



VIDEO ADS IN AN INTERRUPTION-FREE WORLD:

How Native Outstream Transforms the Playbook for Gaining Attention

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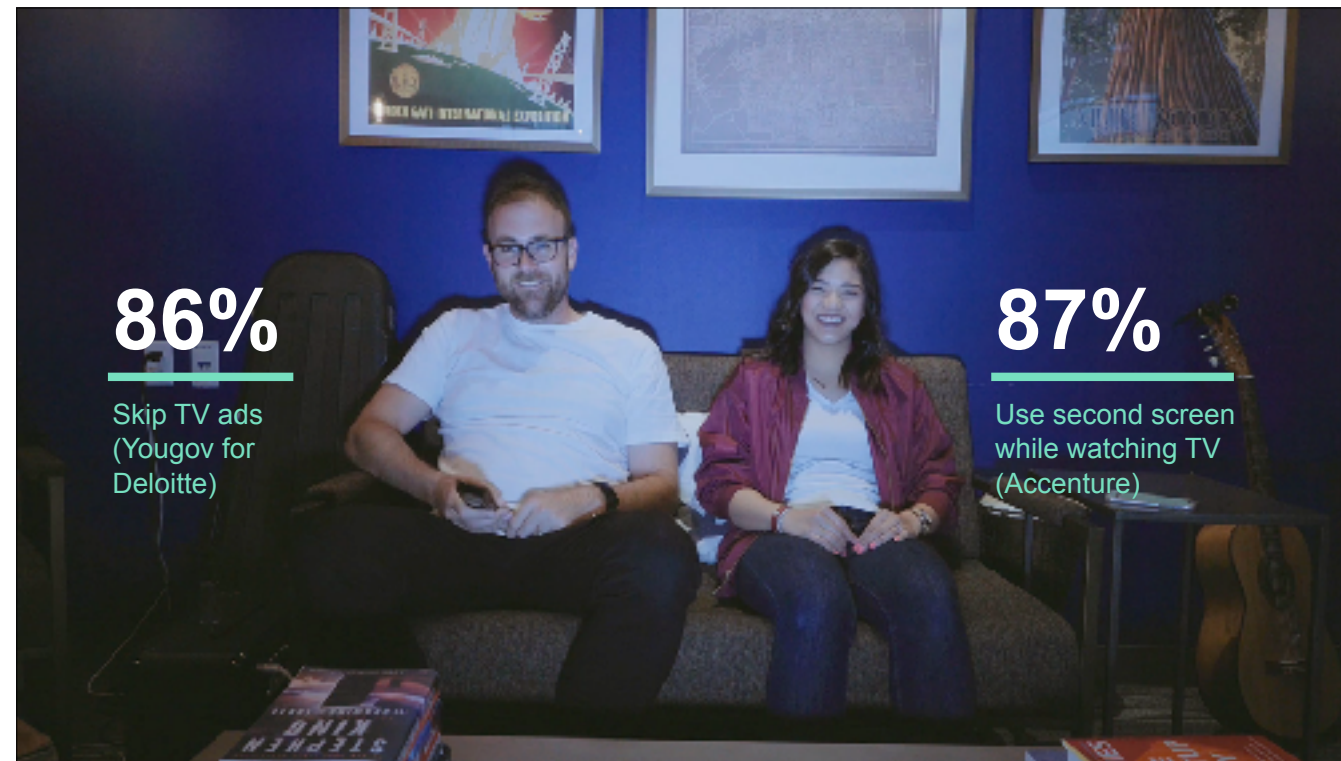
I'm FM Head MD with native ad platform Sharethrough. Today I'm here to talk to you about how Native Outstream has transformed the playbook for gaining attention in a world where it's harder and harder to force attention.

We'll do this through a combination of industry-wide research, proprietary research and by taking off our advertiser hat for a moment and looking at how real world consumers watch video today

How do real humans watch video?

So let's start there with a look at how real humans watch video.

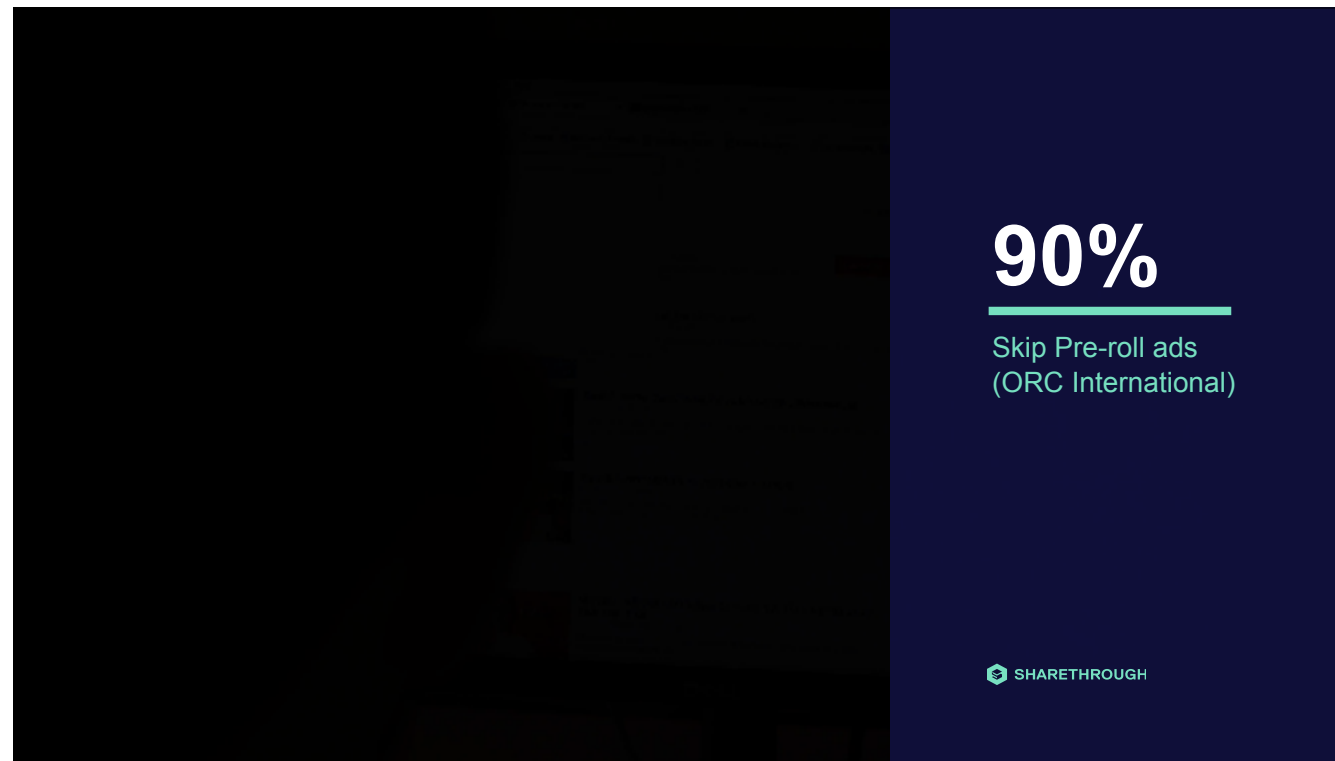
As an ad industry we often get caught in our own world and forget to think of the real user experience...



