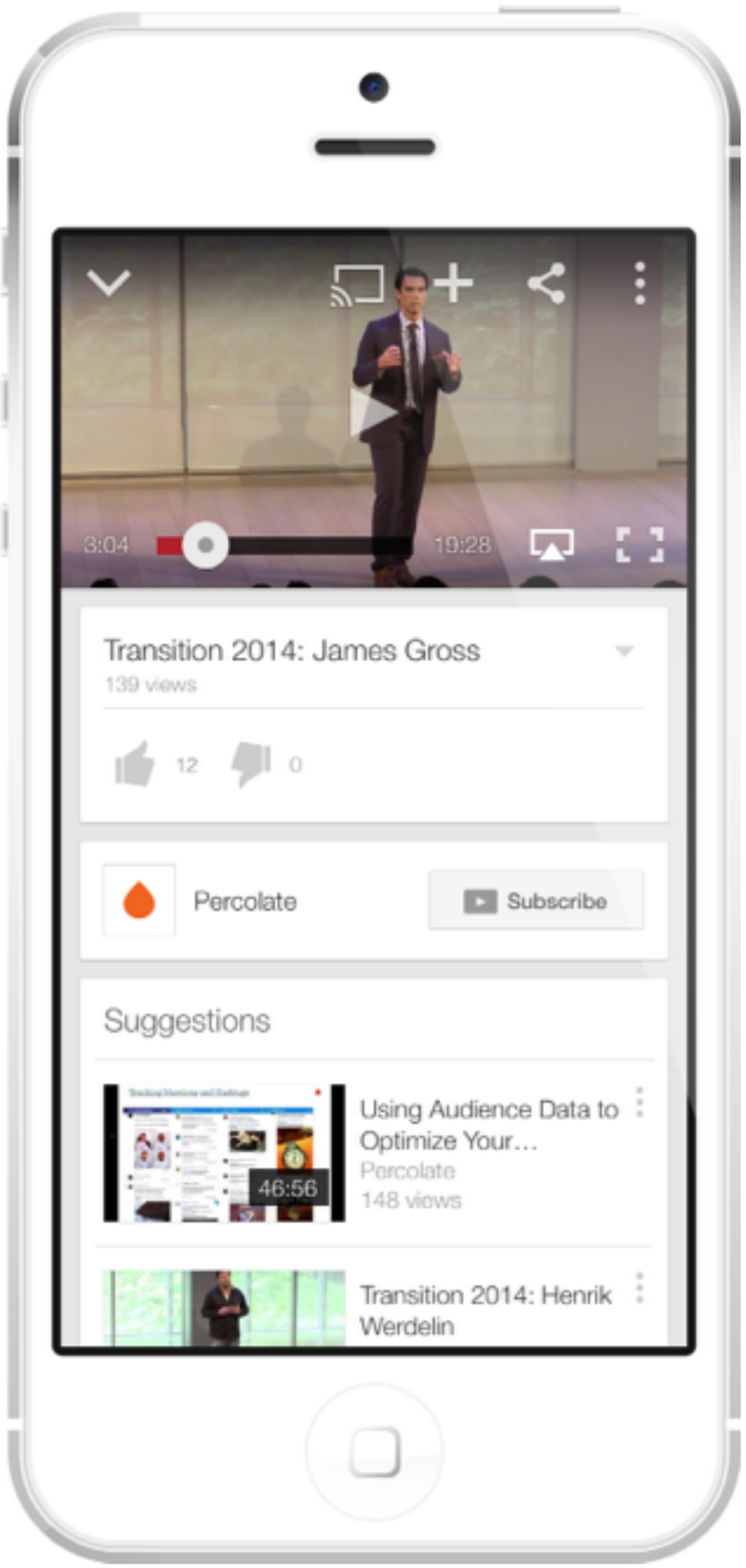
Percolate

Essential Video Marketing Trends for 2015



The Rise of Mobile Video

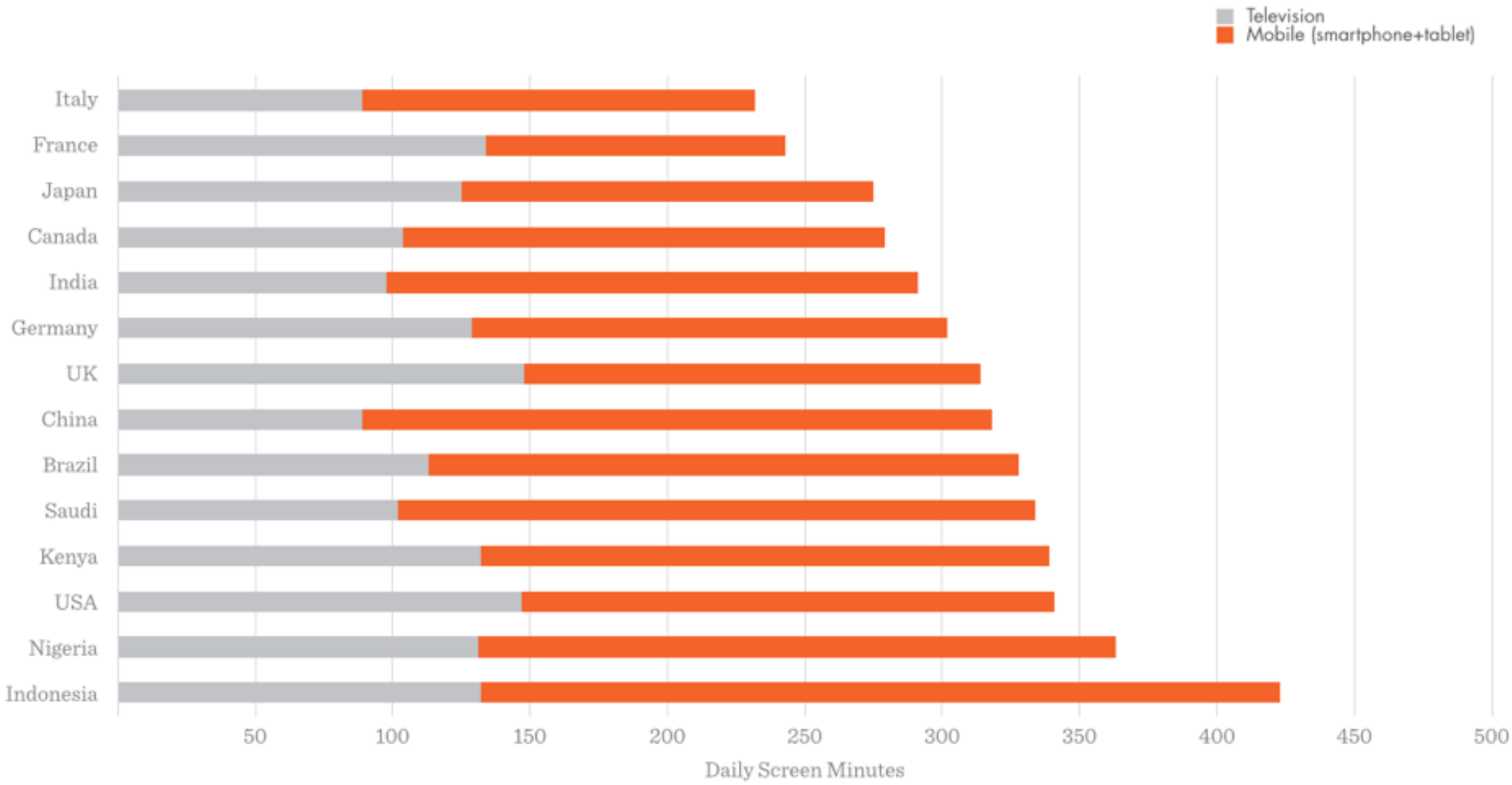
Video continues to win over both marketers and consumers, offering a rich medium to attract, educate, delight and increasingly convert viewers into customers. In fact, when consumers have a good branded video experience, research has found:

- **39%** are more likely to research a featured brand or product further
- **36%** are more likely to tell friends and family about the brand
- **19%** are more likely to share other content from that brand on social media

