

DIGITAL VIDEO AD EFFECTIVENESS

**YouTube, Facebook, Instagram,
Twitter, Snapchat and More**

NOVEMBER 2017

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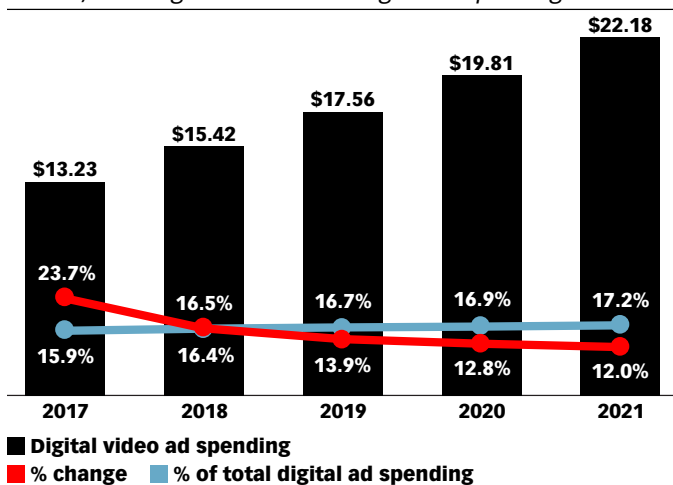
DIGITAL VIDEO AD EFFECTIVENESS: YOUTUBE, FACEBOOK, INSTAGRAM, TWITTER, SNAPCHAT AND MORE

This report looks at how ad industry executives measure the effectiveness of video ad campaigns. As new platforms and devices change the landscape, and best practices must be tweaked, experts grapple with how to benchmark campaigns for maximum effectiveness. The report combines recent data with executive insights.

- YouTube and Facebook are the pillars of digital video advertising, with most practitioners using both rather than choosing one or the other. If anything, the question is how to combine each of those platforms with TV, not how to play them against each other.
- Twitter is another key outlet, but for many ad buyers the platform has not delivered on its promise. Snapchat remains an experimental option for most.
- As buyers increasingly delve into connected TV, they're finding that the living room is a natural conduit for the types of ads that have worked for generations on linear TV. After all, connected TV viewers are still watching on TV screens, and the experience is similar to linear TV. But perhaps more importantly, the data-mining capabilities of set-top boxes and smart TVs present tantalizing possibilities.

WHAT'S IN THIS REPORT? This report polls ad industry experts on how they measure video ad effectiveness across a range of platforms—including YouTube, Facebook, Instagram, Snapchat and Twitter—as well as on linear and connected TV.

US Digital Video Ad Spending, 2017-2021
billions, % change and % of total digital ad spending



Note: includes in-banner, in-stream and in-text; includes advertising that appears on desktop and laptop computers as well as mobile phones, tablets and other internet-connected devices

Source: eMarketer, March 2017; confirmed and republished, Aug 2017

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KEY STAT: US digital video ad spending will grow at double-digit annual rates for at least the next four years, surpassing \$22 billion in 2021.

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VIDEO AD EFFECTIVENESS METRICS

Recent studies from key players in the world of ad tech tell quite different stories of how video ads seem to be performing, based on completion rates, viewability rates, clickthroughs and more.

Although the body of research on video ad metrics is still limited, the noisiness in the data is remarkable given how concrete some of these metrics are. Nevertheless, those who have followed the industry understand that many complicating factors are at play.

One such factor is that each company measures activity on its own platform, which is only a small sample of the broader universe. Lack of standards also has an effect. The digital video space seems to be a constant flux of formats, aspect ratios, ad lengths and determinants, such as whether ads autoplay or have to be initiated, and whether the sound should be on or off by default.

This lack of consensus, coupled with the fact that in many cases each publisher, platform and video ad measurement firm may approach video ad measurement in slightly different ways, with slightly different data sets, also make it near impossible to uncover any universal metric for success.

For example, Extreme Reach found that four key metrics it tracked during the year leading up to Q2 2017 all increased: completion rate, viewability rate, viewable completion rate and clickthrough rate. These were measured across the company's worldwide network, with the bulk of the activity being in the US.

Digital Video Ad Benchmarks Worldwide: CTR, Completion and Viewability Rates, Q2 2016-Q2 2017 among impressions served by Extreme Reach

	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017
Completion rate	61.0%	67.0%	65.0%	73.0%	73.0%
Viewability rate	51.0%	55.0%	63.0%	69.0%	61.0%
Viewable completion rate	50.0%	60.0%	75.0%	73.0%	71.0%
Clickthrough rate (CTR)	0.30%	0.37%	0.34%	0.45%	0.45%

Note: represents activity on the Extreme Reach platform, broader industry metrics may vary
Source: Extreme Reach, July 1, 2017

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By contrast, the metrics on Moat's platform varied significantly. Although the scope was also worldwide, impressions were served mostly in the UK and US. Furthermore, Moat segmented its data by device type—

desktop and mobile—and did not average out the two. With so many differences in scope and methodology, the two studies are not at all directly comparable.