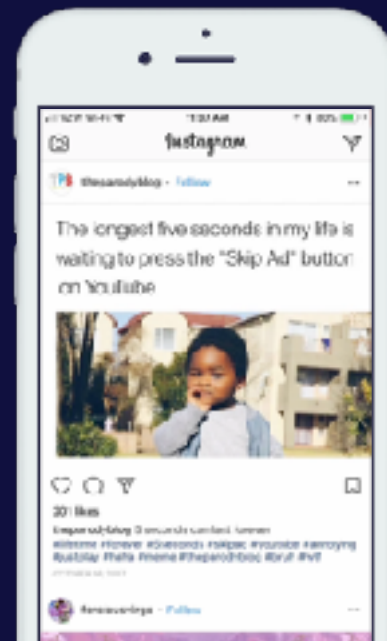
- This is how most people watch TV these days. They're (mostly) engaged while watching their show or event but as soon as the commercial pops up we're either changing the channel or, more likely, checking our phone.
- To the point where 86% of people skip TV ads and 87% use a second screen while watching TV

<http://www.adweek.com/lostremote/accenture-report-87-of-consumers-use-second-screen-device-while-watching-tv/51698>

<https://www.theguardian.com/media/2010/aug/24/tv-advertising>



- The same thing is true online. Say you're gearing up to watch the latest fire Cardi B music vid (that's how real people talk, right?)
- When that pre-roll pops up you're going to do something else like switch back to another tab until you remember to go back to the video. So the advertiser technically gets the view but not the attention.
- 90% of people do this by either hitting skip or diverting their attention elsewhere . 90%!



Skipping Pre-Roll is a Cultural Punch Line

To the point where skipping pre-roll is a cultural punchline
The internet is full of memes like this

Growing population of people that can't be interrupted

- I'm not saying TV and Pre-roll are bad. If you can disrupt your audience and get them to pay attention it is still very effective.
- However, because of these behaviors, there's a huge growing population of people that just can't be interrupted

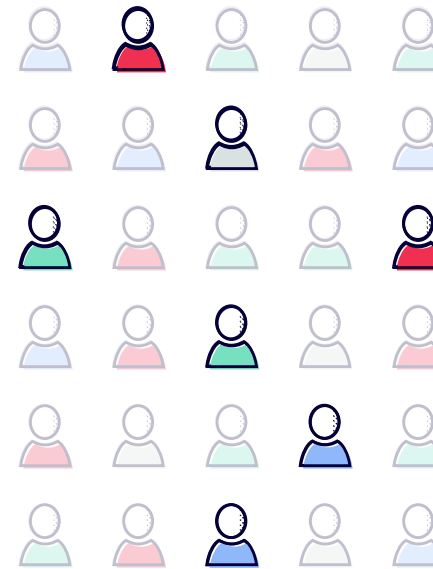
If You Only Run TV/Pre-Roll

When you subtract:

- Second Screeners
- DVR Skippers
- Pre-roll ignorers
- “Skip Ad” Enthusiasts

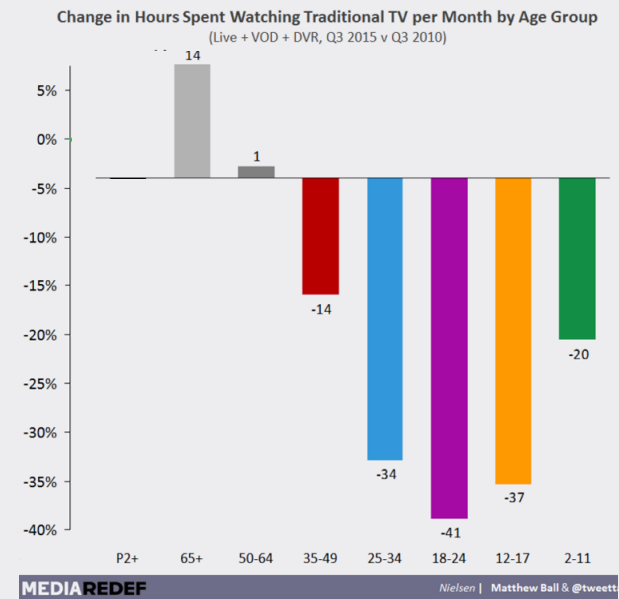
You're left with:

- Old School TV Audiences



- To the point where if you're only running TV and Pre-roll then you're not reaching...
- And mostly what you're left with is old-school TV audiences

**The only TV audience
spending more time
watching TV is 65
years and over**



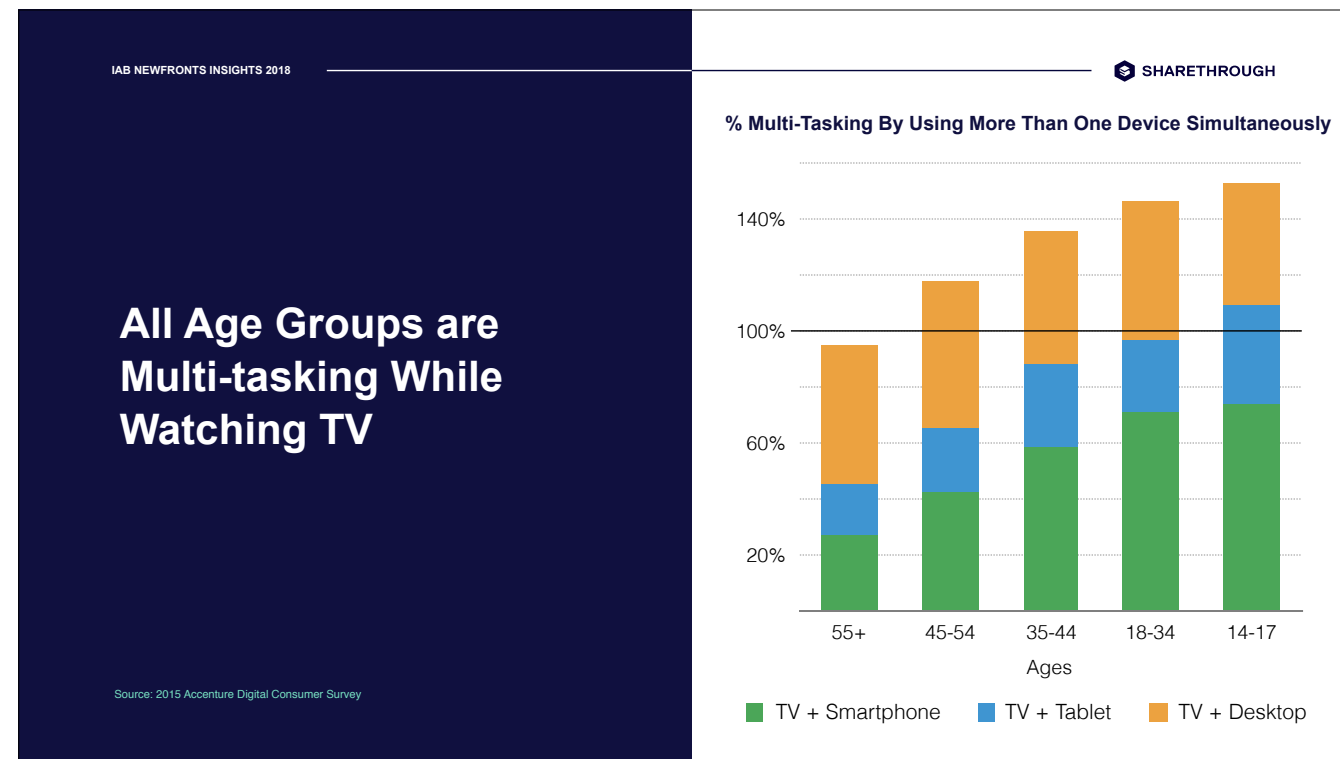
Because the only audience that is increasing the time spent watching TV is 65+
Every other age group is decreasing

Change in hours spent watching traditional TV per month by age group

65 and up: watching a lot more tv

50-65: no change

49: and down, millennials are watching 41% less monthly TV than five years ago



Yet, even that older age group is multi-tasking while watching TV.