With YouTube already doubling as both the world's second largest social network and second largest search engine, video is on pace to account for 75% of all consumer internet traffic by 2020. Video viewers have also enthusiastically embraced mobile video, with mobile devices and tablets now representing more than 25% of all viewership, according to Frost & Sullivan. In fact, digital video platform Ooyala predicts mobile will contribute 50% or more of global video viewership within the next three years.

Mobile is the First Screen

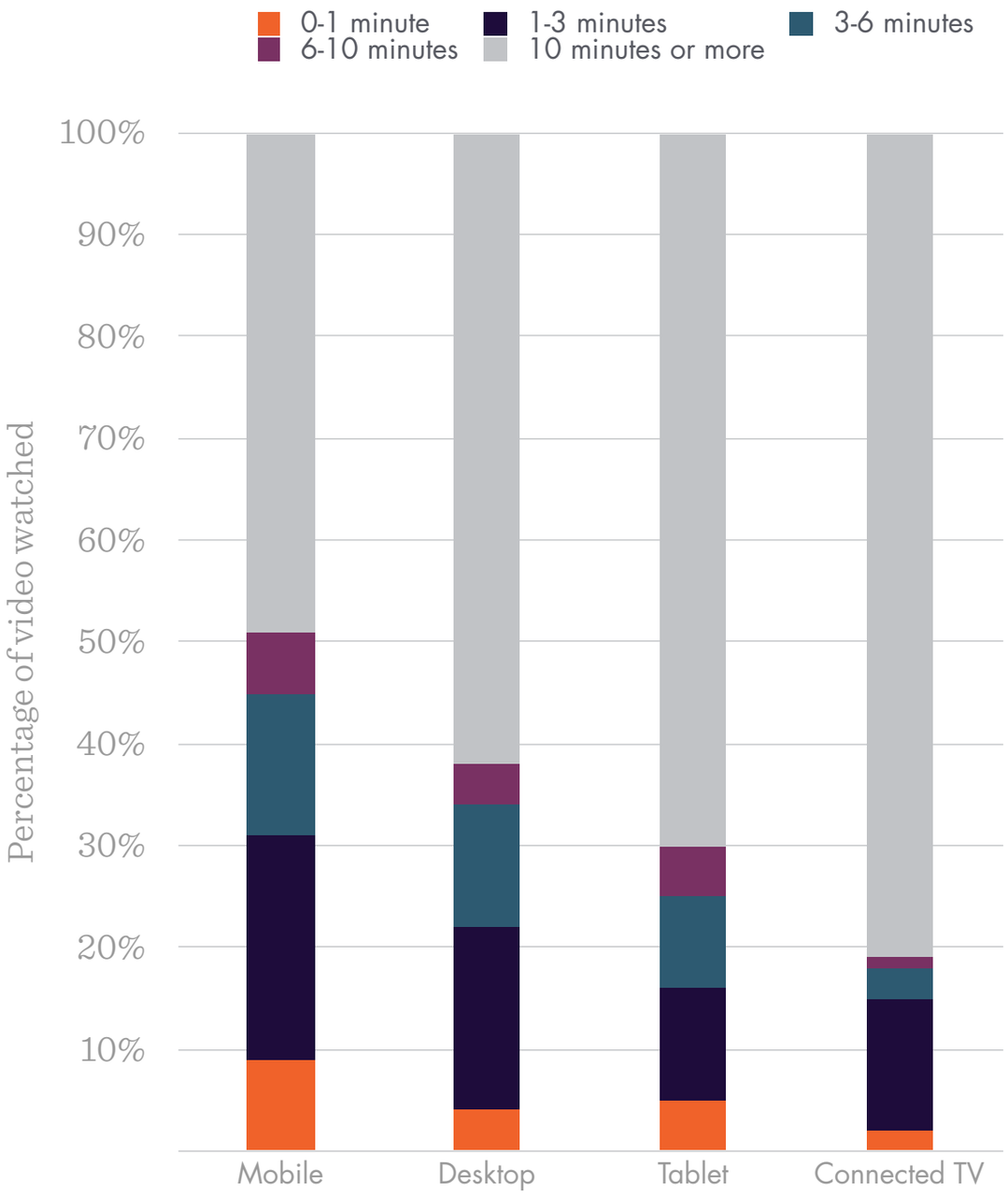
People are spending more min/day on mobile than television



