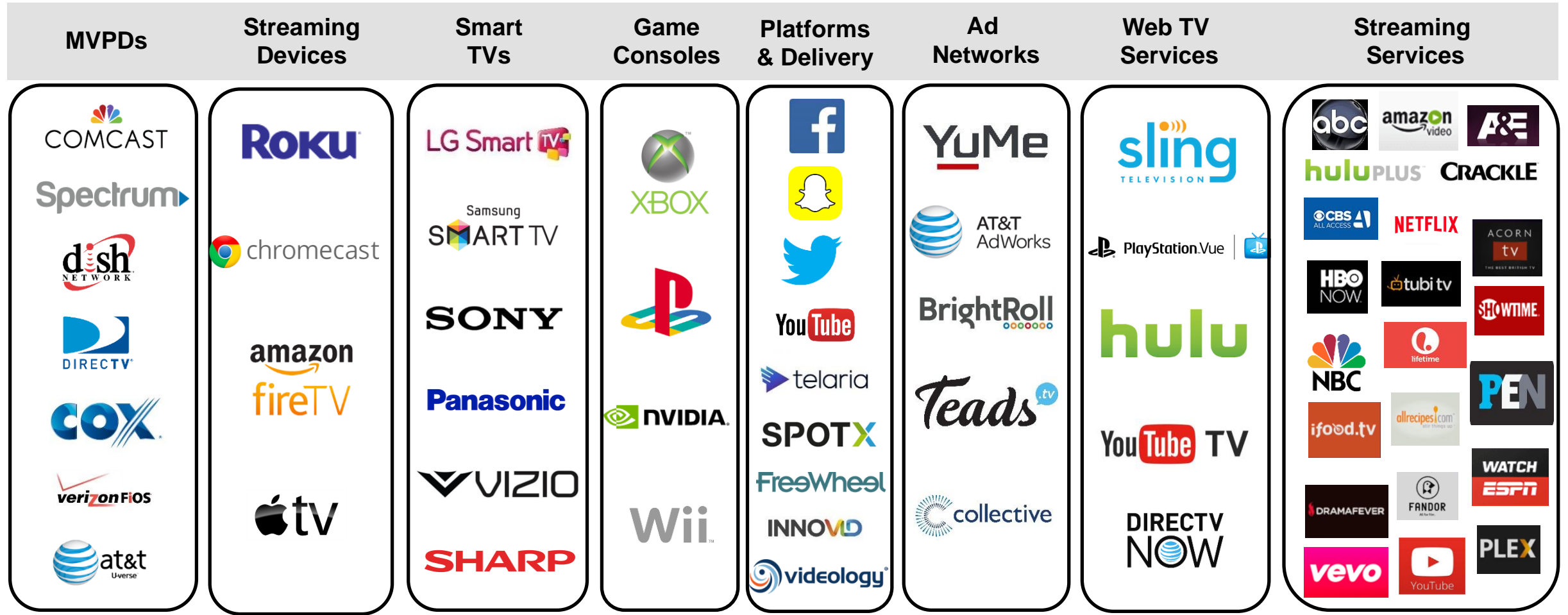
Viewing Device/Platform

Desktop
Mobile
Gaming console
OTT/Connected TV
Social
Messaging app
Digital OOH

Ad Unit

In-stream
Out-stream
Overlay

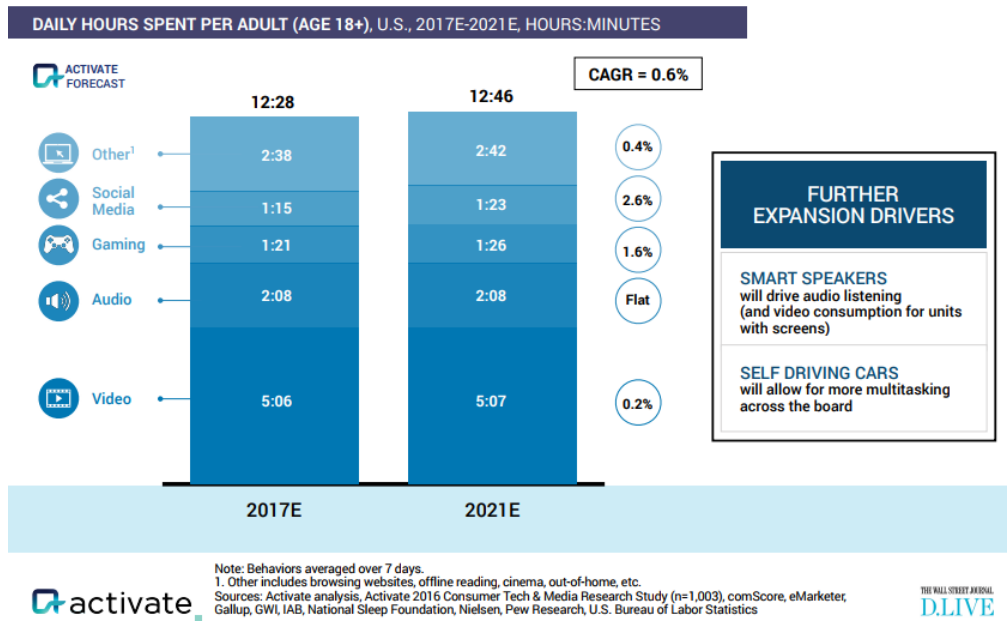
Video delivery and consumption is more crowded than ever



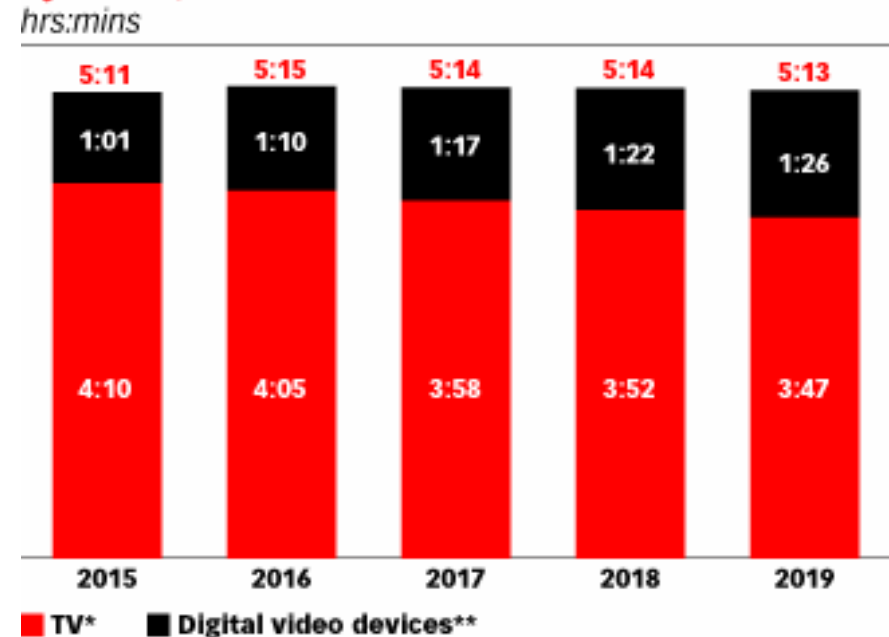
And more...

Video viewing accounts for the biggest share of daily media time spent; digital video viewing time increases year-over-year

- According to Cisco, IP video traffic will be 82% of all consumer internet traffic by 2021, up from 73% in 2016. Activate's Tech and Media Outlook 2018 report showcases video and media's growth over the next 5 years.
- While TV still takes the majority share of total viewing time, digital video's share has increased over time.



Average Time Spent per Day with Video by US Adults, by Device, 2015-2019



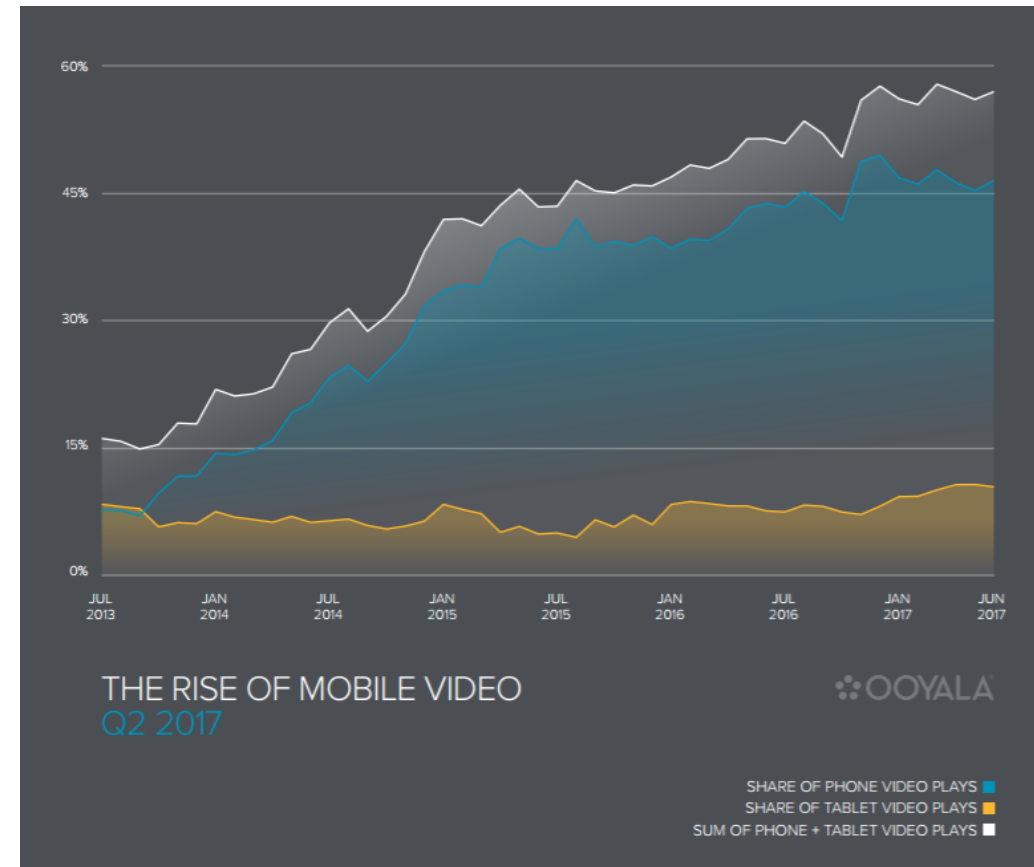
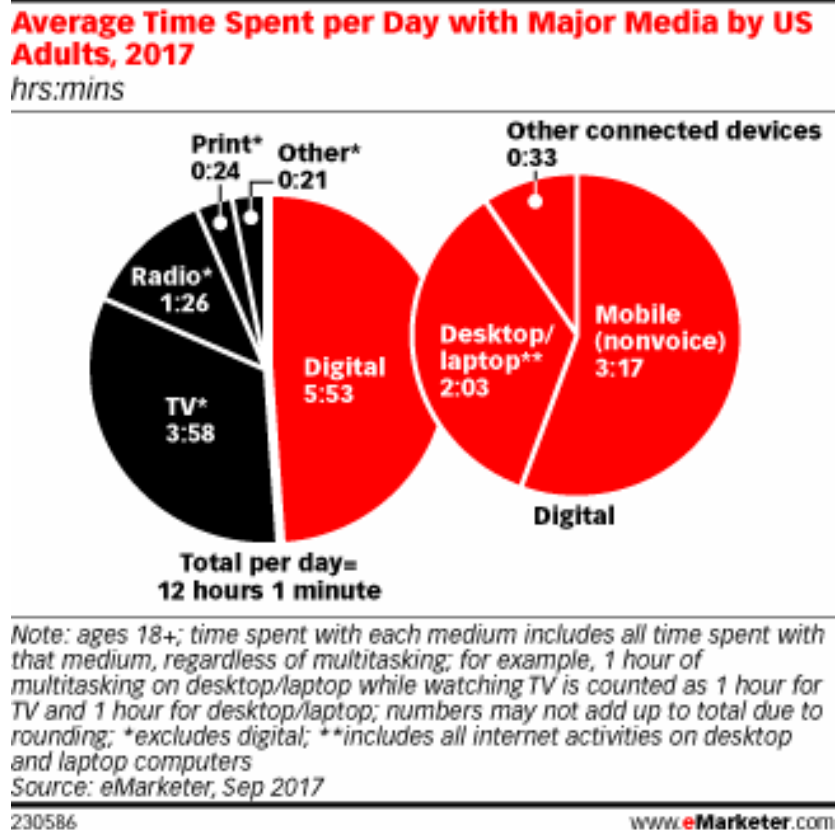
*Note: ages 18+; time spent with each medium includes all time spent with that medium, regardless of multitasking; for example, 1 hour of multitasking with digital video while watching TV is counted as 1 hour for TV and 1 hour for digital video; numbers may not add up to total due to rounding; *excludes digital; **includes time spent watching digital video via game console, connected TV or over-the-top (OTT) device, as well as via desktop/laptop or mobile device; excludes time spent with video via social networks*