This graph shows the % of which devices each age group is using while watching TV where green is smartphone + TV...

If you add up the percentages per age group, in most cases over 100% are using at least some device

https://www.accenture.com/t20150914T152334Z_w_us-en/acnmedia/Accenture/Conversion-Assets/DotCom/Documents/Global/PDF/Dualpub_20/Accenture-Digital-Video-Connected-Consumer.pdf?en#zoom=50

% Multi-tasking users selecting all applicable devices used while watching TV

Advertiser risk being ignored, or worse... alienating audiences

So at the very least, advertisers risk being ignored by their audience but they also they may even be alienating their audience by annoying them



Think about it. Open up the trades on any given day and you'll see another story about how brands are going to great lengths to adapt their business models, branding, features, etc. to the modern consumer, which is mostly based on millennial expectations

- CPG brands are creating products that align better with ethical/clean values
- Automobile brands are making tons of changes to attract millennials, from autonomous cars, to car share programs, to smarter connections to mobile devices
- Retailers and hotels are literally redesigning their stores to fit the expected experience of millennials

So we're spending tons of time, money and resources to adapt to the modern consumer

<https://www.fastcompany.com/40477211/as-millennials-demand-more-meaning-older-brands-are-not-aging-well>

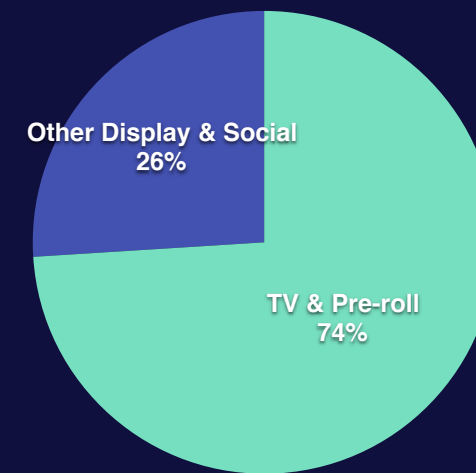
<https://www.fooddive.com/news/survey-millennials-are-the-most-likely-to-prefer-ethical-snacks/519373/>

<https://www.bloomberg.com/news/articles/2017-10-23/millennials-are-more-likely-to-buy-a-self-driving-car>

<https://www.bdcnetwork.com/blog/how-retailers-can-create-spaces-appeal-millennial-shoppers>

<http://www.hotelnewsnow.com/articles/24048/Millennials-shift-the-hotel-design-landscape>

Yet 74% of Video Budgets Are Spent on Interruptive TV & Pre-roll Experiences That Users Despise



Source: Zenith Advertising Expenditure Forecasts March 2018

Yet we haven't adapted our ad strategies to meet those same consumer's preferences on ad experiences

The latest estimate is about 74% of video budgets are spent on...

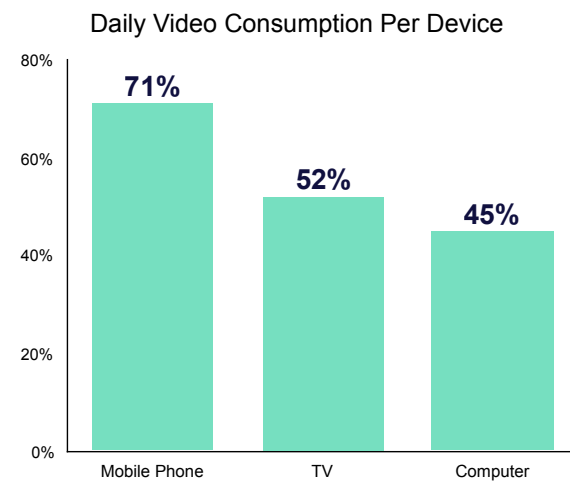
This stat is surprisingly hard to pin down but inferred from a recent Zenith Ad Expenditure Forecast. The real number is likely much higher

<https://www.recode.net/2018/3/26/17163852/online-internet-advertisers-outspend-tv-ads-advertisers-social-video-mobile-40-billion-2018>

For Younger Generations, Mobile is the New TV



We recently conducted research on the millennial and gen z generations to understand their video viewing habits and behaviors
Not surprisingly, for these younger generations, mobile is the new TV



The Tipping Point for TV?

Gen Z are more likely to watch video on their mobile phone than a TV each day

For instance, Mobile video consumption has already outpaced TV and computer for Gen Z



And they're mostly watching with sound off, unless they're at home. This is especially true as they're scrolling through social and content feeds

Q: While in these locations, do you prefer sound on or off?

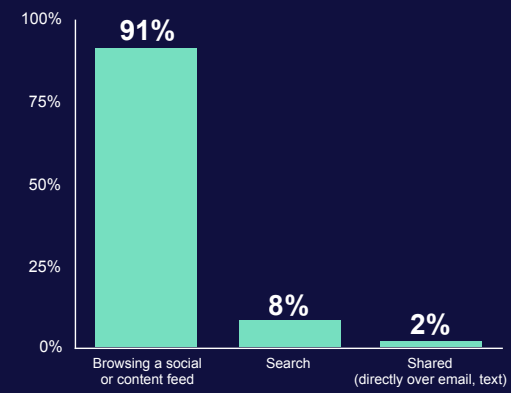
Home: 86.61% prefer sound ON

School/Work: 75.89% prefer sound OFF

Commuting: 61.90% prefer sound OFF

Idle-Time: 62.20% prefer sound OFF

Advertising needs to be designed for the feed, not the couch



Source: Sharethrough/Qualtrics Research 2016 "Millennials and Advertising"



This is because 91% of content is discovered through a social or publisher content feed
So ads need to be designed for these feed experiences and that feed mindset



- The good news is we are making huge strides towards adapting to these consumer expectations and better ad experiences
- Native is expected to grow faster than most other ad types and will make up about 63% of mobile ad spend by 2020

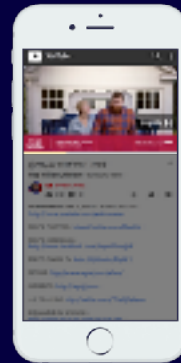
**The only video ad unit
that makes sense
creatively on mobile**

And there's really only one video experience that makes sense on our intimate mobile devices

Video Advertising Overview

In-Stream

Outstream



Pre-Roll

Autoplays before a video



Non-Native

Autoplays within paragraphs of text in articles



Social

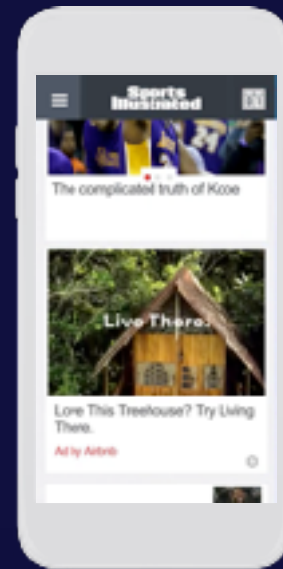
Autoplays within a social feed between user-generated posts