Milward Brown AdReaction via Mary Meeker 2014 Internet Trends Presentation

Online Video Consumption

Share of total time watched by device and video length

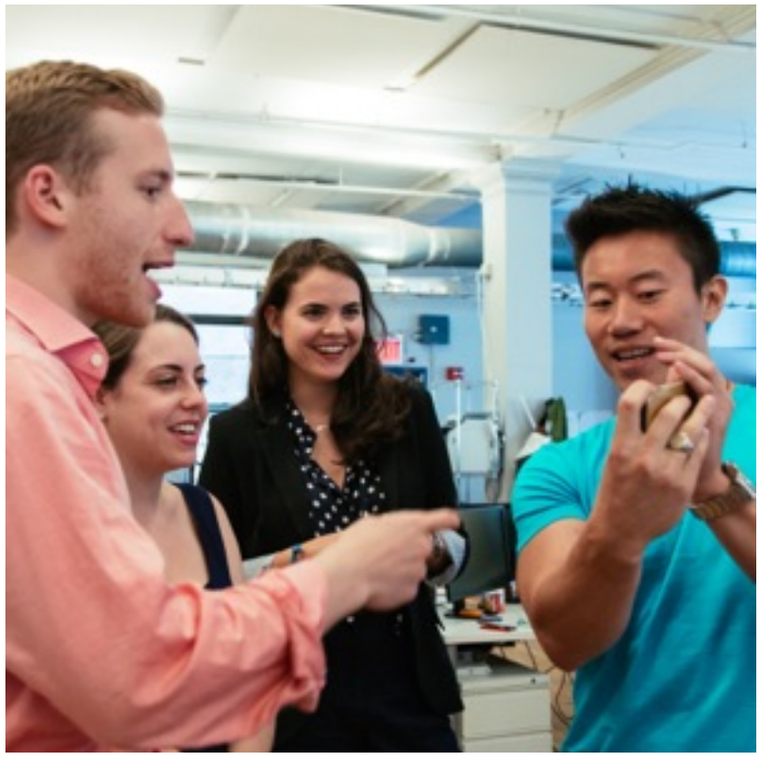


Source: Ooyala 2014

Although online video is experienced across a diverse set of networks, including Yahoo, Facebook, Viacom and AOL, YouTube remains the epicenter of global digital video viewing and sharing. According to comScore YouTube attracts over 190 million unique US viewers each month, and 50% of US teens say YouTube is their favorite website. YouTube is also a major source of engagement for brands. Pixability finds content from the top 100 global brands collect over 800 million collective YouTube views each month.

Globally, faster networks, more bandwidth and increasing smartphone penetration (with better cameras) are pushing more online video creation and consumption, in turn cultivating a rapidly growing mobile video ecosystem. Mobile is also driving an increase in the creation and consumption of micro-video, spanning Vine (6 second looping videos), Instagram video (15 seconds), Snapchat, Kik, MixBit and animated GIFs.

Long a content standard for B2C marketers, video is also gaining greater traction among B2B marketers. According to Content Marketing Institute, video is one of the fastest growing tactics among B2B marketers, with 75% of B2B marketers indicating plans to use video in 2015. For content marketers, video's benefits are well-proven: blog posts with videos see an average time on site of 5 minutes and 29 seconds, 15% more engagement and time on site than posts with just images and text. Aberdeen Group also finds that websites with video have an average conversion rate of 4.8%, compared to 2.9% for websites without it.