Source: eMarketer, Sep 2017

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www.eMarketer.com

Mobile video is taking a greater share of total digital video consumption and it continues to grow



TV ad spend remains dominant, though digital video exhibits a faster revenue growth rate

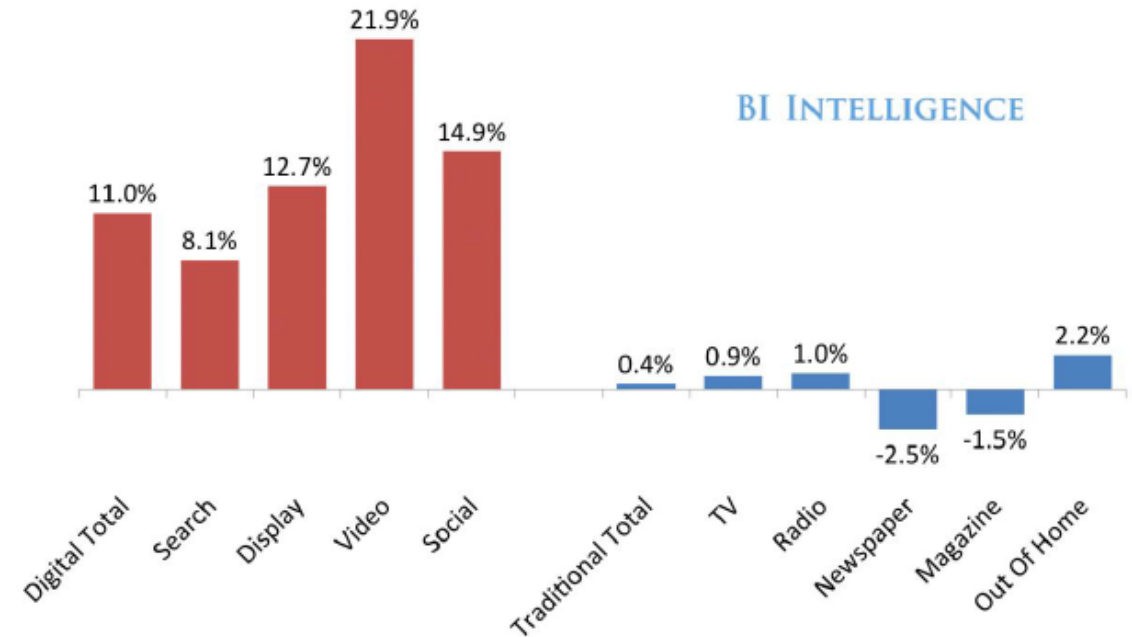
US TV* and Digital Video** Ad Spending, 2016-2021 billions, % change and % of total media ad spending

	2016	2017	2018	2019	2020	2021
TV*	\$71.29	\$71.65	\$71.93	\$72.22	\$74.03	\$74.17
—% change	3.5%	0.5%	0.4%	0.4%	2.5%	0.2%
—% of total media ad spending	36.6%	34.9%	33.5%	31.9%	30.8%	29.4%
Digital video**	\$10.70	\$13.23	\$15.42	\$17.56	\$19.81	\$22.18
—% change	39.2%	23.7%	16.5%	13.9%	12.8%	12.0%
—% of total media ad spending	5.5%	6.5%	7.2%	7.8%	8.3%	8.8%

Note: *includes broadcast (network, spot and syndication) and cable TV;
**includes advertising that appears on desktop and laptop computers as well as mobile phones, tablets and other internet-connected devices; includes advertising that appears before, during or after digital video content in a video player

Source: eMarketer, Aug 2017

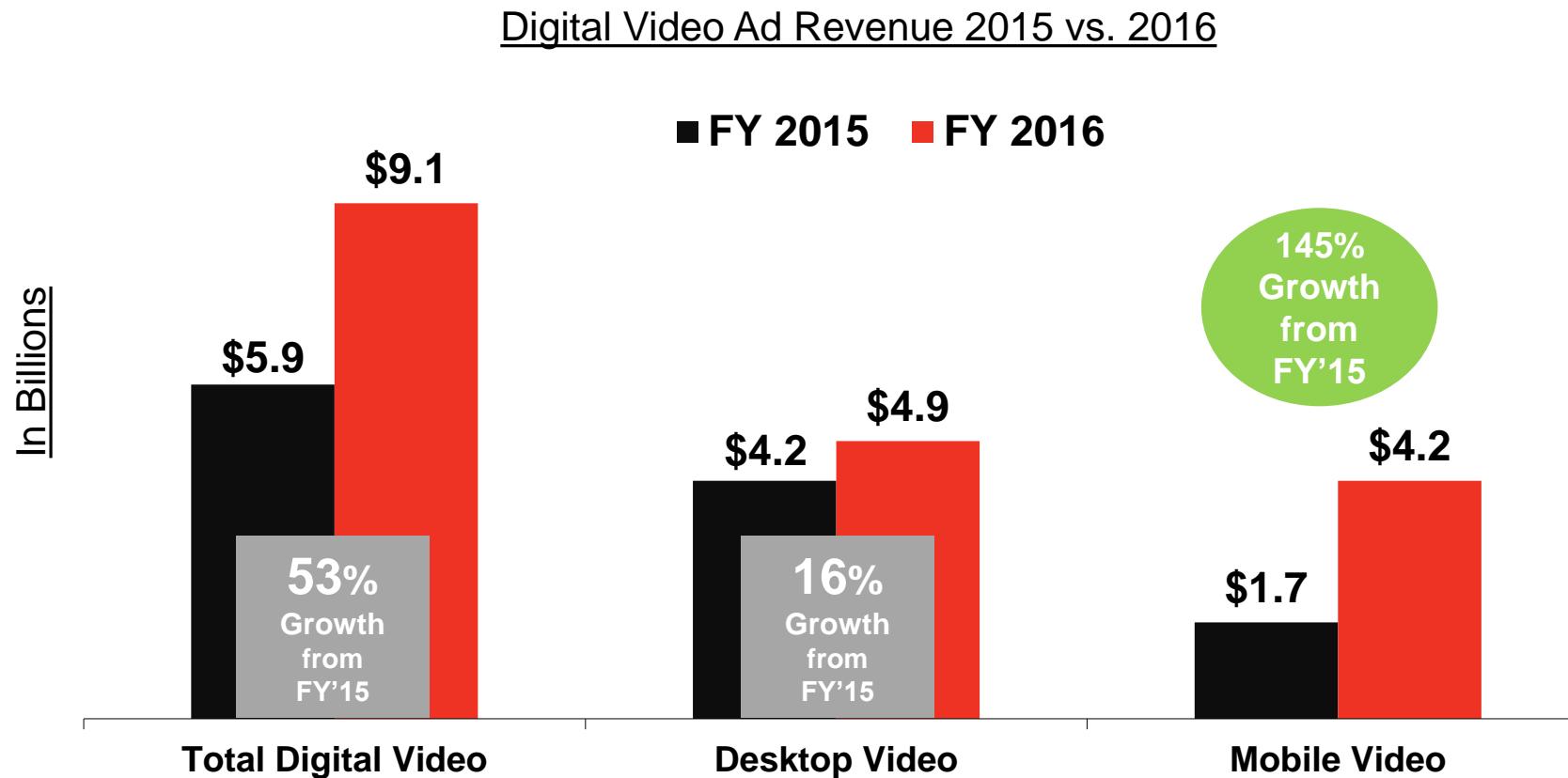
Ad Revenue Growth (US) Compound Annual Growth Rate 2015 - 2020



Note: Digital formats include mobile

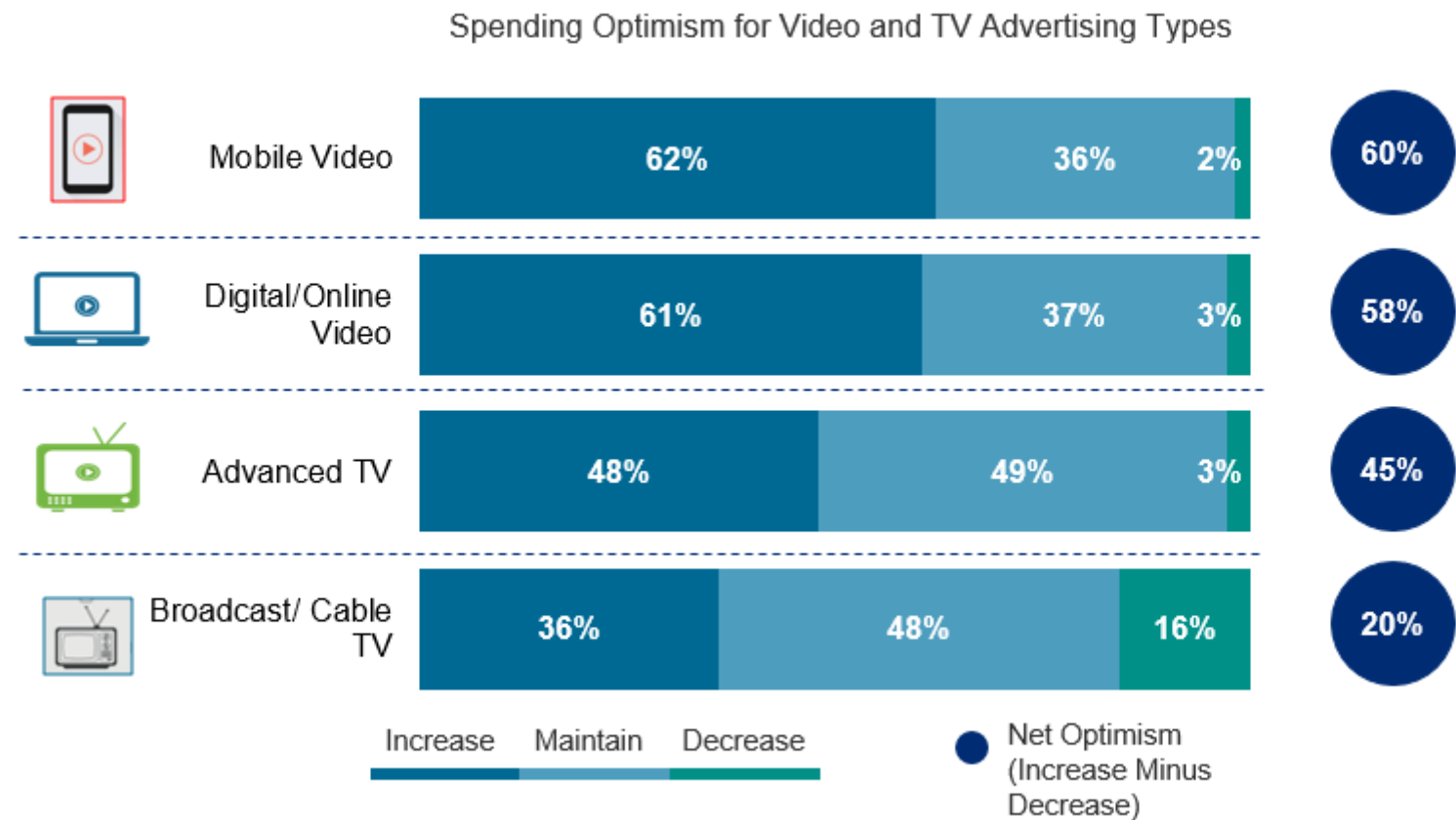
Mobile video is the primary driver of digital video ad revenue growth

- The gap between desktop and mobile video ad revenue is closing.