That said, Moat found that completion rates decreased during the same period that they increased for Extreme Reach, and this was true on both desktop and mobile. Also, Moat's 2-second in-view rate, which according to the definitions provided by each company correlates with Extreme Reach's viewability rate, increased slightly on desktop but decreased considerably more on mobile.

Desktop vs. Mobile Video Ad Benchmarks Worldwide: Completion and Viewability Rates, Q2 2016-Q2 2017 among impressions served by Moat analytics

	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017
Desktop					
2-second in-view rate	58.8%	57.2%	56.0%	58.5%	60.8%
Completion rate	68.4%	67.5%	62.2%	62.7%	61.4%
Audible & visible on complete rate	20.4%	22.5%	26.1%	29.6%	29.5%
Completion quality rate	37.4%	36.5%	38.5%	42.4%	42.5%
Mobile					
2-second in-view rate	52.0%	39.4%	42.0%	43.3%	43.4%
Completion rate	51.6%	38.1%	38.6%	37.4%	39.4%
Audible & visible on complete rate	7.5%	17.6%	16.0%	15.6%	14.8%
Completion quality rate	26.5%	30.8%	28.8%	28.0%	25.6%

Note: represents activity on the Moat Analytics platform, broader industry metrics may vary
Source: Moat, Aug 2017

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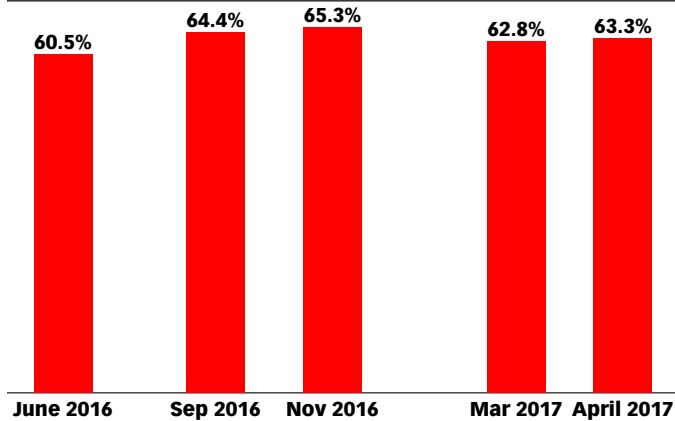
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In addition, Moat tracked metrics that other companies did not, such as the rate at which video ads were audible and visible upon completion. "Completion quality" refers to the audible/visible rate divided by overall completion.

Drilling further down into completion rates, a May 2017 DoubleClick study roughly agreed with Extreme Reach's. Worldwide digital video ad completion rates on its network hit 63.3% in April 2017, up from 60.5% in June 2016.

Digital Video Ad Benchmarks Worldwide: Completion Rates, June 2016-April 2017

among impressions served by DoubleClick



Note: represents activity on DoubleClick's network, broader industry metrics may vary; includes in-stream and rich media video formats
Source: DoubleClick, "Display Benchmarks," May 1, 2017

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However, when Extreme Reach broke down its completion rate data by purchase method, it found that ads purchased directly performed significantly better than those bought through ad networks and exchanges. This makes sense because direct ads are often of higher quality and therefore are more likely to be viewed to completion by the end-user. But seeing the breakdown by purchase methods gives a new dimension to the data that doesn't come through otherwise.

Digital Video Ad Benchmarks Worldwide: Completion Rates, by Purchase Method, Q2 2016-Q2 2017

among impressions served by Extreme Reach

	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017
Ad networks/exchanges*	63%	65%	64%	65%	60%
Publisher direct**	58%	68%	65%	75%	79%
Total	61%	67%	65%	73%	73%

Note: represents activity on the Extreme Reach platform, broader industry metrics may vary; *includes media aggregators such as BrightRoll, Q1Media, The Trade Desk, Tremor Video, YuMe, etc.; **includes premium media vendors such as CBS, ESPN, The Huffington Post, Hulu, YouTube, etc.
Source: Extreme Reach, July 1, 2017

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Divergent data sets like these underscore the core challenge that ad industry executives face every day: How to measure the effectiveness of video ads when so much about them—from the ads themselves to the platforms they run on to the ways they're measured—is a moving target. The following sections get to the heart of these questions by providing platform-specific data and insights from leaders across a wide range of fields, including marketers, agencies, ad exchanges, tech companies, analytics firms and consultancies.