Digital Video: Mainstream and Spontaneous

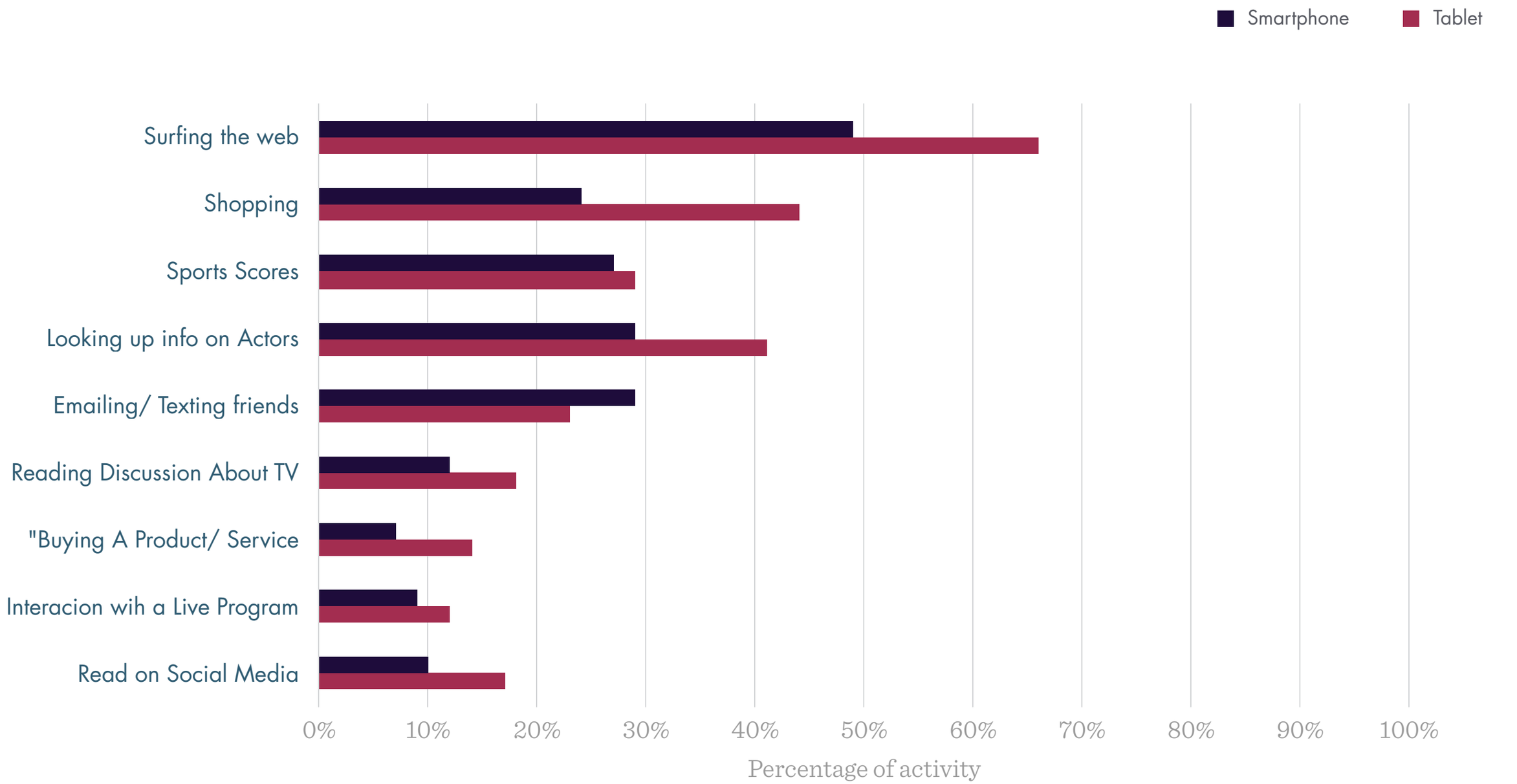
Approximately one in five (22% or 52 million) American adults over the age of 18 watch digital video each month, up 15% from a year ago, according to IAB. Interestingly, more than half of digital video viewers report that their video consumption is largely unplanned, based on a video that is actively or passively shared with them on social. Online, video discovery and consumption is heavily influenced by community dynamics and trending content.

The Future of Television is Connected Experiences

Although mobile has finally displaced TV as the first screen in terms of total interaction time, TV remains a dominant and culturally relevant source of media. Overall, TV continues