Native Outstream

Autoplays within editorial feeds. Includes context: headline, description, brand logo

- Here is a high-level overview of the current digital video ad marketplace
- You essentially have 2 categories...in-stream and outstream
- In-stream is the pre-roll we all know and love but that consumers are especially annoyed by on mobile
- On the outstream side you have 3 sub-categories
 - Non-native outstream that autoplays between paragraphs without headlines or attempts to match the look of the site
 - Social outstream are all the in-feed video ads you see on FB, Insta, Twitter. Autoplay sound off with matching headline
 - Native Outstream is essentially the same as social but integrated to match the look and feel of each publisher site



RESPECTFUL

Native Outstream is what we offer at Sharethrough

Our technology allows videos to automatically adapt to the look, feel, fonts, colors of hundreds of quality publishers that scale to reach 92% of the US audience

So it's the same component parts of video but adapted in real time to fit in with each site

<https://generator.sharethrough.com/creatives/104230>

In-Feed Instant Play Is The Expected Experience

Native Video Research

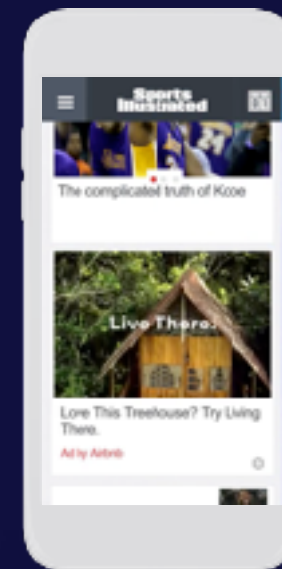
79%

of Millennials and Gen Z Find
Autoplay Videos Convenient

70%

of Millennials and Gen Z
Read Headlines While
Watching Silent Autoplay
Videos

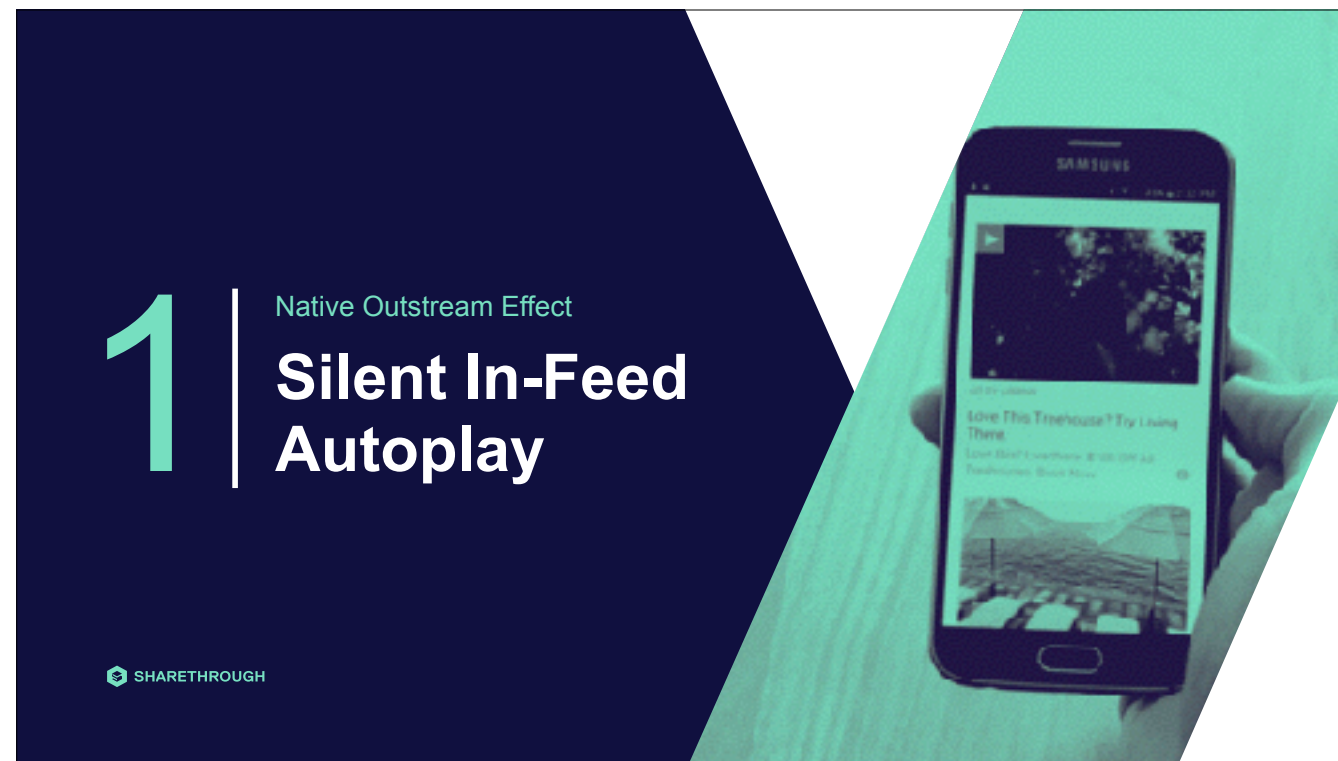
Source: Qualtrics, "Millennials and Advertising" 2016



- And, not surprisingly, this is the preferred video ad experience, as we discovered from the millennial/gen z study I referenced
- We asked a simple question that isn't often asked in advertising "do you find these ads convenient to your browsing experience"
- Typically the ad industry dictates ad formats, but it's time we listened to consumers
- We also found that people read headlines while or before watching a video, which, as you will see, can be vital to performance

Four ways Native Outstream impacts advertiser performance

And there's really only one video experience that makes sense on our intimate mobile devices



The first is the expectation that video be silent autoplay when in-feed and how that compares to “traditional” interruptive pre-roll



- We worked with a brand who wanted to test the same video creative in a head to head experiment against Youtube
- What the brand found was that Sharethrough delivered a significant increase in unaided brand awareness while Youtube drove none.
- But why is that?

where people were asked to write down the most top of mind brand in the category, the results were as you'd expect - forced exposure resulted in no lift, while earned attention kept the brand top of mind.

Earning Attention Drives Higher Awareness

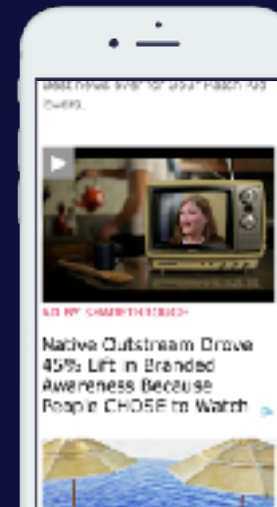
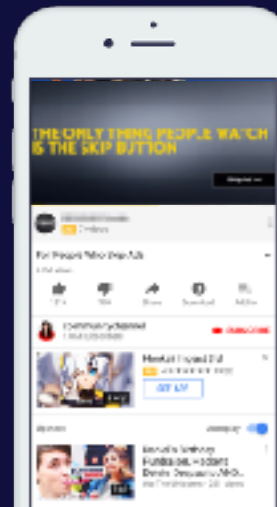
In-Feed Silent Autoplay