HOW DO YOU CHOOSE BETWEEN TV AND DIGITAL VIDEO?

US digital video advertising will grow at double-digit rates annually over the next four years, while TV advertising will remain essentially flat (except for an estimated spike in 2020, driven by the US presidential campaign and Summer Olympics in Tokyo).

eMarketer's latest ad spending forecast, issued in August 2017, increased video spending and decreased TV spending compared with our previous forecasts.

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

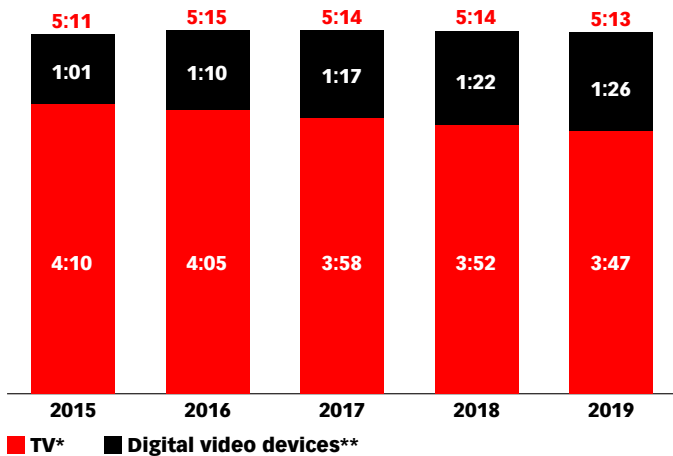
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Estimates of time spent with each medium are also trending toward video, though TV still gets the majority. In 2015, US adults watched a little more than 4 minutes of TV for every minute of video. But by 2019, it will be less than 3 minutes of TV for every minute spent on video. Much of the digital video is off limits to advertisers because it's viewed on subscription-based platforms such as Netflix and Amazon. This is also true of premium cable TV, but to a lesser extent.

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

hrs:mins



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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With few exceptions, ad executives conclude that when it comes to TV and video, one isn't necessarily more or less effective than the other, but together they can be more than the sum of their parts.

EXPERT INSIGHTS

"More marketers are investing in both TV and digital video to reach consumers across devices. For example, TV still offers an opportunity to target a particular audience demographic with 30-second ads, while digital video offers more opportunity for not only driving brand awareness but also for immediate click-to-action and personalized ad experiences."

—Courtney McKlveen, Oath

"As far as ad effectiveness, it ultimately depends on the content and format. Niche content can better find an audience online at a cost base that makes more sense, especially as long-tail TV channels get booted from [cable] TV subscriptions. Sports and premium content like dramas and comedies still find larger audiences via traditional TV."

—Belsasar Lepe, Ooyala

"Digital is more effective because it's trackable. We're able to see in real time if users are engaging with the brand. We know exactly what that's worth and we can make actual decisions on it, so there are many benefits to having that digital video component."

—Tom Alexander, PK4 Media

"One of the great things about digital is that it's not really one-size-fits-all when you start to incorporate all the different platforms or channels that you can advertise across. But when we start to think of digital vs. traditional TV, they really complement one another."

—Courtney Demko, SapientRazorfish

"There's certainly value in using Facebook alongside TV and either extending reach or finding incremental reach—or even just giving it a halo effect and helping increase the frequency of a branding campaign for a couple of hundred different devices. So, we're starting to see bridge points, and that's really where there's value, as opposed to trying to compare the two."

—Jenny Carrick, MediaCom

WHAT'S STOPPING DIGITAL VIDEO ADS FROM BEING MORE EFFECTIVE?

Despite digital video advertising's bright growth, industry executives continue to point to a host of challenges and obstacles. These include brand safety and metrics, most prominently on YouTube and Facebook. But even beyond those high-profile incidents, other barriers remain.

EXPERT INSIGHTS

"The obstacles have traditionally been around targeting and measurement. ... We're making such progress in being able to effectively target audiences across platforms and measure the results of the effectiveness of those integrations in ways that advertisers have been expecting of digital platforms."

—Aaron Frank, Branded Entertainment Network

"Being able to actively follow a user and understand what they're doing and really get the best video ad is something that we've seen companies really address from the display side, and I think mobile video especially is lagging behind where the display market is. That's changing, and [next year] I think we're going to continue to see a lot of improvement over 2017."

—Justin Festa, LittleThings

"Many advertisers cite a lack of premium video inventory as a barrier to entry. As the industry defines effective standards for viewability and additional measurement, advertisers are navigating this ecosystem and production costs when investing in high-quality digital video advertising."