to become a more interactive and integrated media experience, bolstered by real-time social conversation and activity on other devices. For advertisers, mobile and social allow viewers to tune out irrelevant ads, but also creates opportunities for audiences to engage and amplify high quality brand content. Surprisingly, TV viewers who use Twitter while watching a show have up to 100% higher rates of ad recall, brand favorability and purchase intent, lending creditability to brands' social TV investments. In aggregate, consumers' mobile device usage during TV watching has also more than doubled in the last two years.

Connected Device Behavior While Watching TV

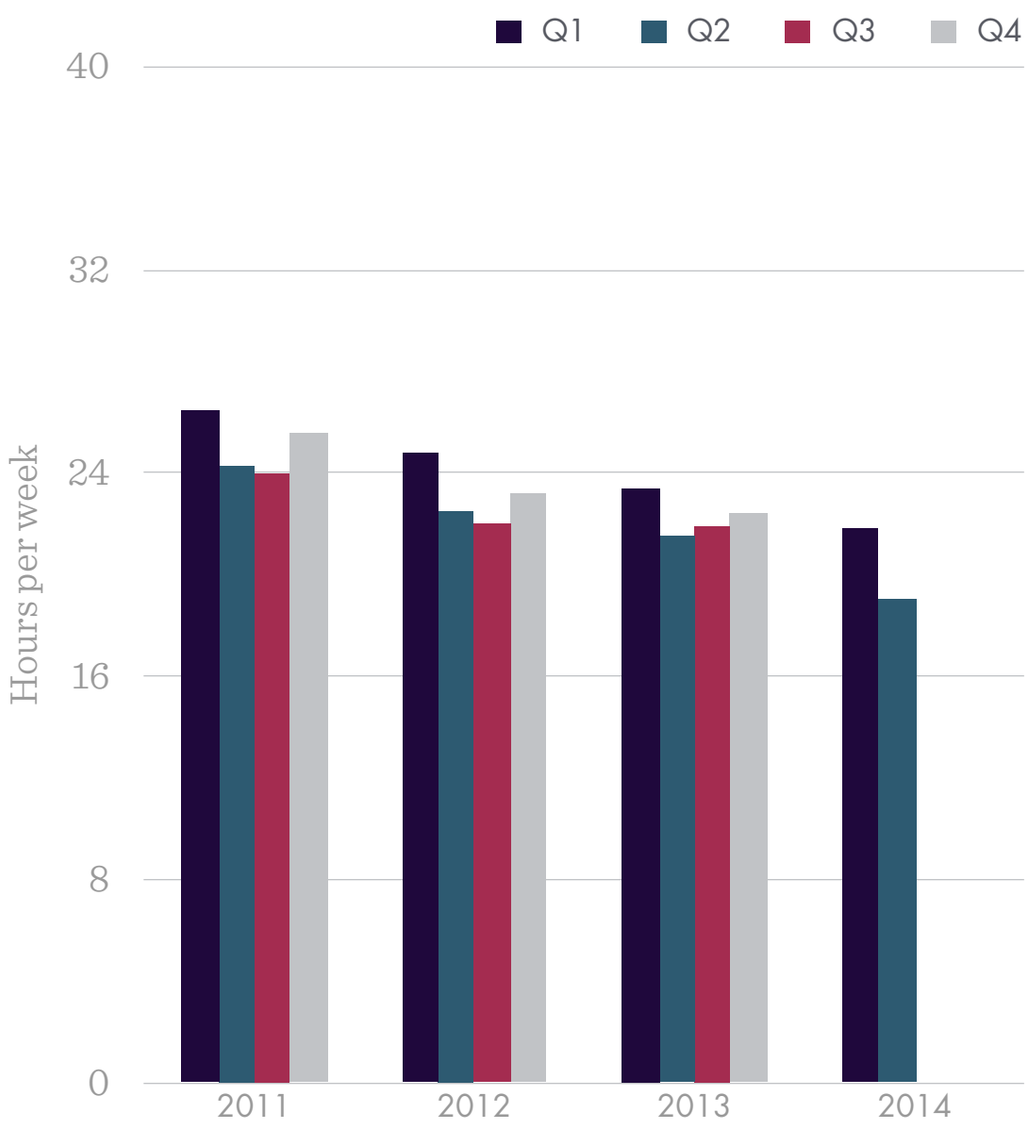
US mobile device usage for TV viewers age 13+