 YouTube

No Lift

In unaided brand
awareness - first mention

VERIFIED BY
KANTAR WORLDWIDE



 SHARETHROUGH

45% Lift

In unaided brand
awareness - first mention

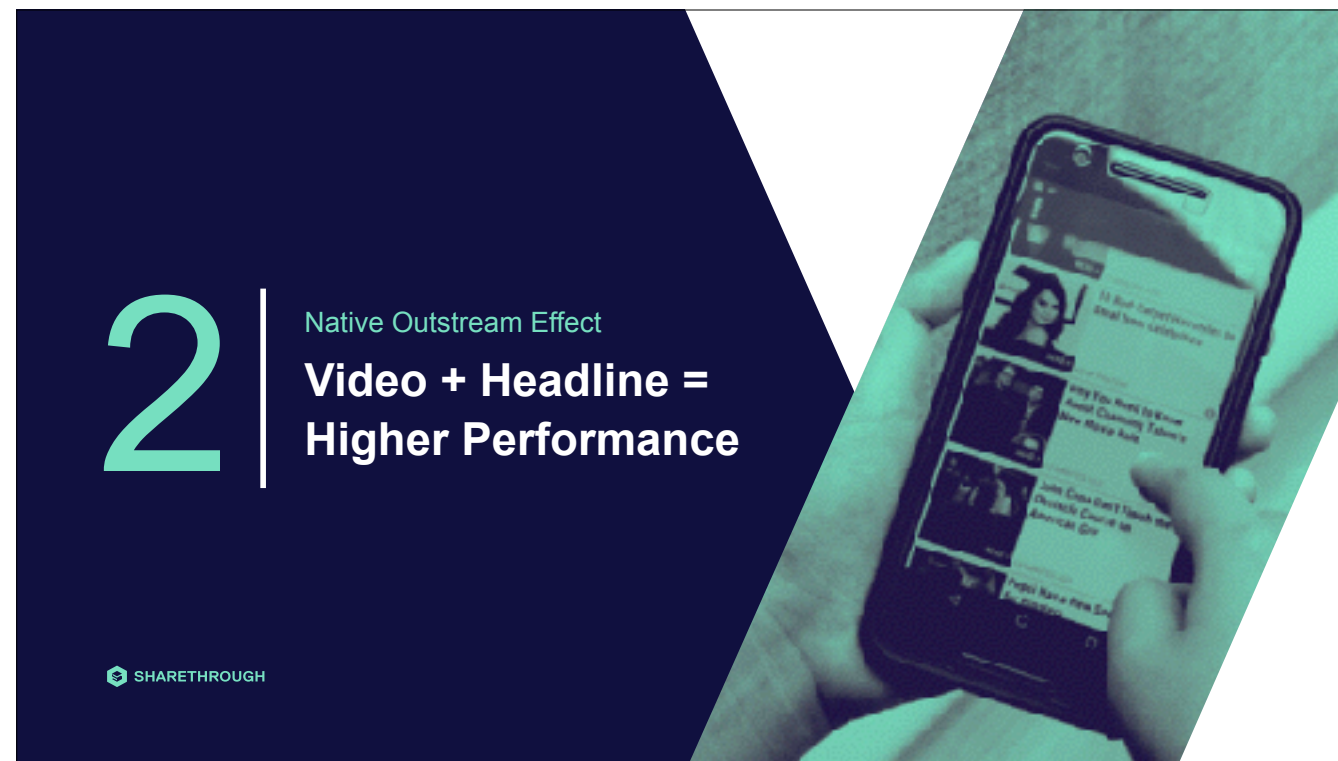
Because as we saw earlier, real humans either don't pay attention to pre-roll or just watch the skip button
But when we earn attention of a user and fit in with their expected experience (autoplay on mute) the results are much higher

Native Benchmarks Prove Full Funnel Effectiveness



Source: Sharethrough Benchmarks with KMB, Placed, NCS

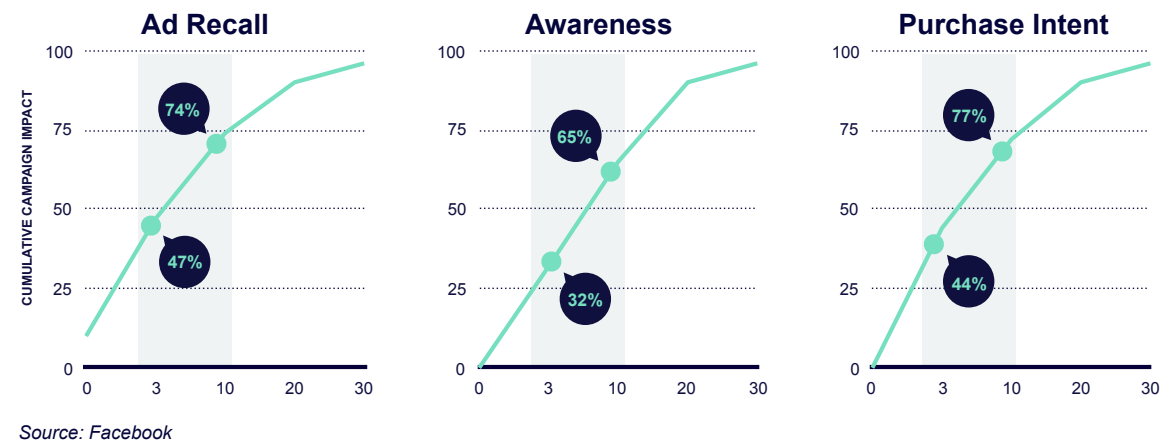
- In fact, our benchmarks across the full funnel are quite impressive, especially compared to industry benchmarks which are mostly based on more intrusive advertising
- All the way up to a NCS study we recently conducted with a well-know, video-focused CPG brand that delivered some of the highest lift in sales they've ever seen



The 2nd native outstream effect is how much the headline ads to performance.
If you think about it, most of the internet is now a feed of content with headlines and either a thumbnail or video

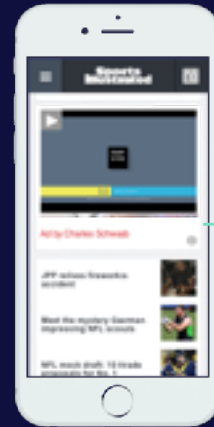
Completion Rate Not the Only Measure of Success

The first 7 seconds make all the difference

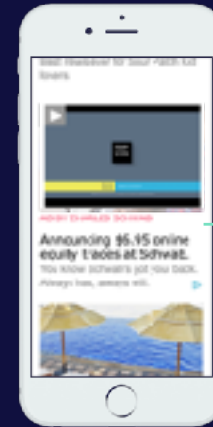


- Facebook recently conducted a study to understand the correlation between time spent watching an in-feed video and the increase in ad recall, awareness and purchase intent
- What they found is that 74% of ad recall occurs in the first 7 seconds
- Which means that completion rate isn't the end all KPI in these types of videos
- That's because...

The Power of the Headlines Drives Brand Awareness



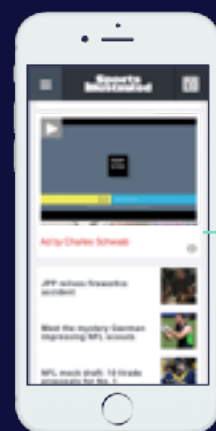
Without a Headline
What is the context?