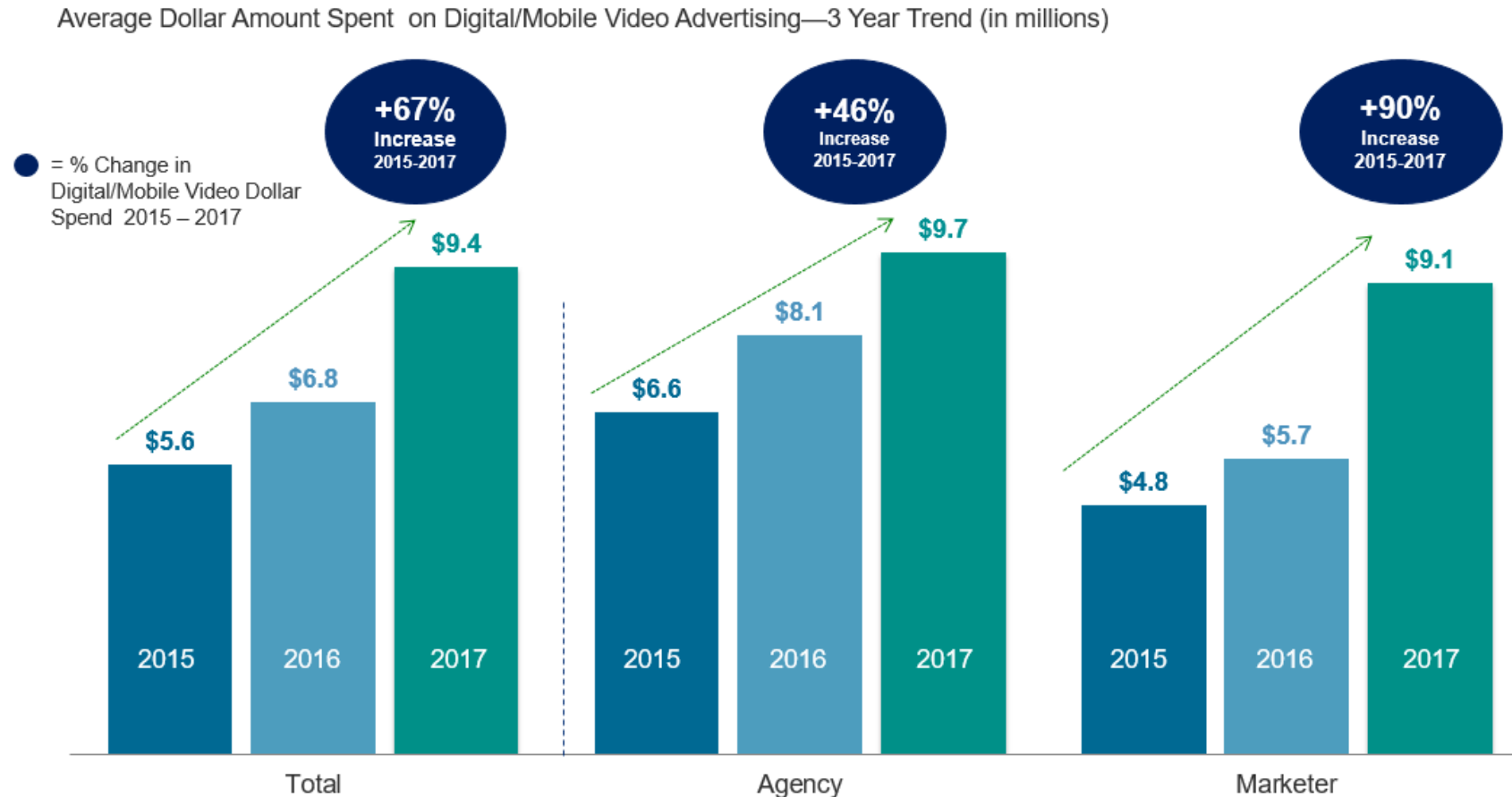
The buying community feels optimistic about investing in digital and mobile video

In the next 12 months, would you expect the spend on the following to increase, decrease or maintain the same?



Ad buyers will spend over \$9 million, on average, on their digital/mobile video advertising in 2017

- The digital video ad spend has increased sharply YOY.









Streaming skinny bundles respond to consumers' cord cutting and cord shaving trends

Definition: A stand alone Over the Top live TV streaming service that offers smaller bundles of channels for a lower price than traditional pay TV packages and allows viewers to watch live television outside the home on mobile devices.

Highlights:

- Landscape will continue to change as new players enter this space.
- Services are tailored to the growing number of consumers who have cancelled or never subscribed to a traditional pay TV package (cord cutters / cord nevers)
- Reflects the cord shaving trends among existing traditional pay TV customers who are looking for more value from existing over-sized subscription

	 PlayStation.Vue 				
Price	\$39.99-\$74.99	\$35-\$70	Starts at \$20, can add group of channels	\$35	\$39.99
# of Channels	45-95	60-120	Starts at 30, with available add-ons	40	>50
DVR	Cloud DVR	None	Cloud DVR	Cloud DVR	50 hrs. included
# of Screens	5	2	1-3, varies by tier	3	2, more can be added

Streaming skinny bundles are gaining traction in U.S. households

- Skinny bundles account for more than half of OTT viewing time in skinny bundle households



3.1 MM

U.S. Skinny Bundle HHs

Skinny Bundle HHs Watch

5.3 Hours

of Skinny Bundle Content
per Viewing Day



91%

of Skinny Bundle
Homes Use a
Streaming Stick/Box

slingTM
TELEVISION

is the Most Popular Skinny Bundle in More
Than 2 Million Homes

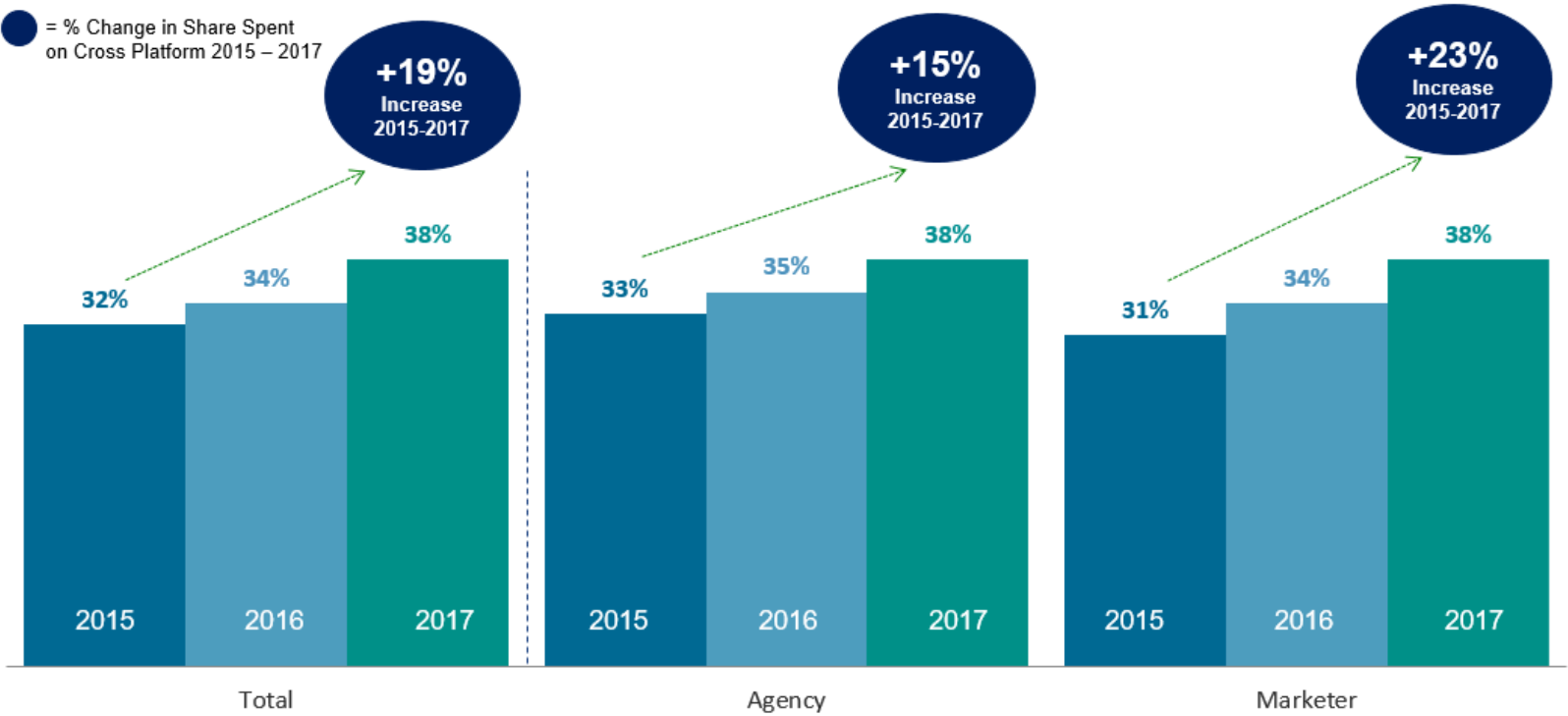
Growth Opportunities

Looking across the video platforms and channels—traditional and new—opportunities to reach and engage consumers abound in this rapidly evolving video ecosystem. The report looks into a number of opportunities: Addressable TV, Programmatic Video, Connected TV/OTT, Virtual Reality, Vertical Video, Original Digital Video, and esports, to name a few.

Cross-platform video buying including both TV and digital video is a common practice and will continue to trend up

Three-year Trending of Cross-platform Video (TV and digital video) Buying *(out of total ad budget %)*

Average Percent Share of Ad Budgets Spent on Cross-Platform—3 Year Trend

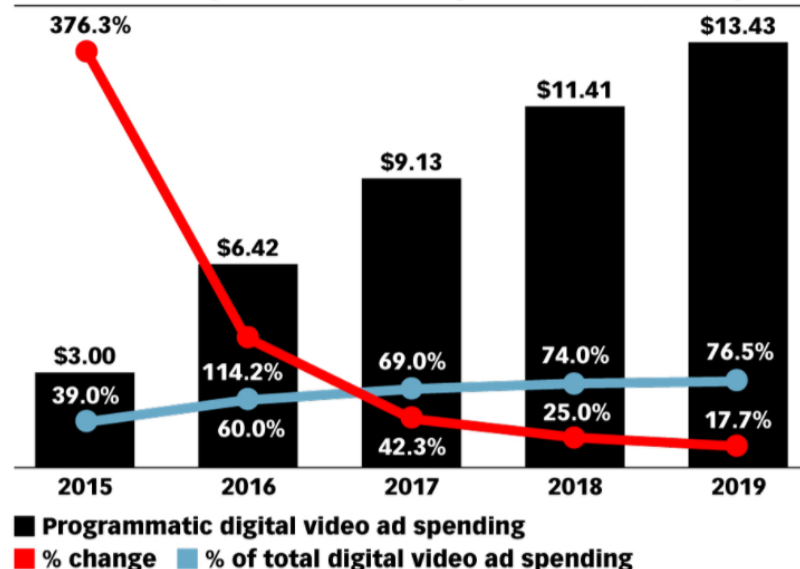


Automation in video buying and selling sees a Y-O-Y double digit increase

- According to eMarketer, U.S. programmatic digital video ad spend is estimated to reach \$9.13 billion in 2017. By 2019, 77% of all US digital video ad dollars will move programmatically.

US Programmatic Digital Video Ad Spending, 2015-2019

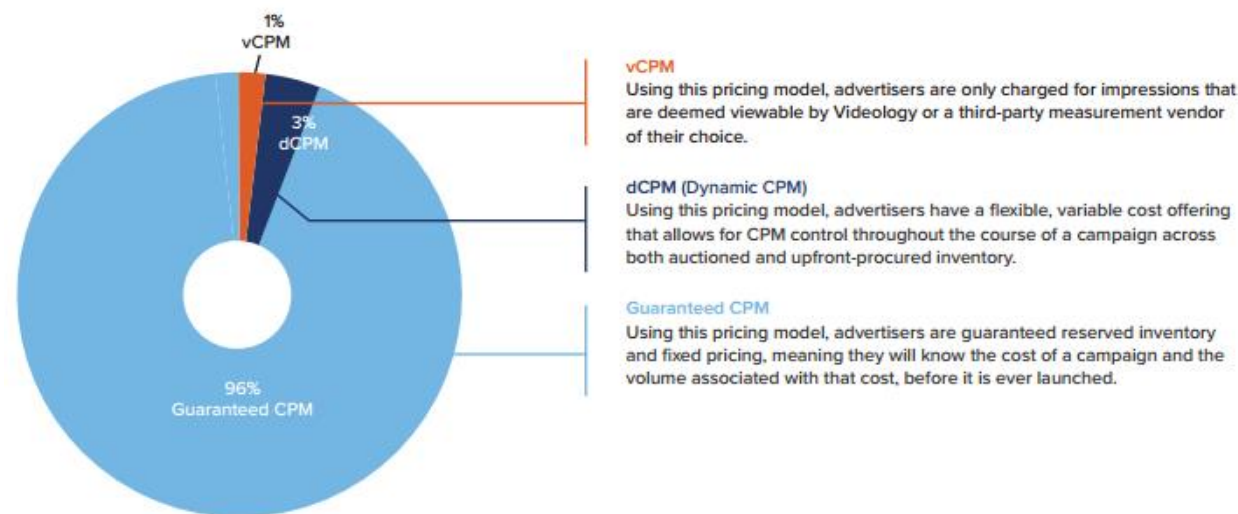
billions, % change and % of total digital video ad spending



Note: digital display ads transacted via an API, including everything from publisher-erected APIs to more standardized RTB technology; 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
Source: eMarketer, Oct 2017

PROGRAMMATIC BUY TYPE

Preferences in buying campaigns were stable from the prior quarter. Most advertisers continued to buy campaigns on a TV-like guaranteed basis. However, some also bought on reserved dynamic pricing (dCPM).