Source: Nielsen Connected Devices Report 2013

TV Viewing Among 18-24 Year Olds

Weekly viewing time spent in hours and minutes, based on total population



Source: Nielsen 2014.

Consumers also have a greater degree of control over when and how they experience TV, thanks to time-shifting and streaming distribution services like Netflix, Hulu and HBO Go. This is especially true for younger generations. Millennials spend three times as much time watching TV online compared to other age groups, but are spending less and less time watching traditional TV overall.

Screen size and context also play a key role in what type of content gets viewed. More than half the time spent watching TV is viewing periods longer than 60 minutes. By comparison, the majority of mobile video viewing sessions are less than 10 minutes.

Because digital audiences remain highly fragmented compared to primetime TV, digital video ad buys are more complex and highly segmented. As a result, roughly the same new advertising budget will be allocated to TV in 2015 — $2 billion – as digital video ad spending.

US TV* vs. Digital Video Ad Spending, 2012-2018**
billions and % change

	2012	2013	2014	2015	2016	2017	2018
TV*	**$64.54**	**$66.35**	**$68.54**	**$70.59**	**$73.77**	**$75.98**	**$78.64**
—% change	6.4%	2.8%	3.3%	3.0%	4.5%	3.0%	3.5%
Digital video**	**$2.89**	**$4.20**	**$5.96**	**$7.77**	**$9.45**	**$11.12**	**$12.71**
—% change	44.5%	45.3%	41.9%	30.4%	21.7%	17.6%	14.3%

*Note: *includes broadcast TV (network, syndication & spot) & cable TV; **data through 2013 is derived from IAB/PwC data; includes advertising that appears on desktop and laptop computers as well as mobile phones and tablets; includes in-banner, in-stream (such as pre-roll and overlays) and in-text (ads delivered when users mouse over relevant words)*
Source: eMarketer, June 2014

174115 www.eMarketer.com

15% **TV budgets Nielsen + the IAB recommend moving to online video to increase reach and reduce costs**

60% **of media agencies expect to execute programmatic video ads in 2015**

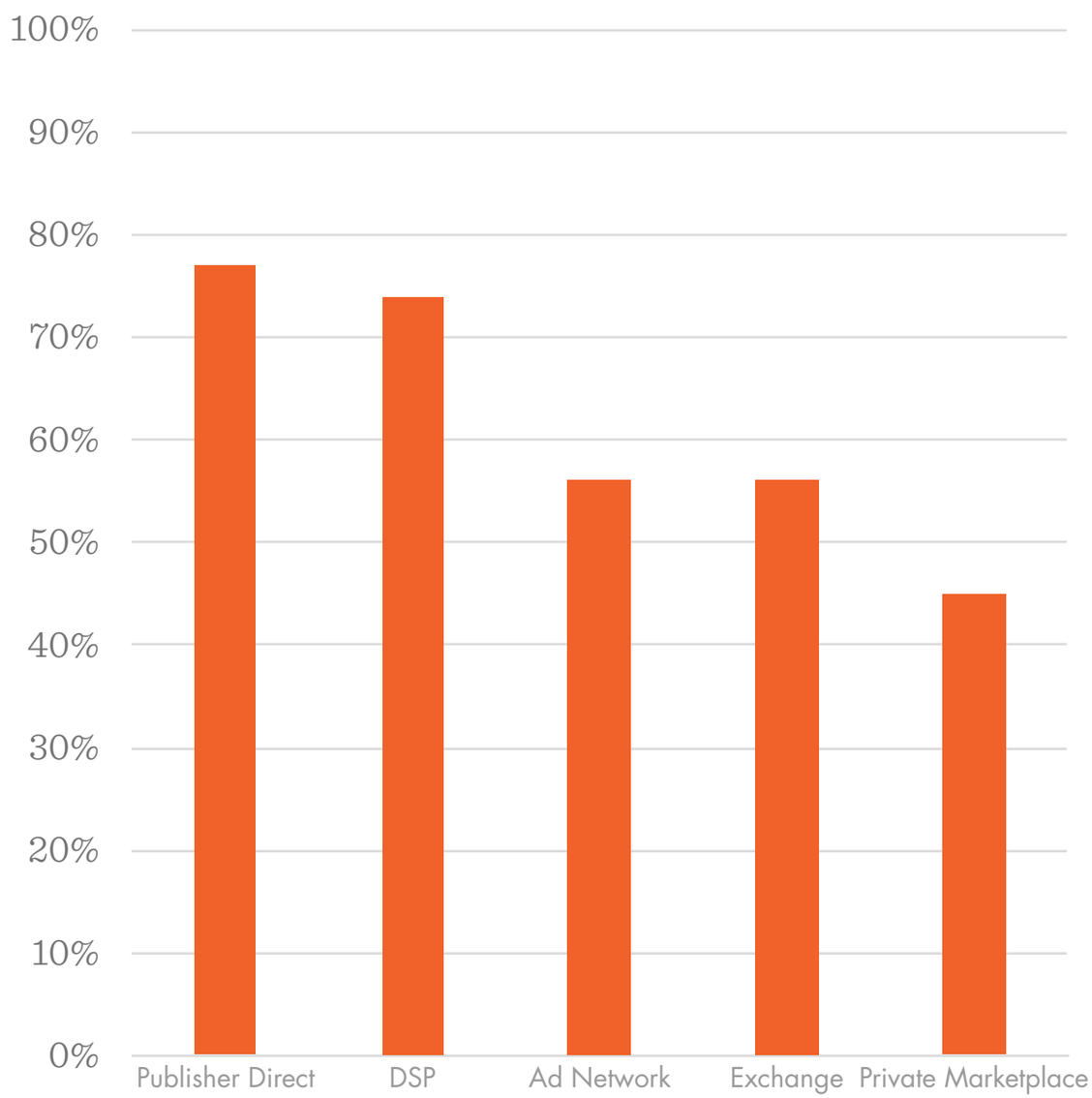
Paid Video Matures While Advertiser Challenges Persist