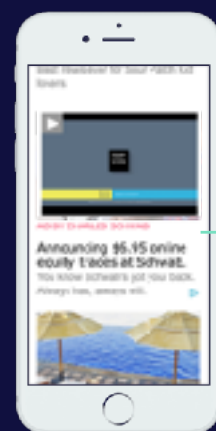
With a Headline
You associate the visuals with the words and get a full brand message

- The headline gives you both context to what you're about to watch but also can provide the main brand message even to people who don't end up watching the full video and keep scrolling
- Like this Charles Schwab example. Even if you didn't watch the full video, just scrolling past you are now aware that Schwab is offering \$6.95 trades that you never would have learned on the left

The Power of the Headlines Drives Brand Awareness



Without a Headline



With a Headline

9%

Lift in Awareness

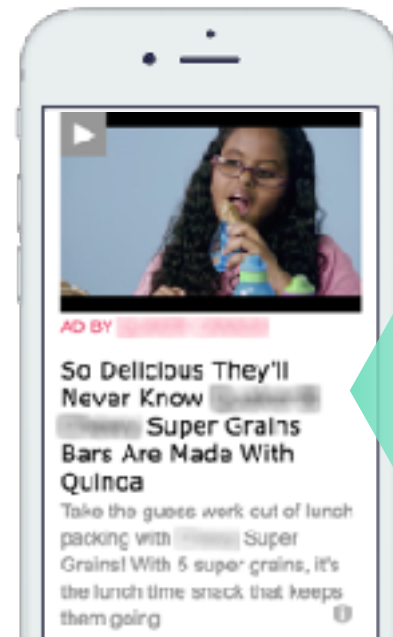
37%

Increase in
Completion Rate

In fact, we compared videos without headlines (standard outstream) to videos with headlines that match the look and feel of the site and found that the headline adds 9% higher awareness and people are 37% more likely to watch the full video

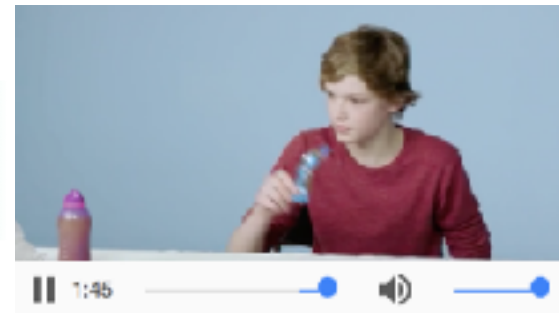


Which brings us to the 3rd point: how Native Outstream can especially drive awareness for specific brand messages or attributes



Food Brand Uses Headlines To Set Context For Long-Form Video

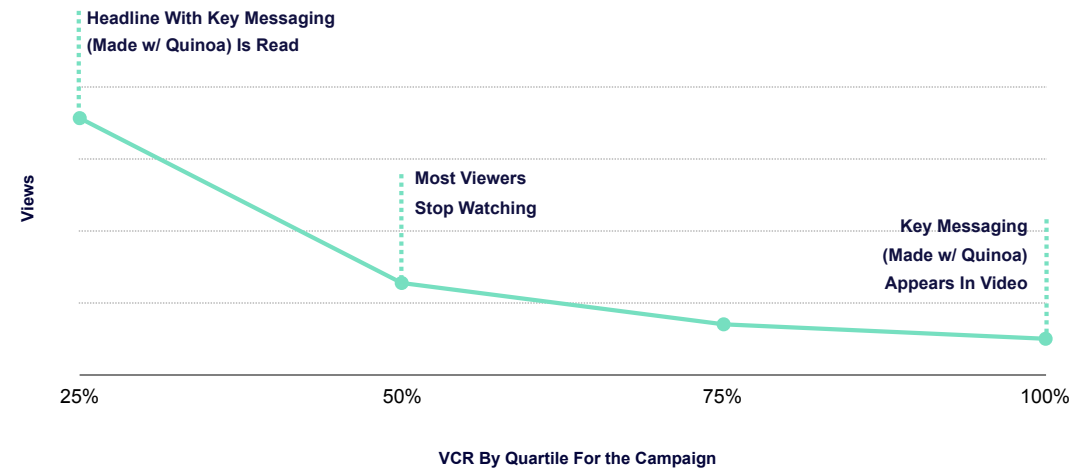
Goal: Increase message awareness "Made from quinoa"



- We worked with a food brand that wanted to increase message awareness among Moms that their product was made with Quinoa
- The challenge was the brand created videos that were nearly 2 minutes long and the message that the bars are made with quinoa was at the end of the video
- So we made sure to help write headlines that both grabbed attention and revealed that the bars are made with quinoa
- To measure the impact...

Key Messaging Buried at End of Video

Most viewers stopped watching around the :27 second mark

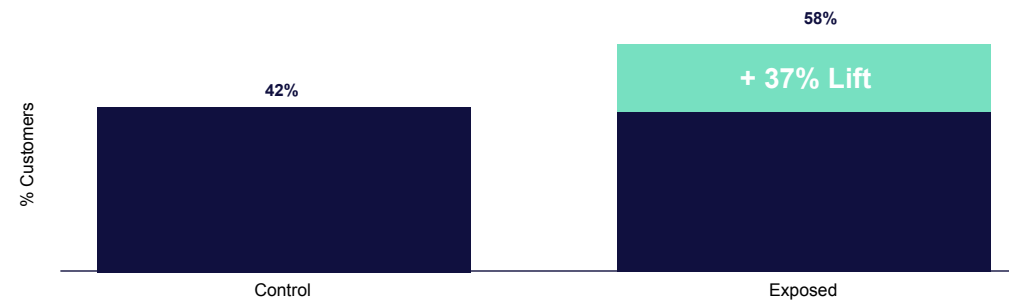


- From a completion rate stand point, the vast majority did not reach the end of the video
- Most people stopped at around :27
- But because these videos were paired with a headline...

Measurable Increase on Message Awareness

37 percent more people are now aware that the product is “made with quinoa” at a cost of **\$.89** per person