The addressable TV audience and ad spend continue to grow

- Addressable TV allows advertisers to serve different ad content to different audience segments watching the same TV program based on specific audience targeting.
- The universe of addressable TV households is sized at 68 million US households. That translates into nearly half of all pay TV households that can be reached with addressable TV ads.

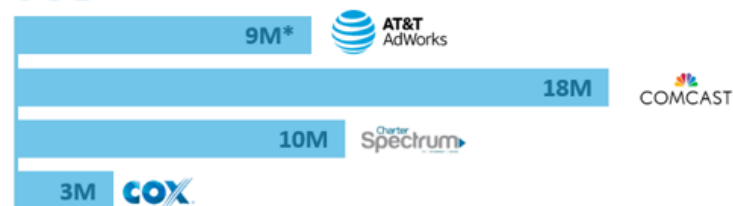
Addressable TV Landscape

68 Million US Households Have Addressable TV Capabilities

LINEAR



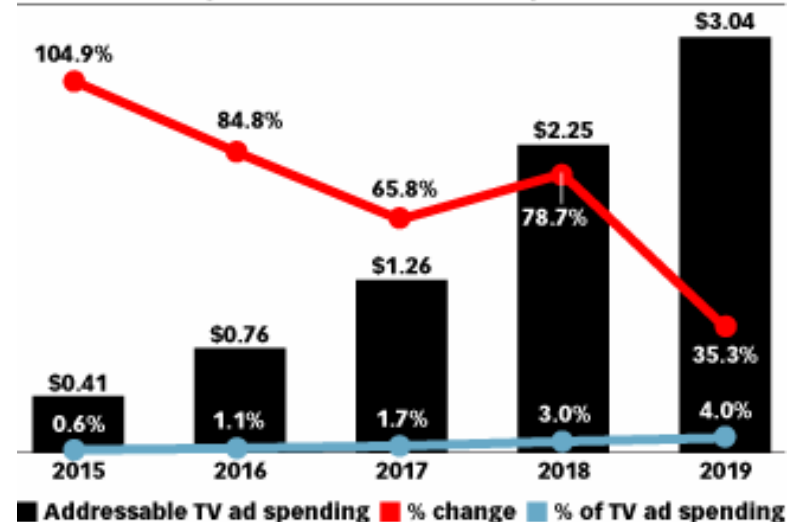
VOD



Note: Dish Network Includes Sling TV, AT&T VOD HHs are a subset of the 15M

US Addressable TV Ad Spending, 2015-2019

billions, % change and % of TV ad spending



Note: targeted TV ads delivered on a home-by-home basis via cable and satellite boxes; includes video-on-demand (VOD); excludes connected TV, smart TV and over-the-top (OTT)

Source: eMarketer, July 2017

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www.eMarketer.com

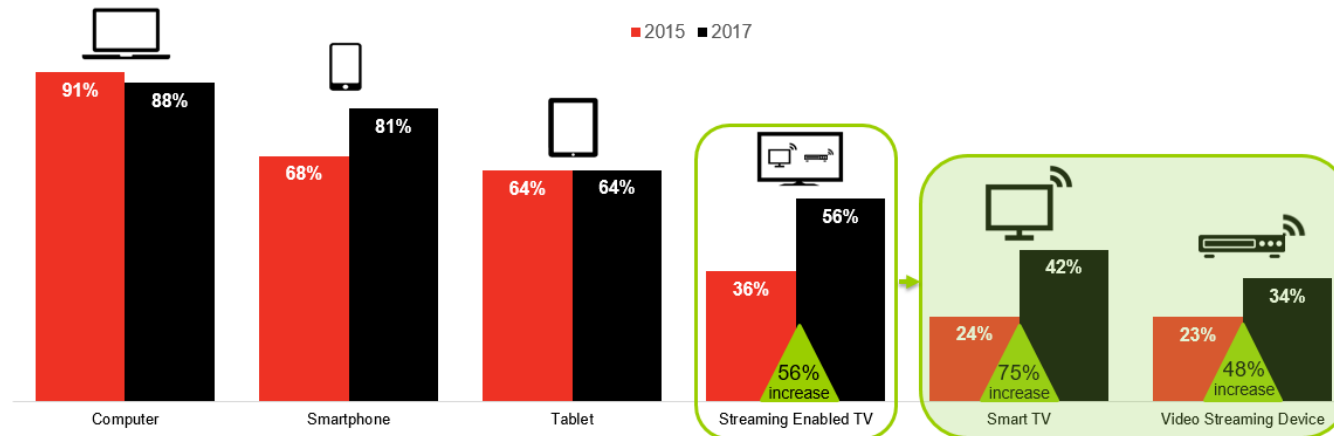
Connected TV/OTT growth opportunity is clear as device ownership continues to increase

IAB has defined OTT as:

- **Over the Top Device** - A device that can connect to a TV (or functionality within the TV itself) to facilitate the delivery of internet based video content (Roku, Apple TV, Smart TV's, game consoles, etc.)
- **Over the Top Video** - Video content transported from a video provider to a connected device over the internet outside the closed networks of telecom and cable providers

● Devices Owned

Among Adults 18+

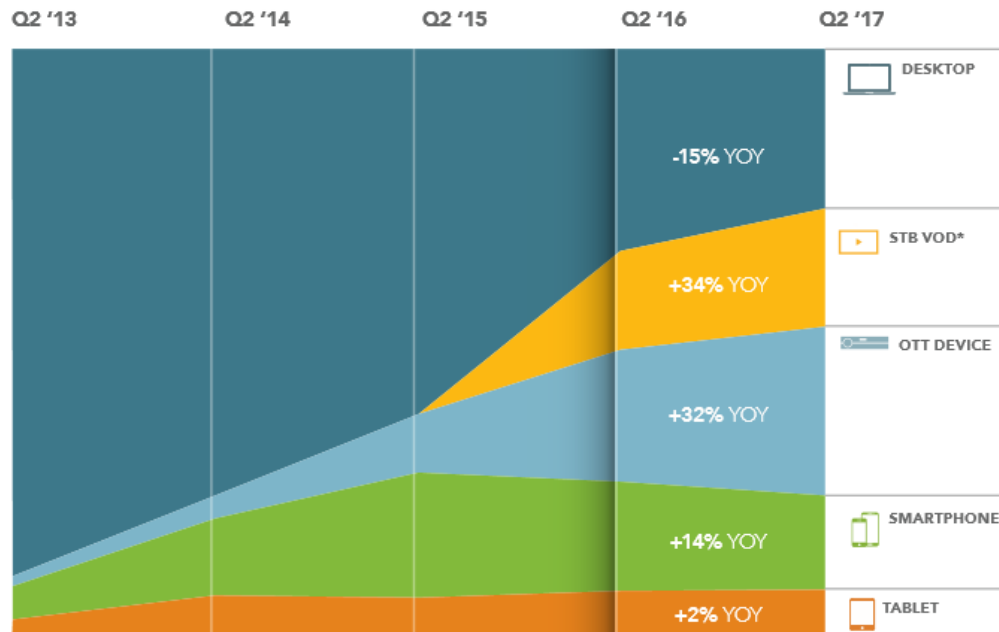


In 2017, aggregated streaming-enabled TV ownership has reached majority of American adults (56%)

Connected TV/OTT ad revenue growth trajectory is proven as both publishers and advertisers understand the benefits

Along with device ownership, global OTT revenue growing, expected to more than double from 2016 to 2022, exceeding over 80 billion dollars.

Ad View Composition and Growth by Device,
U.S. Q2 2013 to Q2 2017



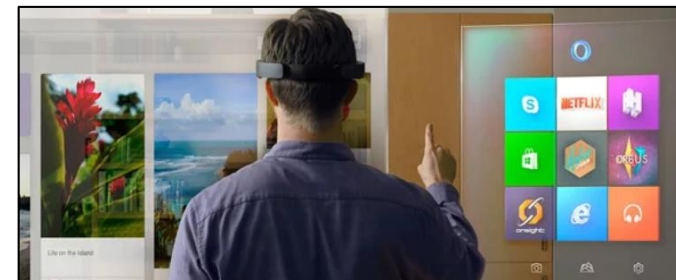
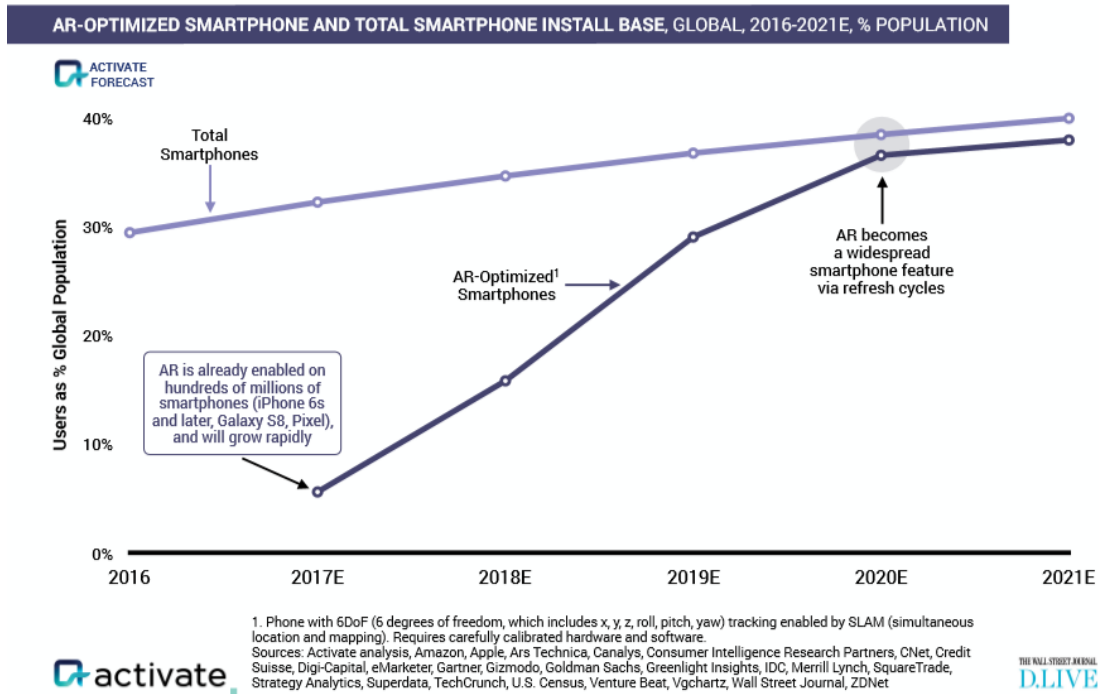
- Benefits of OTT Video Ads -

- Full-screen TV experience with co-viewing
- Advanced targeting and dynamic ad insertion
- Enhanced survey and audience analysis capabilities
- Digital measurement
- Reach highly desirable audience including cord-cutters / shavers / nevers, millennials and families
- Reduced risk of fraud

According to FreeWheel, OTT's share of ad views has grown more than 3X from Q2 2013 to Q2 2017.

Augmented Reality (AR) offers a unique experience to connect consumers and brands

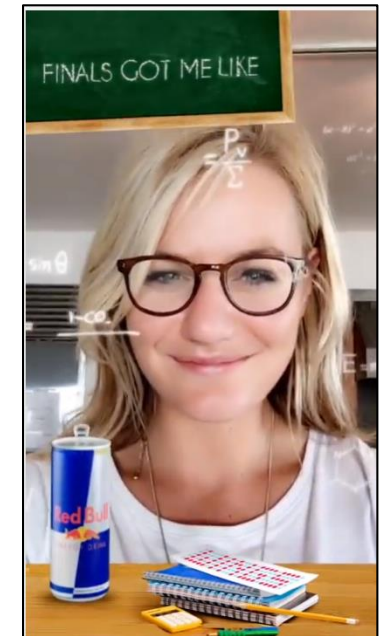
- In the summer of 2017, both Apple and Google released operating system support for the creation of augmented reality apps on their mobile platforms. These announcements will make creating AR apps much easier.
- Activate anticipates that AR will become a widespread smartphone feature by 2020.
- The rise of AR makes a variety of advertising options possible such as virtual tours of brick and mortar shops, extending live experiences through the use of online filters, experiencing products in e-Commerce settings.