On the paid side, pre-roll remains the most affordable video ad format in the US, costing an average of 3.2¢ per minute played in 2Q14 – an increase of 14% versus 1Q14. Capturing over $1 billion in US online video ad spend in 2014, YouTube's TrueView network continues to be the major destination for digital video budget share. According to AOL and the IAB, the online video is benefitting from budget shifts from online display (47% of marketers shifting budget to video), TV (35-40%) and print (26%), as well as incremental new spend as digital budgets expand. Together, Nielsen and the IAB have publicly recommended brands shift 15% of their TV budgets to online video.

Unsurprisingly, online video ad buyers are most concerned with inventory quality, control measures around view-ability, ad verification and fraud, with nearly half of US buyers expressing concern on these issues. This lack of confidence continues to be one of largest barriers to programmatic buying adoption in digital video, a space close to 60% of media agencies expect to be active in by the end of 2015.

How Agencies Buy Online Video Advertising

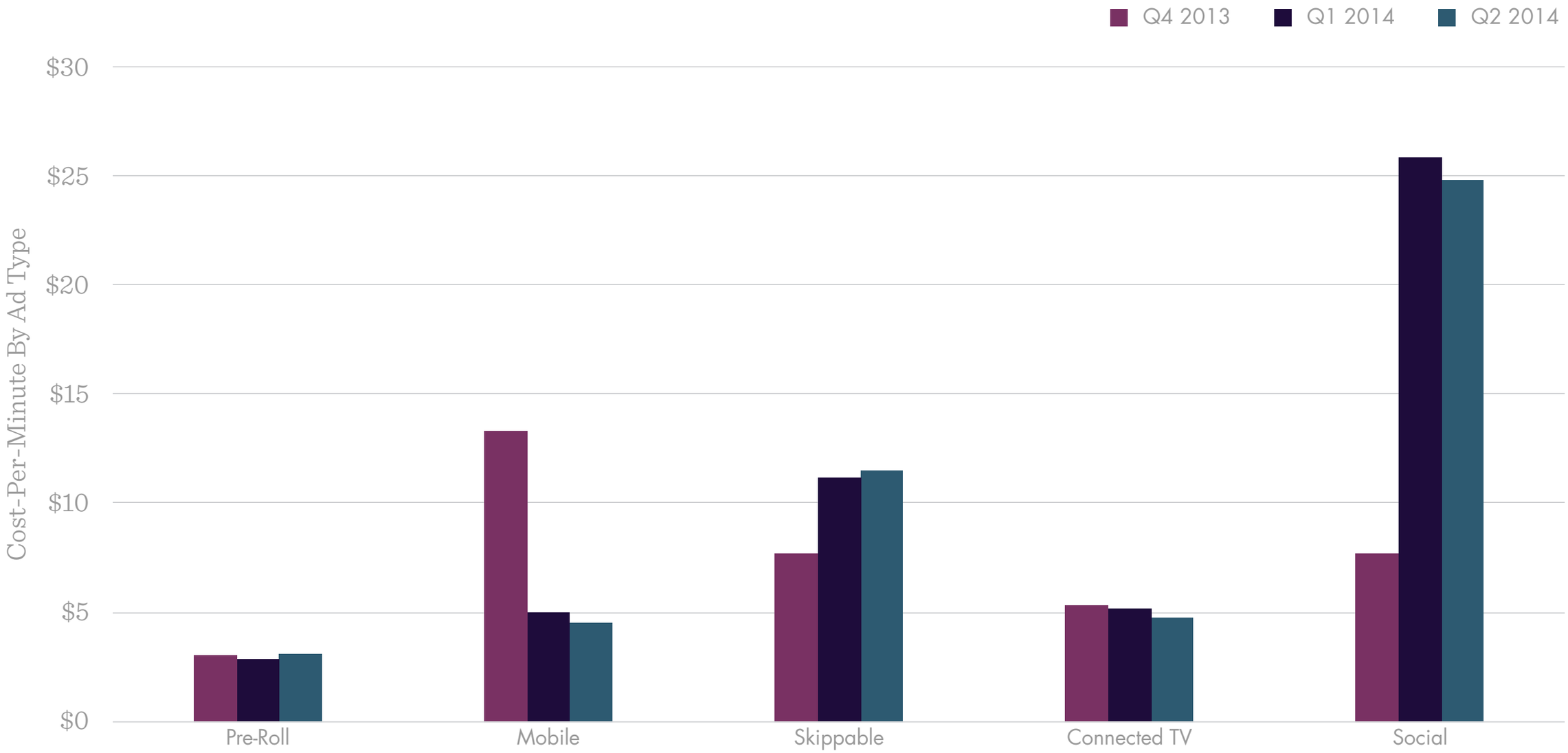
% of active buyers by channel



Source: AOL and IAB.

Online Video CPM by Ad Type

CPM by type - 4Q13 to 2Q14



Source: Tubemogul, September 2014

Video Technology Vendor Trends

New Technology Choices are Empowering Marketers

Video marketing is a complex process that requires significant effort, investment and technology. On the production side, work spans storyboarding, casting, coordinating set availability, shooting, editing and post-production. For larger brand campaigns, this can entail coordination and collaboration across multiple agencies and production companies. Once video is finalized, it then needs to be transcoded, hosted, published, distributed and tracked across a diverse set of digital channels. Publishers and original content creators may also focus on monetizing their content, whereas brands and agencies will deploy video to create high-quality top and middle of the funnel experiences at different stages of the customer lifecycle.

To meet the needs of marketers, publishers and content creators, a large and diverse ecosystem of video platforms has emerged in recent years. At a high level, these evolving platforms focus on (1) hosting and management [Brightcove, Ooyala, Wistia], (2) distribution [YouTube, Tubemogul, Tremor Video, Adap.tv, Visible Measures], (3) creation platforms [MoFilm, PopTent, Tongal], (4) analytics [Pixability] and (5) marketing systems [Adobe, Percolate].

Video Technology Platforms

Vendor	Creation	Hosting	Campaign Planning	Publishing	Paid Distribution	Monetization	Analytics	Brand Safety
Adap.tv		•			•	•	•	•
Adobe	•	•	•	•			•	
Brightcove		•		•		•	•	
Brightroll		•			•	•	•	
Dropbox		•						
MoFilm	•							
Ooyala		•		•		•	•	•
Percolate	•	•	•	•	•		•	•
Pixability			•				•	
PopTent	•							
Tongal	•							•
Tremor Video		•			•	•	•	
Tubemogul		•	•		•		•	•
Vimeo		•		•		•	•	
Virool					•		•	
Visible Measures			•		•	•	•	
Wistia		•		•			•	
YouTube		•		•	•	•	•	

Brands looking to develop and maintain a successful video ecosystem can use different approaches at various touch points in the customer life cycle. These essential questions can guide your video technology strategy, vendor evaluation and decision-making.

Across the video platform landscape, internal and external data sources are increasingly being integrated at different levels of the video marketing stack, ranging from channel platform data like Pixability's data mapping of YouTube to TubeMogul's inventory and impression intelligence to Percolate's brand element and topic tagging for hosted and distributed content.

For marketers evaluating video offerings to determine what solution is right for them, we consider these six questions in the context of the consumer and technology trends outlined earlier in this report:

1. What are my most important objectives in video?
Not surprisingly, if your top priority is monetizing your content, your requirements and ideal solution will likely be different than if your focus is on organic or paid distribution (or a combination of the two).

2. Do I want a dedicated video platform or a platform that integrates video with the rest of my marketing?
Both offer trade-offs and advantages between feature depth, efficiency, standardization, brand governance and technology costs.

3. How much scale do I need?
For companies just getting up the learning curve with video, YouTube is an effective and affordable solution to publish and deliver content to your audience. However, global brands and agencies with large video libraries and/or more complex multi-channel and multi-market needs will want to move beyond a YouTube-centric hosting and asset management strategy to an enterprise-grade solution that provides deeper analytics, more robust asset management capabilities, content tagging and stronger brand safety controls.

Different specialized player and distribution needs or expectations should be factored into your vendor evaluation and video technology stack early on.

6. What social channels and ad networks do you need your platform(s) to distribute to and monitor out of the box?

Do you primarily distribute video to YouTube and Facebook? Do you need access to a certain amount of specific ad network inventory? What level of social interactivity will your distributed video receive, and what social listening and response capabilities do you need to support?