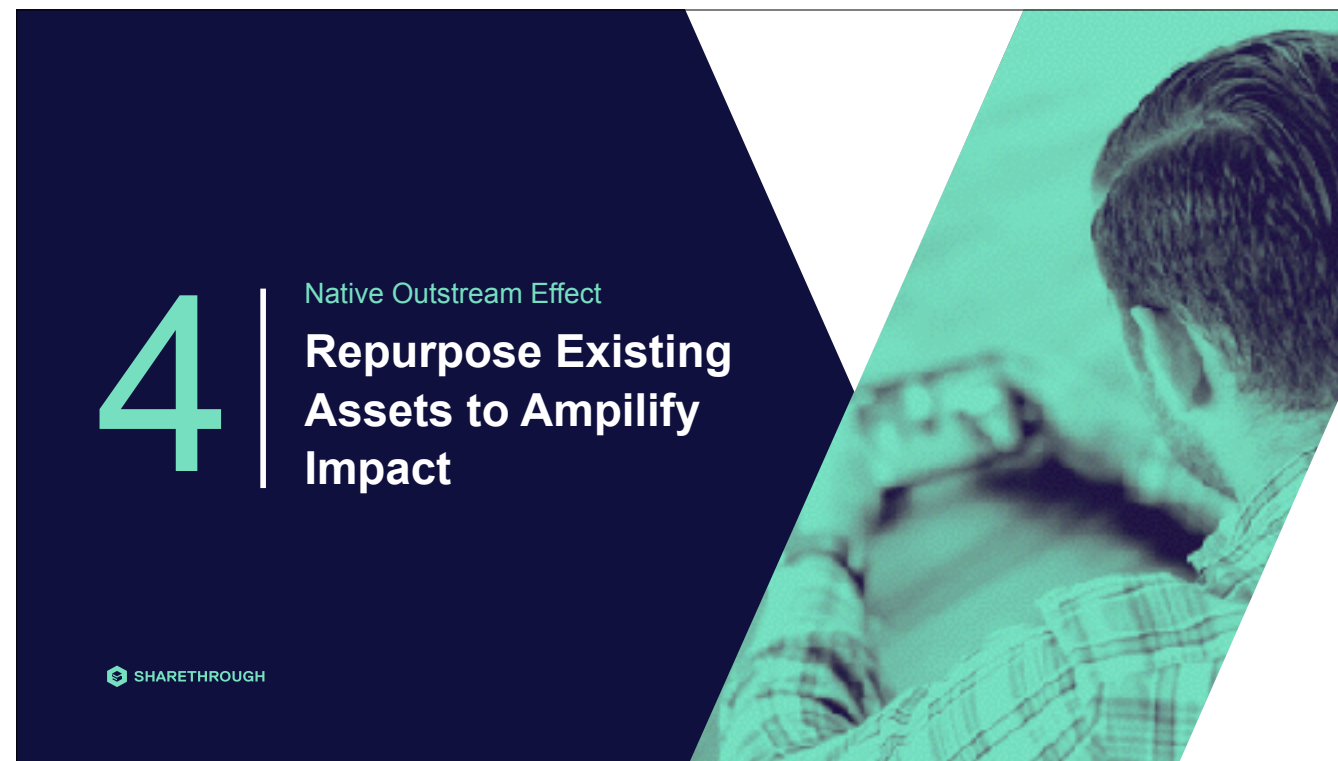
MESSAGE AWARENESS LIFT



*Directional Lift; **Statistically significant increase at 70% confidence level; ***Statistically significant increase at 80% confidence level

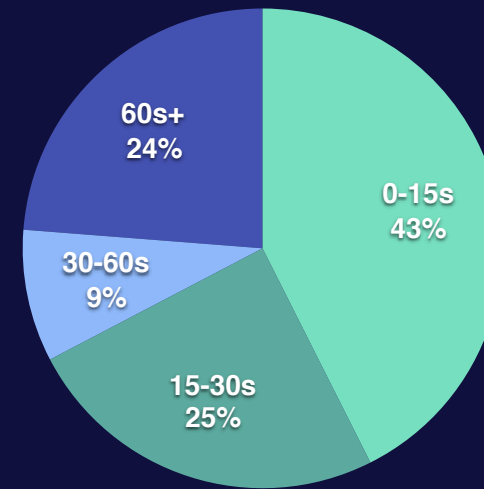
Source: Millward Brown Digital / Sharethrough

- They still saw a massive 37% lift in association that the product is “made with quinoa”
- This shows us that VCR isn’t necessarily the best indicator of success here, and that headlines are extremely impactful in getting your brand’s message across to audiences.



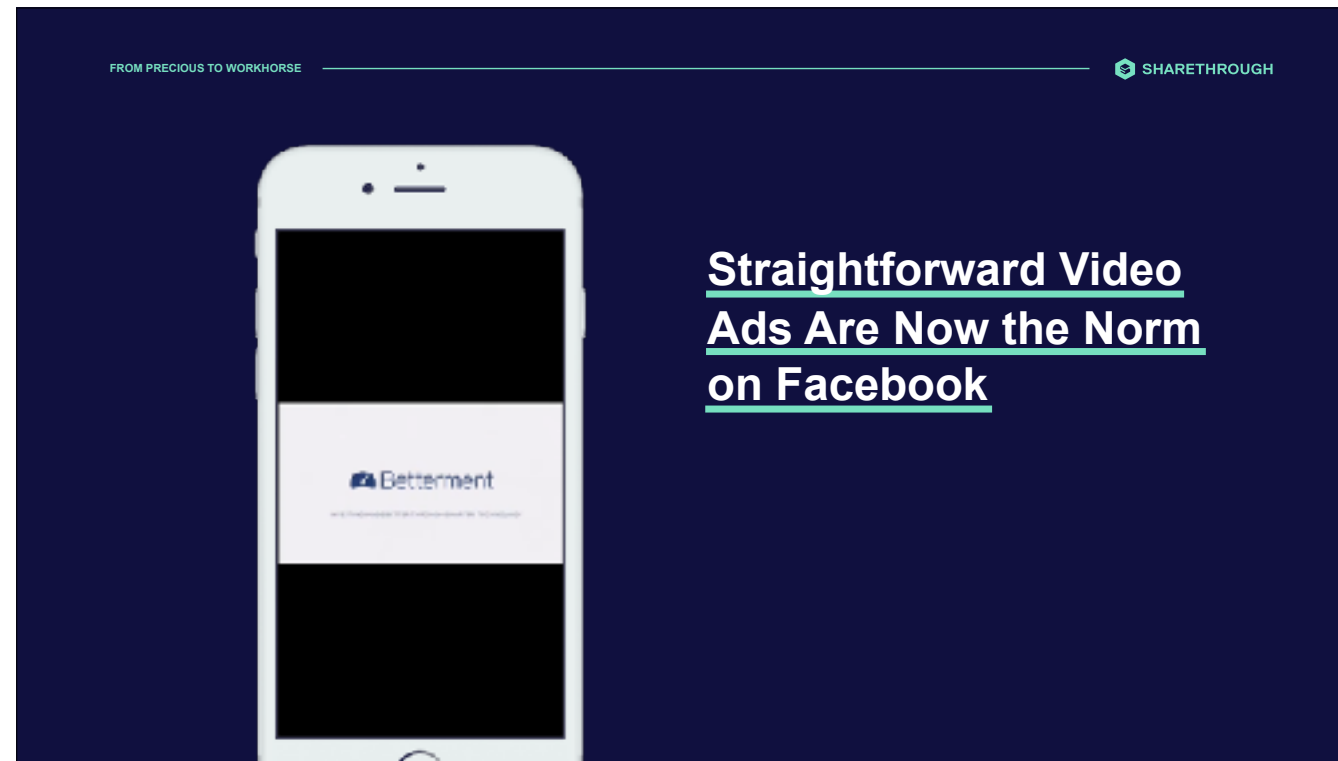
- Lastly, one of the more surprising trends is that brands are seeing this type of success by simply repurposing existing video assets instead of relying on custom native video content