Source: www.Macworld.co.uk



Source: Digiday



Source: Snapchat

New formats including vertical video are increasingly embraced by content creators and brands

Vertical Video

- In response to growing consumption of video in vertical orientation, IAB has published Vertical Video Advertising Best Practices offering marketers tips and suggestions for how to develop device and platform-specific vertical video creative.
- Vertical video ads are beneficial because they leverage 100% of the phone's real estate and work well on mobile apps where consumers are used to interstitials being served.
- Half of advertisers interviewed for the IAB NewFronts Video Ad Spend study stated they purchased vertical video ads in 2016.



Vertical Video Advertising Best Practices

iab. VERTICAL VIDEO ADVERTISING BEST PRACTICES

FACTS ABOUT VERTICAL VIDEO

- Vertical video is growing, due in part to the popularity of Snapchat, which is leveraging the format
- Changing consumption patterns make vertical viewing on mobile more common
- Most smartphones are used in portrait orientation, with the most popular size (5.5 to 6") showing 90% portrait usage (MOVR, Q2 2017)
- While horizontal videos are still widely used and believed to be effective, publishers and brands are increasingly experimenting with and embracing new formats - on Instagram, Facebook, Snapchat, Musical.ly, etc.

VERTICAL = 90% OF SMARTPHONE VIEW TIME
SCREEN ORIENTATION BY DEVICE SIZE

Device Size	Portrait Orientation (%)
Smartphone (5.5 to 6")	90%
Tablet (7 to 8")	50%
Smart TV (55 to 65")	10%

Source: Smartphone vs. Tablet Orientation, MOVR - The Mobile Overview Report, Q2 2017

VERTICAL VIDEO - Mobile video ads that play in a vertical (portrait) orientation rather than the typical horizontal (landscape) orientation.

BENEFITS OF VERTICAL VIDEO ADS

- Vertical Video leverages 100% of the phone's real estate (vs. 25%)
- Format works well on mobile apps where consumers are used to interstitials being served (in-between articles, songs, game levels, chat conversations, etc.)
- Users will likely not rotate their phones to landscape mode to view an ad, but are more likely to when consuming content - therefore, advertisers should get their messages across in best way possible given natural (vertical) hand position.

HORIZONTAL VS. VERTICAL

Orientation	Real Estate Utilization (%)
Horizontal	25%
Vertical	100%

BEST PRACTICES FOR CREATING VERTICAL VIDEO ADS
(OR MIGRATING EXISTING HORIZONTAL CREATIVE TO A VERTICAL FORMAT)

- Vertical Videos should be filmed vertically (9:16) at the outset. If shooting horizontally, do so with vertical formatting in mind (i.e. action and talent in center frame).
- Vertical video ads can run in IAB Full Page ad units in vertical (portrait) format. Video files should be less than 5 MB with 8-12 seconds duration recommended. Vertical video may also run as a component of an augmented reality (AR) ad or virtual reality (VR) ad.
- Shorter (6 seconds or less) ads are becoming more common (with some platforms finding shorter ads having higher completion rates/user retention)
- Test short video length actively and assess how duration impacts the normal battery of basic tests: recall (aided/unaided), brand perception, etc.
- Drop into action early and feature a simple, singular message.
- While it is possible to re-size and crop horizontal ads for vertical use, the user experience can be lacking, especially when borders (letterboxing) appear around the video. Seek out assistance from firms that specialize in resizing/reformatting.
- Leverage Static or Rich Media End Cards for a call to action (download, learn more, shop the product within a rich media unit) adding further engagement beyond completion rate. Leverage VAST for running vertical video in-app, as it's lighter and will be supported by the IAB Mobile Verification Open-Source SDK (click here for more information on Open Measurement).

EXAMPLES

Vertical Video Ads shown on Snapchat and Spotify.

VERTICAL VIDEO AND AUTOMATED BUYING PROCESS

Vertical video ads are programmatically today via private marketplaces to ensure the right asset is matched with right inventory. ad units can also run vertical video ads. This creates a more audience in content rich environments.

Height attributes in the OpenRTB 2.5 Banner Object to represent vertical.

Ad creative assets which has hampers scale, especially via outstream ad units but those units are buyers which have access to and default to horizontal

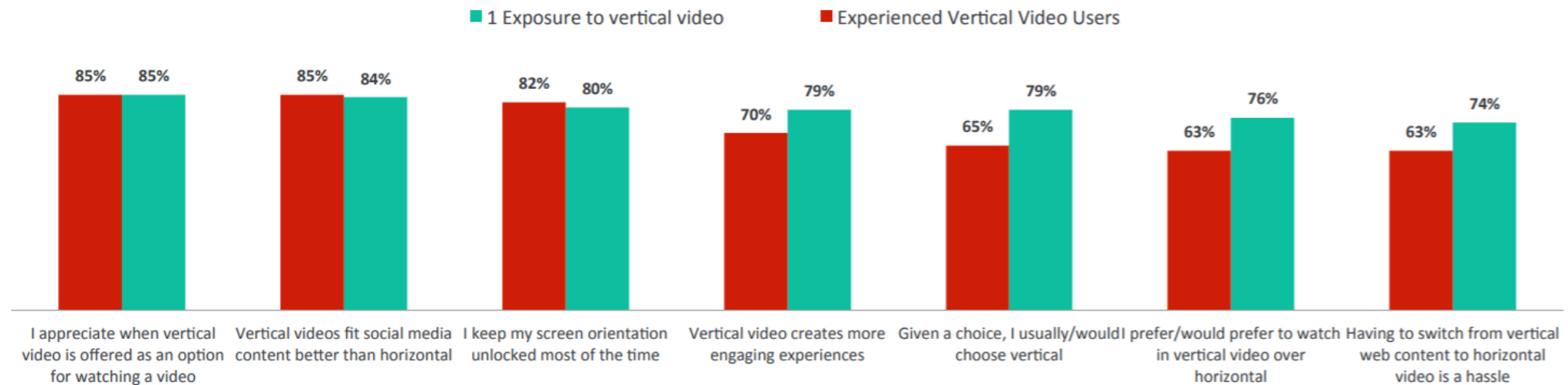
For programmatic video see [Programmatic Video: A Guide](#).

IAB.COM/VERTICAL-VIDEO

Vertical video is also being embraced by consumers

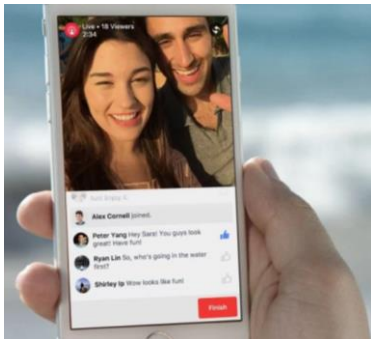
- According to YuMe's 2017 vertical video study, both experienced and first time vertical video viewers appreciate having vertical video as a option, would prefer to watch vertical video over horizontal and believe vertical video creates a more engaging experience.
- Initial studies from companies such as Facebook and Snapchat also indicate that consumers are receptive to vertical video ads and that these ads can generate higher engagement and in some cases incremental brand lift.

Vertical video format on Smartphone By Experience level



Live video is poised to tap additional consumer engagement and consumption

- Major platforms like Facebook, Snapchat, Amazon, and Twitter are making a big push into live video to increase user consumption and engagement on the platform.
 - Facebook signed contracts with nearly 140 media companies and celebrities in 2016 to create videos for its live-streaming service.
 - At its inaugural NewFronts presentation in 2017, Twitter announced partnerships with companies such as BuzzFeed, Vox Media, and MLB Advanced Media to produce or provide live-streaming content for the platform.
 - Amazon is live-streaming NFL Thursday night football games for this 2017 season.
 - Snapchat will partner with NBCU again for the 2018 Winter Olympics and will be sharing clips of Olympics content in a live story that will also feature user content.
- The actual return on investment of live video remains to be seen as the live video ad formats are still in the test and learn stage.



The global expansion of esports presents a viable advertising opportunity targeting a desirable audience

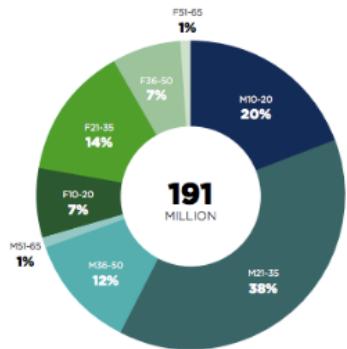
esports is competitive multiplayer electronic video gaming, played competitively for spectators. esports offers media companies and brands a new means of engaging with younger audiences who both play games and watch game content.

The esports Enthusiast audience currently skews young and male. The majority of them are employed full-time and earn a good income, making them a desirable target group for a variety of marketers, especially big brands.

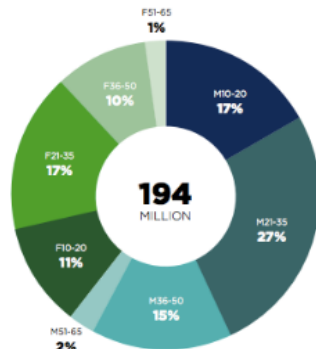
About 191 million people worldwide are expected to watch an esports contest in person or online at least once a month in 2017, more than double the number in 2012. By 2020, esports viewership is expected to reach 286 million.

Esports revenues will grow with a CAGR (2015-2020) of +35.6% to reach \$1.49 billion by 2020. Sponsorship is the largest revenue stream, followed by advertising.

AGE/GENDER: ESPORTS ENTHUSIASTS
GLOBAL | 2016

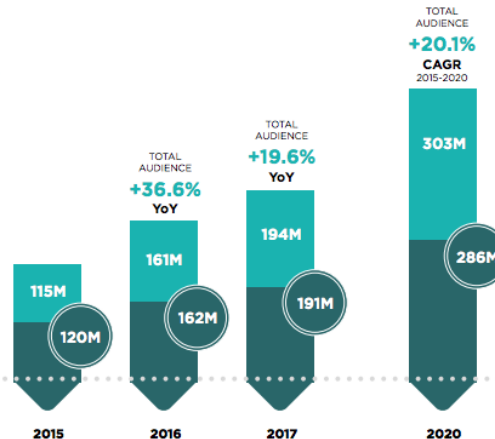


AGE/GENDER: OCCASIONAL VIEWERS
GLOBAL | 2016



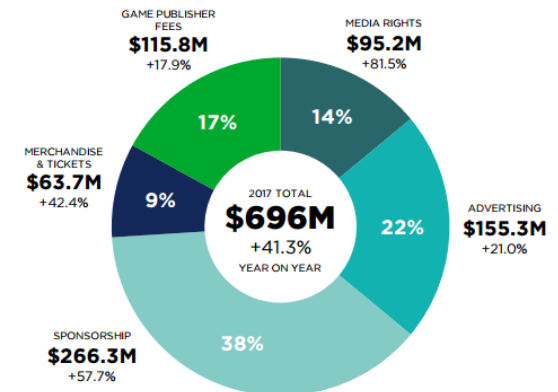
ESPORTS AUDIENCE GROWTH
GLOBAL | 2016-2020

- OCCASIONAL VIEWERS
- ESPORTS ENTHUSIASTS



REVENUES PER STREAM
GLOBAL | 2017

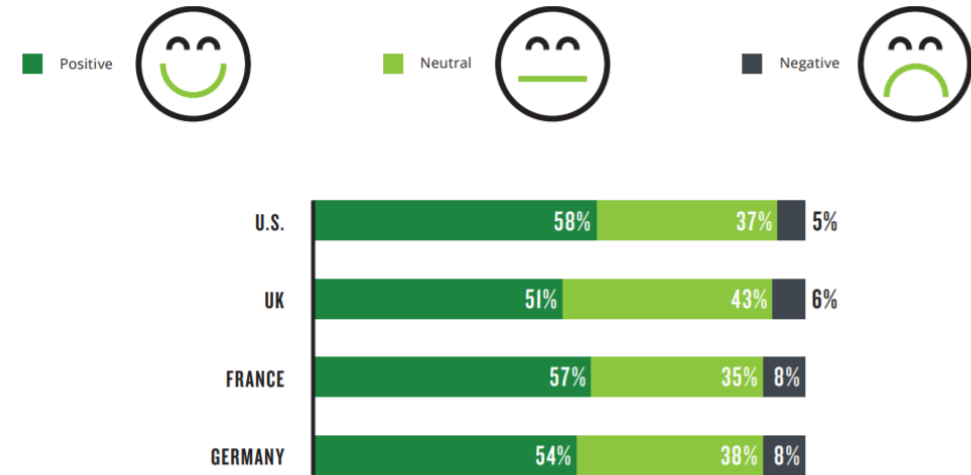
- MEDIA RIGHTS
- ADVERTISING
- SPONSORSHIP
- MERCHANDISE & TICKETS
- GAME PUBLISHER FEES



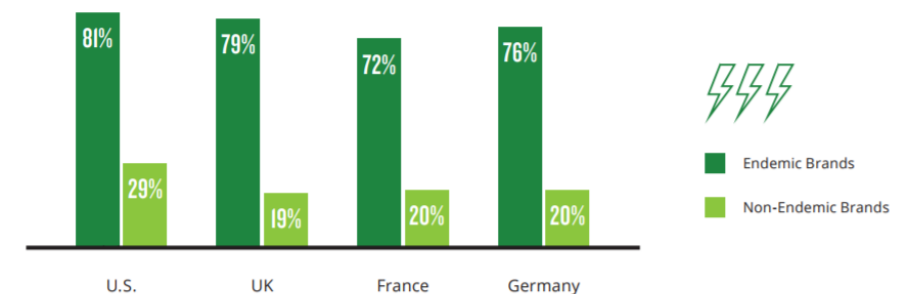
Sponsorships represent a key way for advertisers to become involved in esports and consumers are receptive

- Brands are getting involved with esports sponsorships. IT/computer, retail, and online services were the top three brand categories utilizing esports sponsorships in 2016 and 2017.
- 50-60% of consumers had favorable responses towards brand involvement in esports events.
- Consumers think that endemic brands such as gaming equipment and service brands (i.e. Intel, Comcast Xfinity, Logitech, etc.) are appropriate when involved in esports.