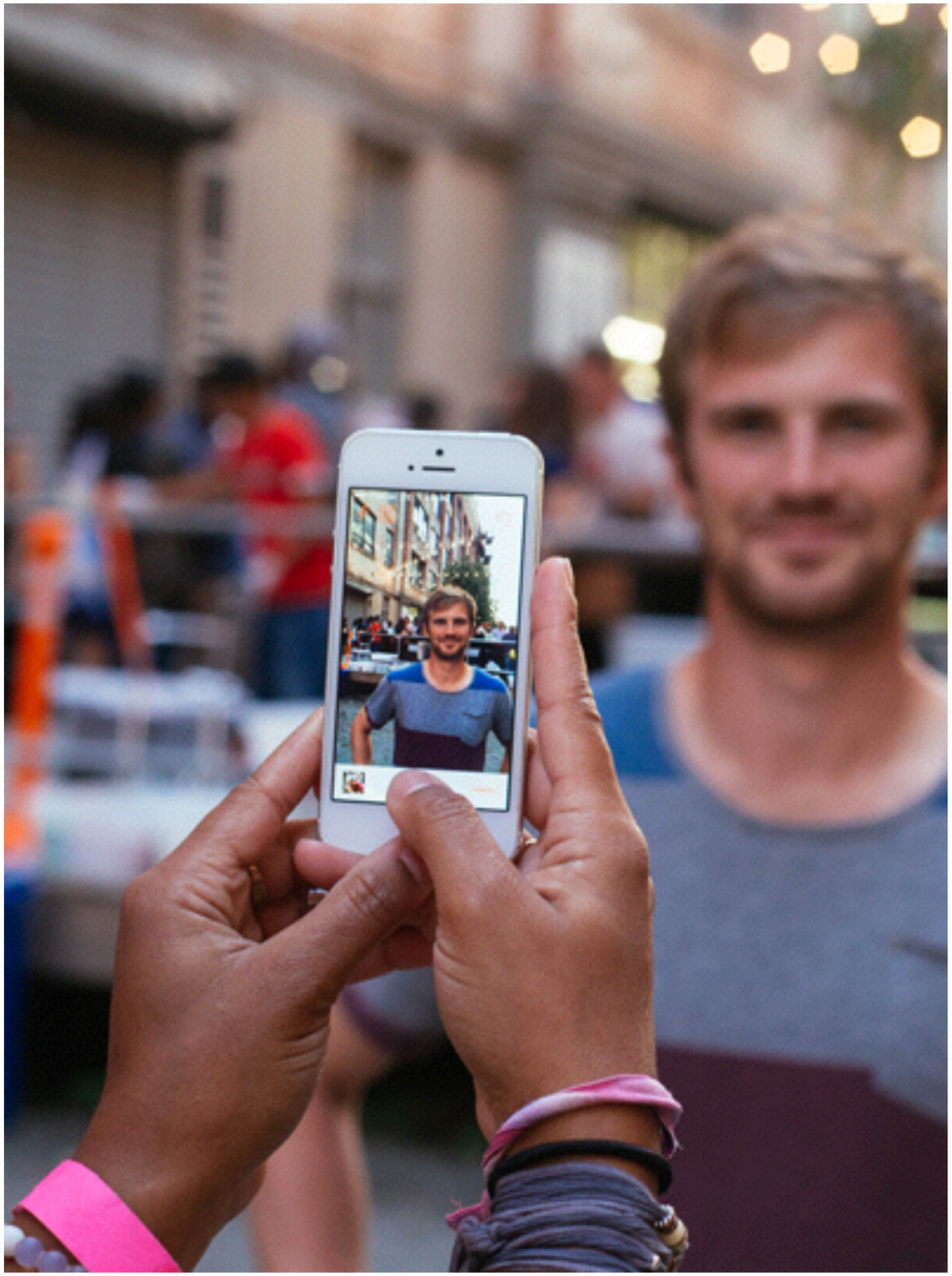
Ultimately, the right solution for you will depend on your specific needs and objectives.

4. How flexible and modular is my solution?

Does the video platform you're evaluating offer an API? If so, how stable is it? How large and active is its developer community? What third party systems can be integrated out of the box or with a custom integration program.

5. What types of video do I need support for?

What is your organization's content mix and distribution architecture? Does your brand rely on live, on-demand or gated video content? Do you need a brand-safe way to create and distribute video created on mobile devices at live events?



5 Key Online Video Predictions for 2015

1. The emergence of mobile-first video ads.

Mobile video went big in 2014. In 2015, it's time for mobile video ads to follow suit. Video consumption behavior is fundamentally different on phones and tablets, and brands and agencies will increasingly start to account for this on both the creative and media buying side. In 2015 mobile device-targeted video ads will be short, intuitive, seamless, tailored for mobile user actions and visually-optimized for smaller screens.

2. YouTube will take a cue from Pinterest and become an e-commerce referral engine.

YouTube's beta test of Video Interactivity Templates (interactive branded overlay cards that appear in the upper-lefthand corner of a playing video) is another sign that the social video network is working to give video viewers the ability to buy a desired product or service directly from YouTube. As YouTube deploys these capabilities, it will emerge as a major social commerce referral alternative to Pinterest and Facebook.

3. Converged, connected TV is the new normal.

Recent unbundling announcements by HBO and CBS point to the acceleration of converged, connected TV, aided by the growth of VOD, set top boxes like Roku, smart TVs and digital-first content from YouTube and Netflix. With computer monitors acting as TVs, TVs acting as monitors and mobile phones supplementing both, the consumer media (and advertising) experience becomes an integrated set of touch points, one where web, social, mobile and commerce blend together.

30%

of estimated ad campaigns don't start on time because creative and media agency work aren't optimally coordinated

24%

of consumers say video is their "most trusted" source of brand content, according to Bright-cove

4. Brand and agency teams will get on the same page.

Until recently, video technology has been led by vendors focused on hosting, analytics and ad network distribution. As a result, brands have lacked integrated, multi-channel solutions for planning, creating, governing and distributing video within the context of broader digital workflows and priorities. In 2015, platforms like Percolate will deliver superior integrated video capabilities for global marketing teams.

5. Video marketing becomes more of a science (while still preserving the art)

Leading brands and agencies are increasingly turning to biometrics like eye movement, skin conductance, and heart rate to refine creative process and measure how viewers respond to creative. This data-driven approach helped fine-tune Budweiser's Super Bowl XLVIII hit "Puppy Love," a spot with over 52 million views and a 97% positive sentiment rate on YouTube. Data capture from newer approaches to creative testing alongside better, deeper audience data from platforms like Facebook and YouTube will enable brands and agencies to deliver targeted, personalized and objectively better video experiences for customers in 2015.

Percolate

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Our technology helps the world's largest and fastest-growing brands at every step of their marketing process.

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