**68% Native Outstream
Videos on Sharethrough
are Repurposed 30s,
15s, 6s**



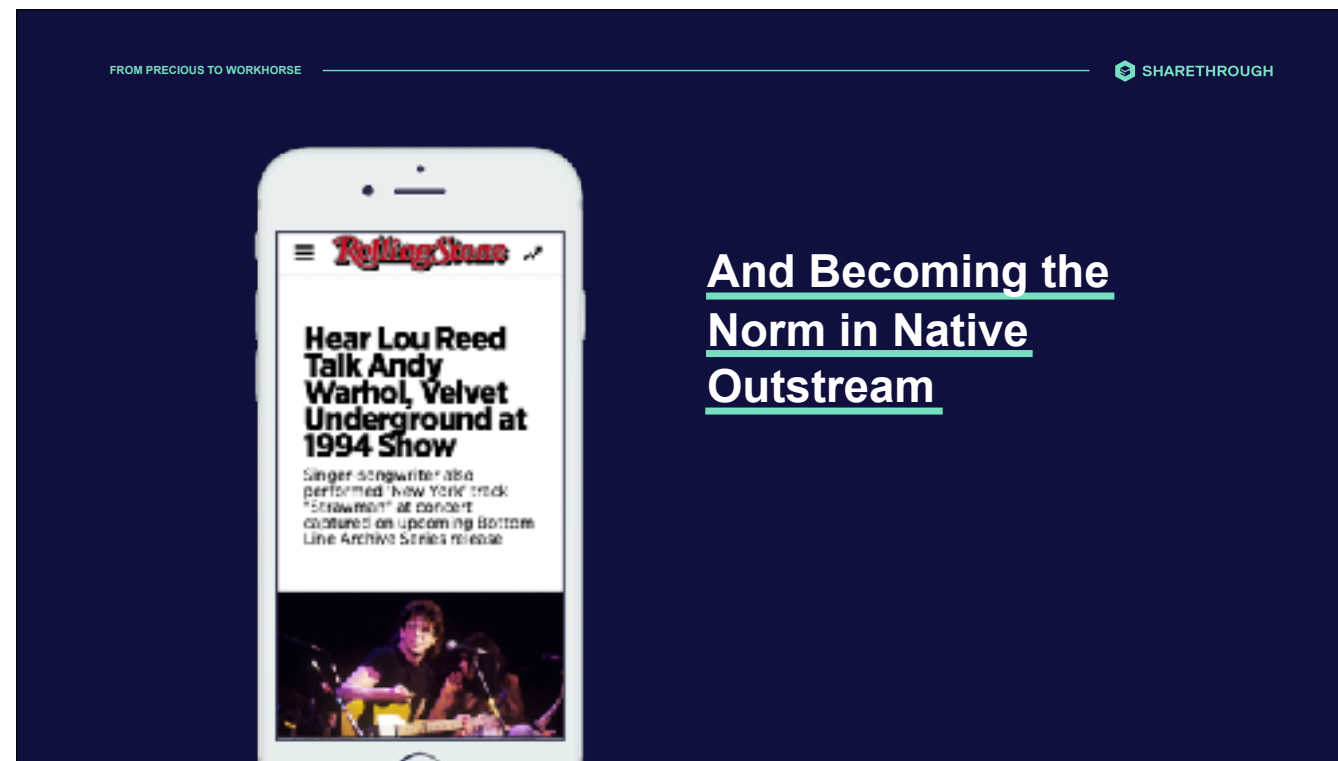
Source: STX Data Q1 2018

- In fact, about 68% of the videos we see across our platform are repurposed :30s or below



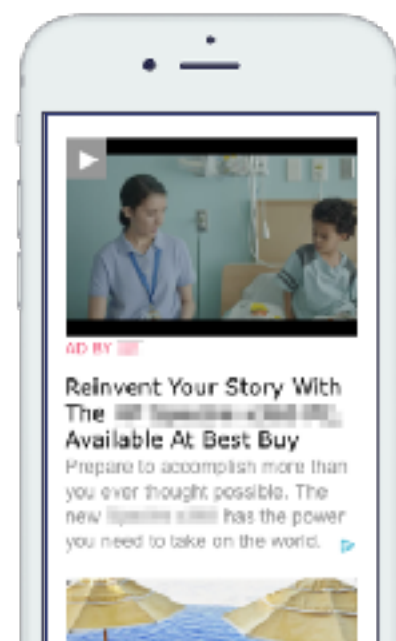
Videos get to the point and explain benefits of the product/service

<https://www.facebook.com/betterment/videos/10152662503022284/>

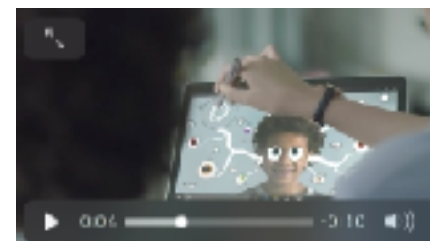


Videos get to the point and explain benefits of the product/service

<https://www.facebook.com/betterment/videos/10152662503022284/>



Consumer Electronics Brand Adds Headline to Pre-roll Video And Runs Native Outstream



Creative

:15 Videos

- We've conducted a number of studies to understand the branding and sales impact of brands that repurpose :15s and :30s in native outstream
- This example is with a computer brand that simply used their :15 TV spots paired with headlines

Drives Significant Increase in Store Traffic and Sales



8.21%

Lift in Foot Traffic



\$1.5M+

Increased In Sales



15X

Return on Ad Spend

Powered by **Placed**

- We commissioned a Placed study to understand how these ads improved foot traffic to the locations the ads mentioned were selling the product
- Not only did they see a 8+% lift in foot traffic that resulted in \$1.5M in incremental sales at a 15X ROAS but this was 23% above Placed benchmarks because they earned attention

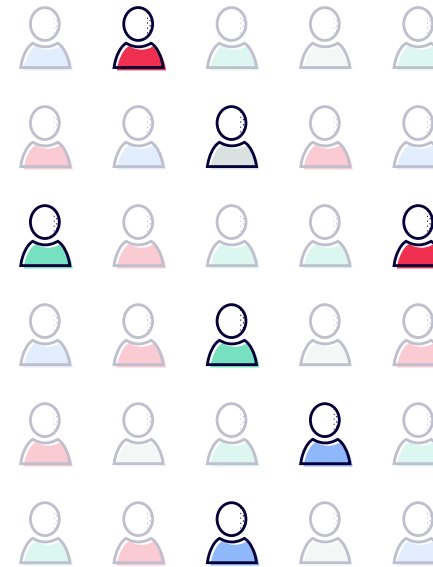
Native Outstream is Becoming A Core Part of Any Video Campaign

And there's really only one video experience that makes sense on our intimate mobile devices

When You Run Native Outstream:

You reach:

- Millennials/Gen Z
- Cord cutters
- Second screeners
- Pre-roll skippers



- So when you chose to include Native Outstream as a core component of your video campaigns, you not only improve your reach against the growing population of uninteruptibles (read bullets)

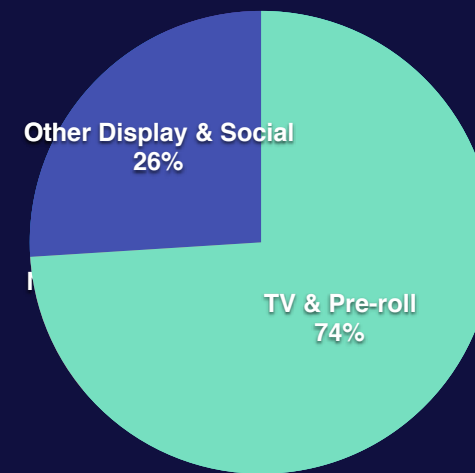
And More Effectively Move Consumers Through The Purchase Funnel



Source: Sharethrough Benchmarks with KMB, Placed, NCS

Good News: Advertisers Are Endeavoring to Switch to More Respectful Video Ads

IAB 2018: Video Budget by Digital Ad Format



Source: Zenith Advertising Expenditure Forecasts March 2018, IAB Video Ad Spend Study

If you believe in all this then you should be considering shifting more of your video budgets into native outstream bucket



Schedule A Native Ad Workshop

FRANK MAGUIRE

Head of Market Development

frank@sharethrough.com

| **Deep Dive Into Native Research**

| **Best Practices to Maximize
Performance Results**

| **Best Practices for Native
Video**

Thank you for your time. Hopefully this changed some perceptions on what native ads can be.

If you're interested in diving deeper and scheduling a workshop directly with your team, please contact me at