ATTITUDES TOWARDS BRAND INVOLVEMENT IN ESPORTS



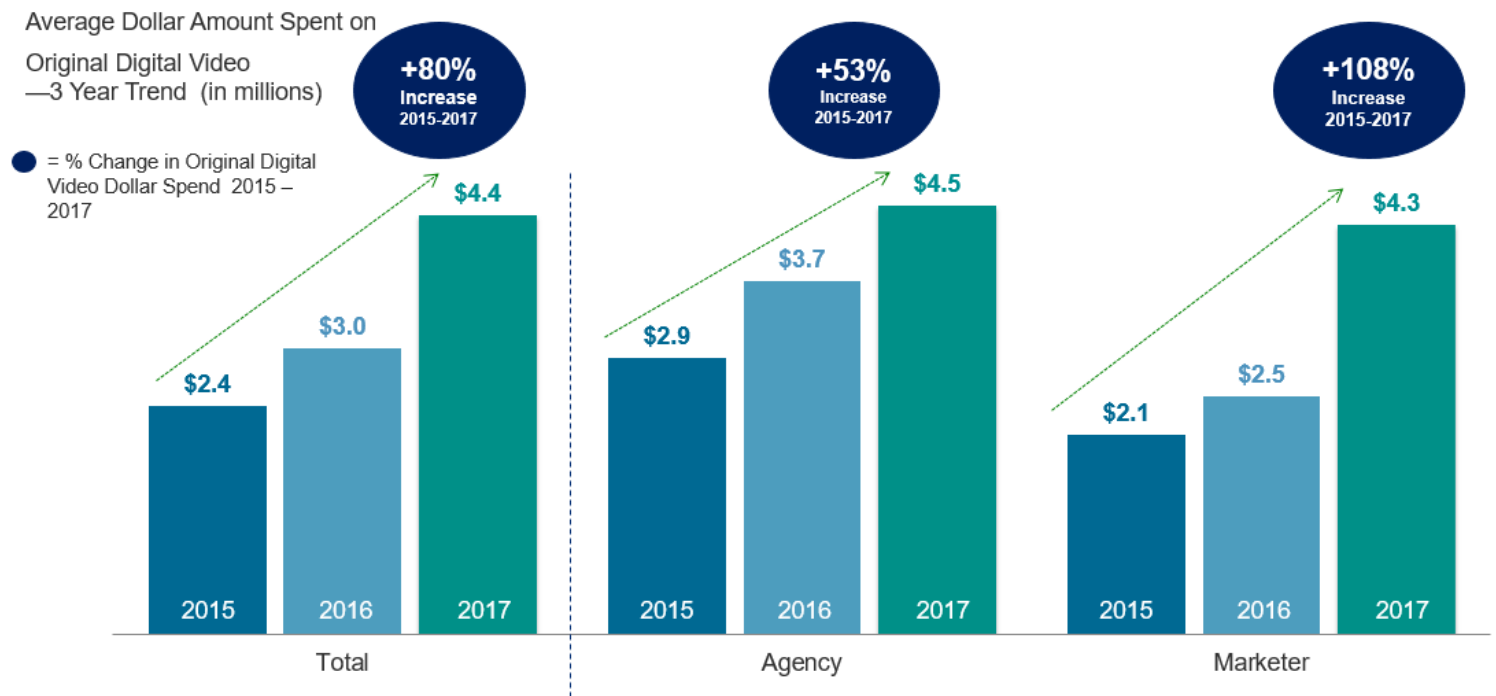
EXTREMELY/VERY APPROPRIATE



Original Digital Video's annual average ad spend has doubled over three years

- **Original Digital Video** is professionally produced digital video content for digital delivery and consumption.
- In the context of video advertising, this report refers to ad-supported original digital video.
- In 2017 Original Digital Video is estimated to account for 47% of total digital video budget.

Three-year Trending of Original Digital Video Ad Spend
(annual average by advertiser)



Interactive & shoppable videos bring the store to viewers

Definition:

- Digital video creative served on Connected TV/OTT, mobile and desktop that can take user input to perform some enhanced actions through elements integrated above and beyond the standard video playback controls.
- Interactions can include various calls-to-action, registration form, poll/survey, links, menus and hot-spots to support story progression and/or drill down on specific parts of the content itself.

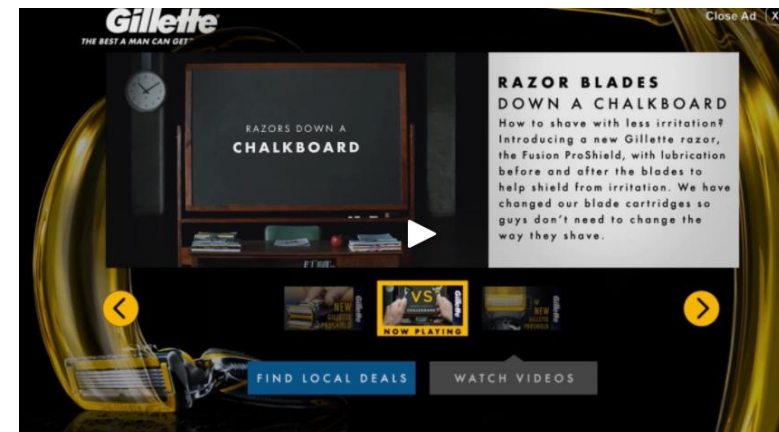
Benefits:

- Offers advertisers opportunity to enhance a lean back video experience by adding an interaction element.
- OTT experience takes into account the nuances of TV remote control navigation / interaction.

Connected TV/OTT Examples

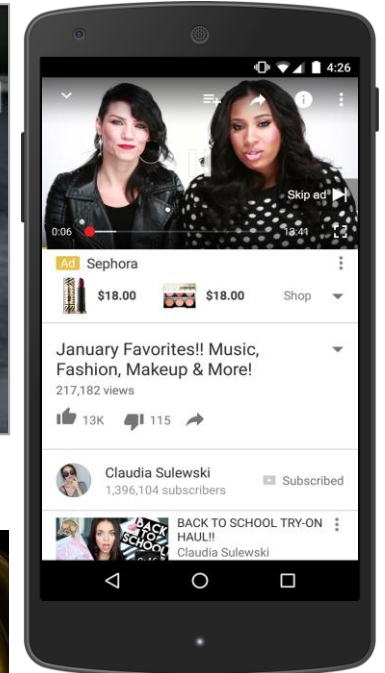


Source: Innovid



Source: Brightline

Mobile Example



Source: YouTube
TrueView Shopping Ad

Shorter ad formats provide publishers and advertisers the opportunity to gain consumer's attention

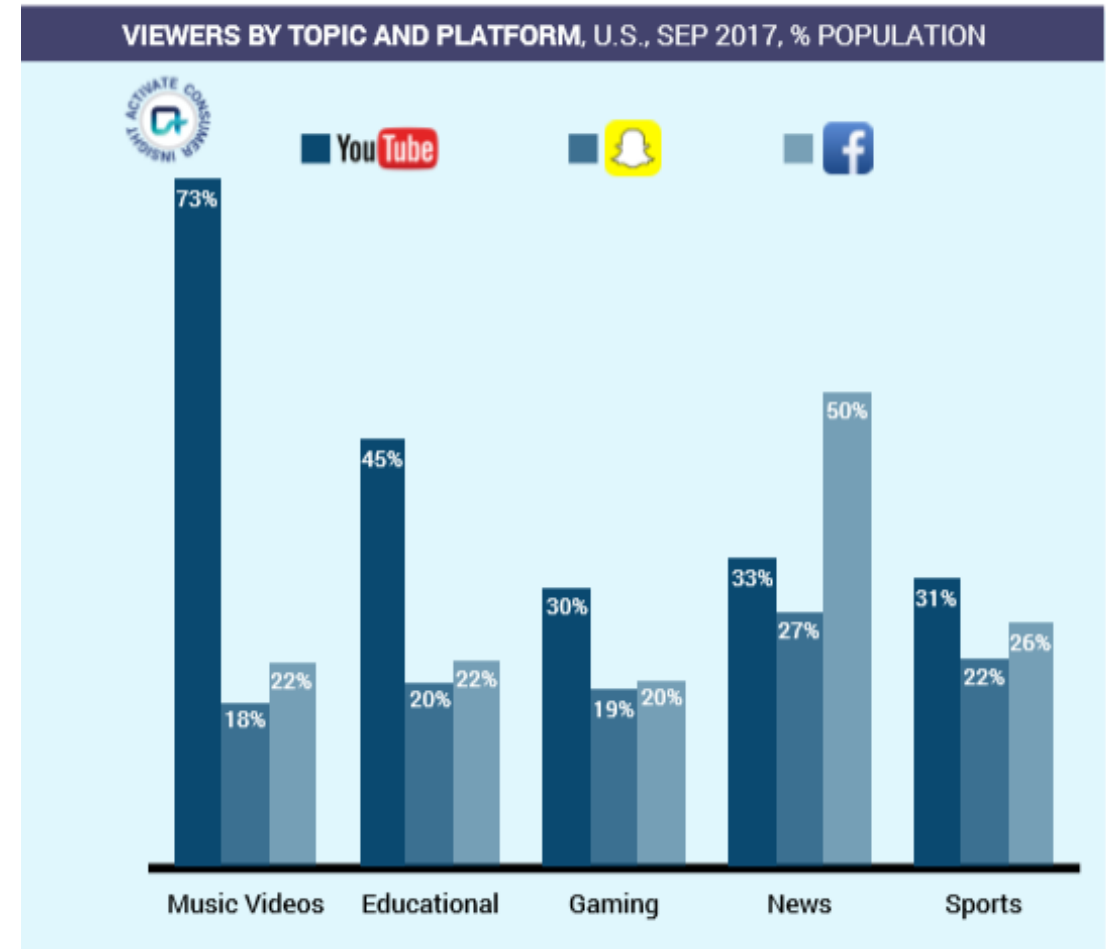
In a world where short form content is becoming increasingly popular and consumer's attention span is shortening, publishers and advertising have started experimenting with 6 second ads.

- In early 2016, YouTube announced 6 second bumper ads in their videos. In 2017, Facebook shared that they would also be working with advertisers to create 6 second ads.
- 6 second ads are not only for digital. FOX utilized 6 second ads during the Teen Choice Awards in August 2017 and selected NFL games. AMC is also utilizing 6 second ads during season 8 of The Walking Dead this year.
- Twitter joined the bandwagon in October 2017 announcing a new service called #Fuel. In addition to providing overall support to its client's ad campaigns, Twitter will work on creating 6 second videos for advertisers.



Social video is growing in popularity and specific social networks are tailored to certain types of content

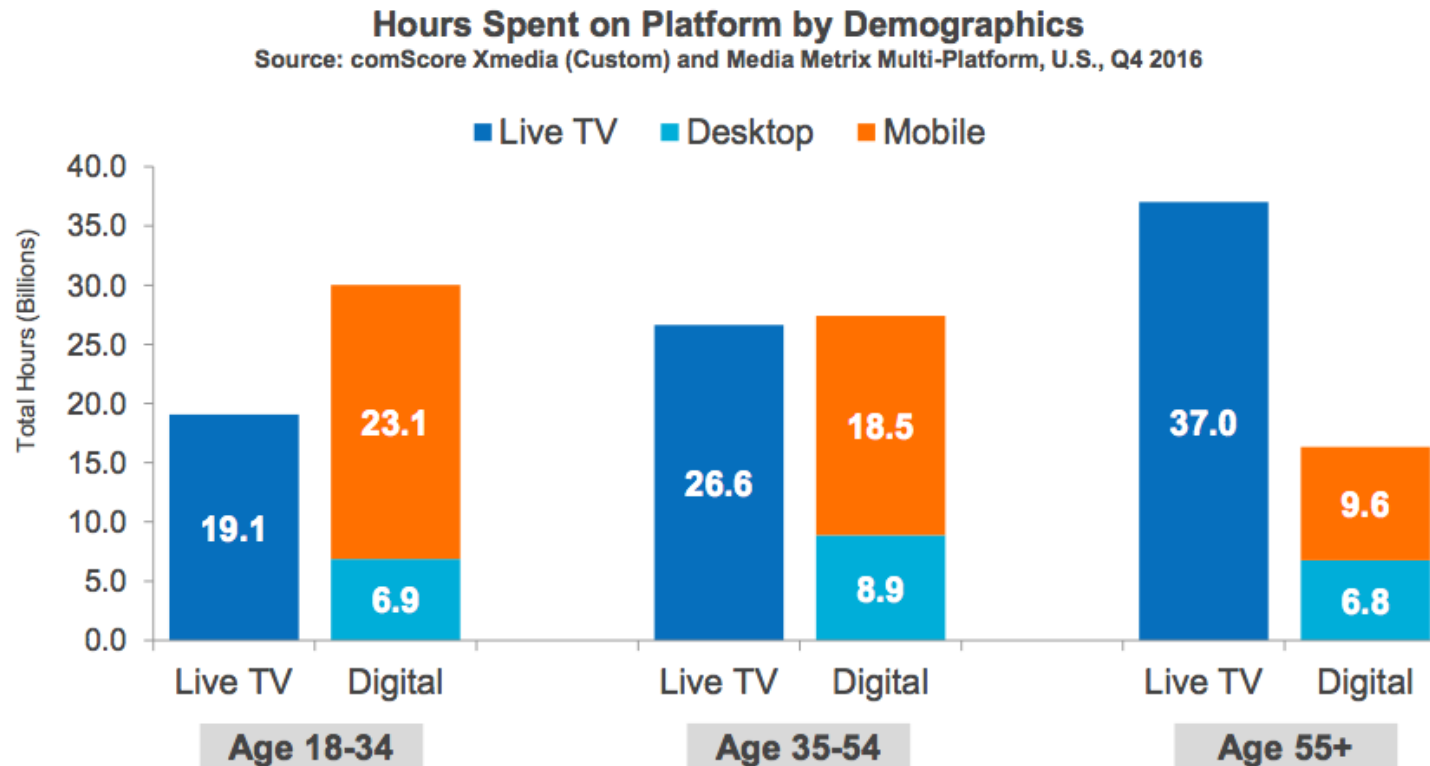
- According to Magna Global, social video was a quick success going from 0 to 2 billion dollars in its first two years. And it is expected to double again in 2017 to reach 4 billion dollars.
- Activate illustrates that viewers go to certain social platforms to view different types of content. Publishers and advertisers can tailor their strategy to the specific social network.
 - Viewers overwhelmingly go to YouTube for music and educational videos.
 - Facebook viewers are often watching news.



Challenges

While opportunities to reach viewers have increased, we see challenges across traditional TV and digital video platforms due to consumers' behavior shifts and new technologies. These challenges include audience fragmentation, user experience, ad avoidance, fraud and cross-platform measurement.

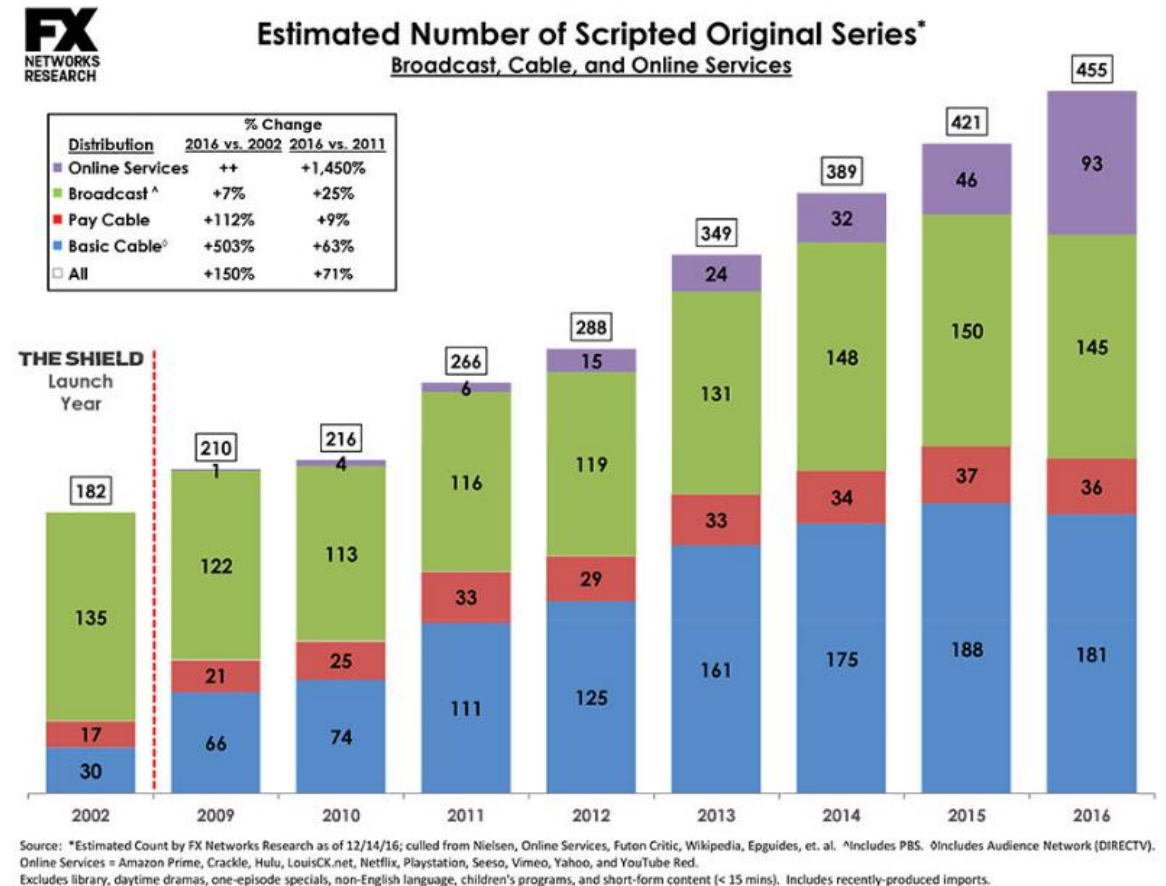
Media consumption is fragmented – Millennials and Gen Xers spend more time on digital media than watching traditional linear TV



- The younger demographic segments are more likely to spend time on their mobile device – Millennials already spend more time on mobile than they do watching traditional linear TV.
- In addition to demographic and generational differences, audience fragmentation is also resulting from the proliferation of devices, platforms and content sources.

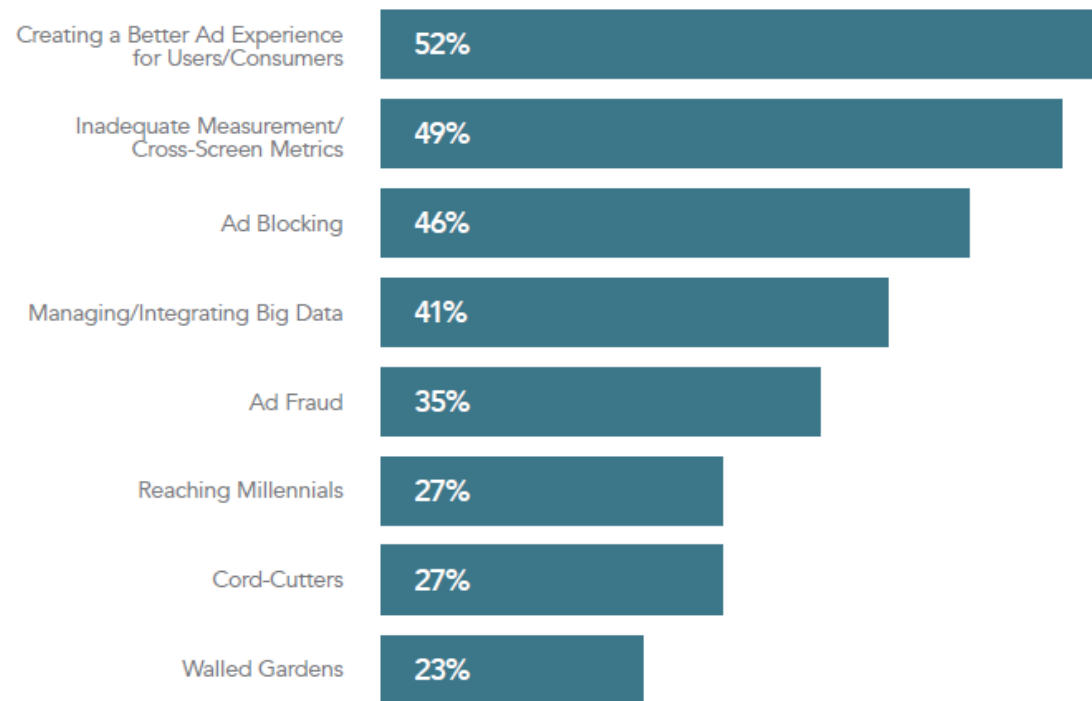
The explosive growth in quantity and sources of content also contributes to audience fragmentation

- According to FX Network Research, the number of scripted original series across broadcast, cable, and online services is on a steady increase since 2009.
- The number of scripted originals hit a record 455 in 2016, up from 421 in 2015.
- Of that total, the streaming originals category grew 1,450 percent since 2011, representing 93 shows. The number of basic cable originals dipped (down seven), as did premium cable (off one) as well as broadcast (off five)



More than half of marketers and agencies believe improving the ad experience for consumers is the industry's #1 challenge

What Are The Biggest Challenges Facing The Video Industry?

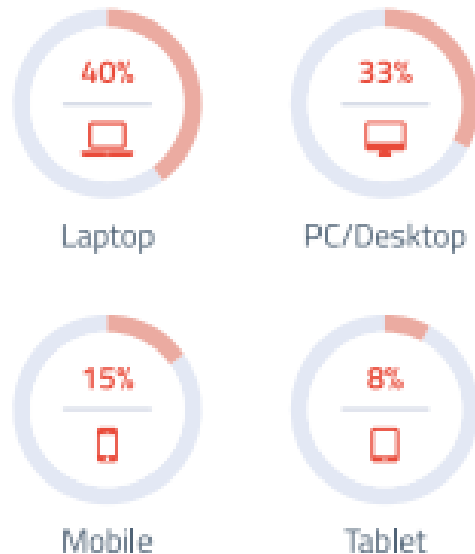


- Areas of improvement for the consumer ad experience could include frequency management, optimizing the appropriate ratio of content length to advertising duration, adjusting ad delivery to content consumption patterns, dynamic ad loads, and ad repetition.
- Honing in on one aspect of user experience from FreeWheel's latest Video Monetization report, 84% of ad views in full-episode content did not repeat ads in the viewing session in Q2 2017. For live content, 62% of ads did not repeat within the same stream. While there has been some progress made here, there is still much work to be done.

Consumer behavior of ad blocking/avoidance, enabled by technology, is another challenge

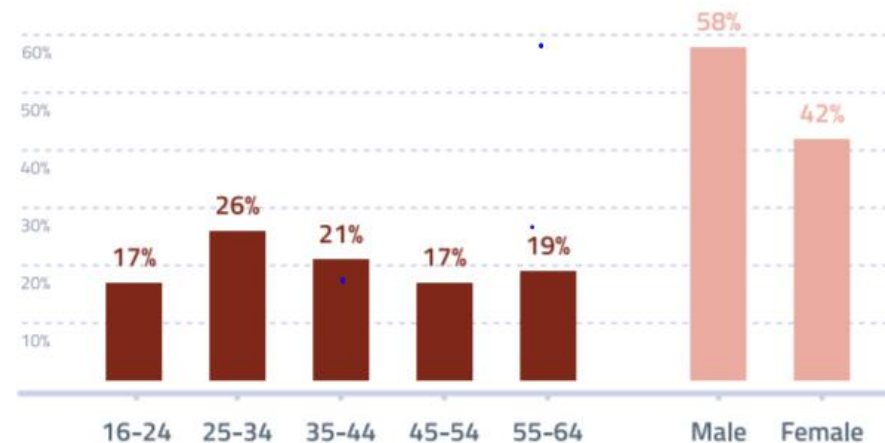
- Although ad avoidance or skipping is not completely new to video, technology has granted more power and control to audiences to enable ad blocking as a direct response to poor user experiences with digital advertising.
- Ad blocking in the US is more common on laptop and desktops than mobile devices.
- US ad blockers tend to be male and younger.

Among US
Internet Device
Owners



DEMOGRAPHICS OF AD-BLOCKER USERS

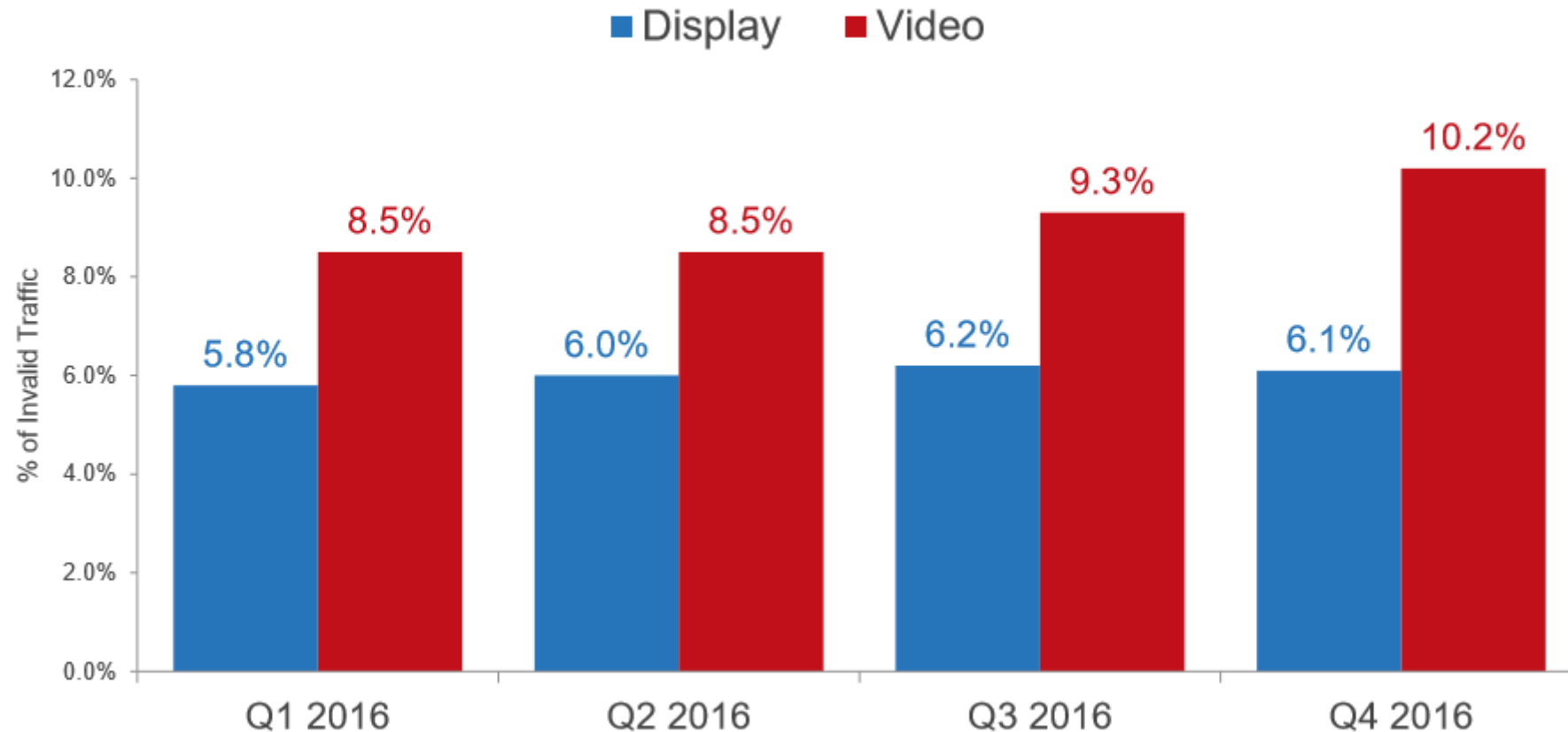
% of US Ad-Blocker Users who are...



Invalid/fraudulent traffic is growing for higher CPM video ads while staying steady for display ads

U.S. Desktop Invalid Traffic Comparison: Display vs. Video Norms

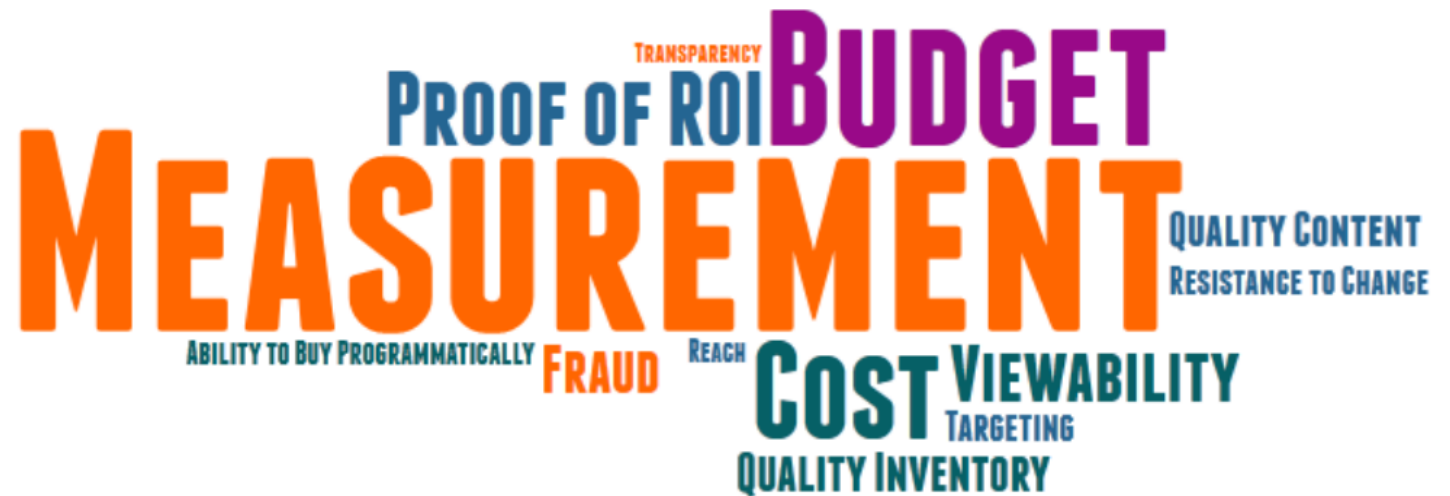
Source: comScore vCE Benchmarks, U.S., 2016



Within digital video, lack of standardized measures causes market inefficiency and confusion

- In the 2016 IAB Video Ad Spend Study, measurement is cited as the biggest challenge to digital video buying among ad buyers.
- Variances in digital measurement results and lack of standards have created friction and inefficiencies in selling and buying digital video.
- To name a few, digital video measurement challenges include varied definitions of a 'view', lack of agreement on Viewability, and metrics that matter most.

Biggest obstacles to digital/mobile video advertising to ad buyers



EXAMPLE: What constitutes a digital video ad view? Currently in the marketplace, the definition varies from publisher to publisher – some follow one second threshold, some follow three seconds; some are using the ad load, some are using the ad call; some have autoplay, some have user-initiated start.

Lack of comparable metrics between linear TV and digital video causes friction and confusion in cross-platform buying and planning

- Metrics used to measure video on linear TV and online are vastly different*. Without comparable metrics, it's hard for media buyers and planners to assess the relative value of cross-platform ad inventories.
- The lack of consensus in metrics presents a barrier and friction point to significant investment decisions which require a solid and accurate understanding of where and to what extent audiences are watching TV and digital video.
- The industry has yet to create a standardized cross-media, cross-platform currency to measure unduplicated cross-screen video audiences in totality.

❖ Digital video is primarily measured with impressions.
❖ Linear TV is primarily measured with GRPs (Gross Rating Points)

There's A Need To Reconcile Digital Metrics With TV Measurement And Speak One Common Language To Level The Playing Field

Why? Because...

<u>Digital</u>		<u>Television</u>
Streams	≠	Average Audience (rating)
Unique Viewers	≠	Average Audience (rating)
Video / Page Views	≠	Average Audience (rating)
Global Stats	≠	U.S. Audience (universe)
First Party Unaudited Data	≠	Third Party Audited Data

Emerging Trends

The confluence of consumer behavior and technology is driving current and emerging trends that push and shape this evolving video landscape. The industry needs to have deeper understanding of the shift in consumer dynamics and technology proliferation to better leverage the trends that may have a significant impact on video advertising's future.

Changing video consumption, creation and distribution landscape will drive new advertising opportunities

On-demand, anytime, anywhere consumption is here to stay, blurring boundaries between TV and digital video.



Creation and distribution of content is being disrupted, lowering the cost of entry and enabling new, non-traditional players to compete.



Rapid, massive media and technology **consolidation and partnerships** will further blur the boundaries.



Data is playing a pivotal role in audience buying, targeting, and measurement for both traditional TV and digital video. New technologies like **blockchain** are also being explored to address key media supply chain issues.



Empowered by technology and choice, consumers are in control, demanding quality content and advertising experiences

The bar for **content quality** is getting higher and higher. Audiences are wielding control over the success and failure of any piece of content.



Creative quality and device/platform-specific experiences are critical to success in an increasingly cross-platform, programmatic marketplace.



Striking a balance between **user experience and value** to advertisers will be a continuous effort.



Industry-wide collaboration to tackle **currency, standardization, and user experience** challenges will continue.



Closing Thoughts

The combination of sight, sound, and motion that underlies video storytelling has unique advantages in attracting and engaging consumers, and driving actions. Convergence of traditional TV and digital video consumption is growing rapidly, impacting advertising planning, selling, and buying. This confluence of consumer behavior and technology will continue to propel the industry to adopt a more holistic understanding of the consumer that recognizes the differences by consumption, platform, content type, and audience segment. The ability to create, plan, and execute video campaigns that reach consumers directly wherever they are with greater relevance is the promise of the converged future of traditional TV and digital video.

Industry Actions

IAB Digital Video Center of Excellence will continue to educate the marketplace on the changing video advertising landscape to help unlock video's full potential. We have taken the initiative to focus on the following industry-wide opportunities and challenges:

- **Buyer & Seller Education:** Provide training on Digital Video and Advanced TV, specifically the video advertising ecosystem, video advertising standards, and the terminology, technologies and best practices for planning, purchasing, targeting, optimizing, and measuring ad campaign effectiveness on digital channels.
- **Measurement & Attribution:** Develop audience measurement practices to establish common (apples-to-apples) currency across media and platforms.
- **Content and Creative Best Practices:** Develop creative repository with various examples of cross media campaigns, brand objectives, and creative execution to showcase that cohesive cross platform brand storytelling requires tailoring content and creative to specific device, platform, and channel.
- **Content Distribution and Discovery:** Continue the research and development efforts to improve the process for how video viewers can search and discover content across platforms and devices in a fragmented media environment.

Additional IAB Resources

In addition to this video landscape report, below are additional IAB Digital Video Center resources to understand the video ecosystem:

- [The OTT Co-Viewing Experience 2017](#)
- [Vertical Video Advertising Best Practices](#)
- [Simplifying Video Ad Delivery](#)
- [Guide to Digital Video Advertising](#)
- [Keeping Up on Cross-Platform Video Measurement](#)
- [2017 Video Content Discovery Study](#)
- [2017 Video Ad Spend Study](#)
- [2017 Changing TV Experience Study](#)
- [Over The Top \(OTT\) Video: An Overview](#)
- [Digital Video Glossary](#)
- Tech Standards: [Digital Video Suite](#), [VAST 4.0](#), [VMAP](#)

Thank You

Please address any questions or comments to Maggie.Zhang@iab.com and Eric@iab.com