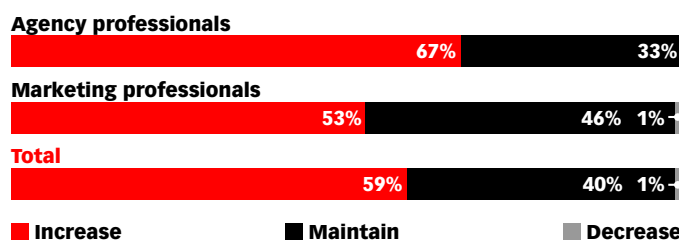
—Courtney McKlveen, Oath

CROSS-PLATFORM CAMPAIGNS

An April 2017 survey of US agency and marketing professionals by Advertiser Perceptions for the Interactive Advertising Bureau (IAB) found that a majority of respondents planned to increase their cross-platform spending, defined as campaigns that straddle TV and digital video. Agency professionals were more bullish on cross-platform buys than their marketer counterparts, but on average, 59% of those polled said they would spend more on those campaigns, compared with 40% who said they would maintain current levels. Only 1% said they'd decrease cross-platform spending.

Expected Change in Cross-Platform TV/Video Spending According to US Agency vs. Marketing Professionals, April 2017

% of total



Source: Interactive Advertising Bureau (IAB) "Digital Content NewFronts: Video Ad Spend Study" conducted by Advertiser Perceptions, May 1, 2017
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This means that demand for delivering a campaign simultaneously across TV and digital video devices has become quite common. That said, executives interviewed for this report were all over the map when it came to the ways they assessed the success of ad campaigns that straddle platforms.

EXPERT INSIGHTS

"Almost all digital video platforms now offer capabilities in viewing metrics like time spent and completion rate, attitudinal metrics like purchase intent and awareness, and even back-end engagement metrics like conversions or on-site video views. However, the measurement thread gets much sparser when linear TV is brought into the mix. Despite the many advancements in data and measurement in recent years, true cross-screen measurement continues to be an elusive concept for most marketers."

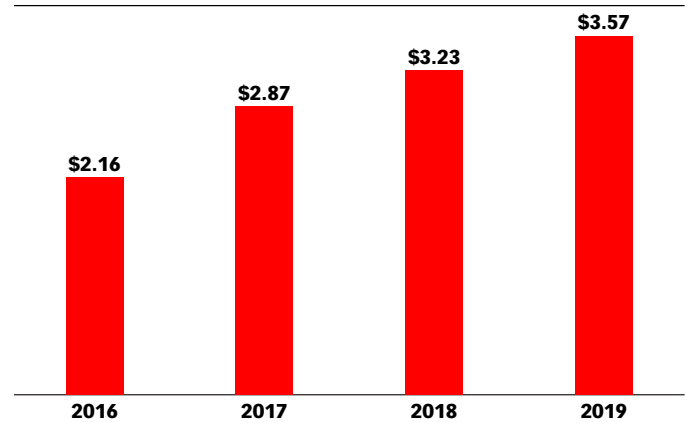
—Jenny Schauer, DigitasLBi

YOUTUBE

In September 2017, eMarketer raised its estimates for YouTube ad revenues based on parent company Google's better-than-expected performance in the first half of the year, and video's role in driving that success.

eMarketer now expects YouTube's net US ad video revenues to reach \$3.57 billion in 2019, up from \$2.87 billion in 2017. (The new figure for 2019 represents a nearly 13% increase over the original projection of \$3.16 billion.)

YouTube Net US Video Ad Revenues, 2016-2019
billions



Note: net ad revenues after company pays traffic acquisition costs (TAC) and content acquisition costs (CAC) to partner sites
Source: eMarketer, Sep 2017

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YouTube pioneered skippable pre-rolls several years ago and is again disrupting the ad industry with 6-second ads (which are so short they are essentially unskippable). In a presentation at the dmexco digital marketing conference in September 2017, YouTube chief business officer Robert Kyncl said YouTube saw a 70% increase in the number of advertisers that ran 6-second ads on the platform in Q2 2017 over the previous quarter. He added that one-third of YouTube advertisers now use the 6-second format. The trend is playing out across traditional TV as well, with Fox, Viacom, Turner and other networks now airing 6-second spots on their linear channels, according to media reports.

Agency executives interviewed for this report highlighted metrics such as views, completion rate and clickthrough rate, but they largely emphasized YouTube's strength as a branding channel.

"In the digital world, one thing folks look at as a measure of success is completion rate. Did they watch the ad to completion? A second is viewability. Did someone see the ad? Another one, especially as connected television becomes a more prevalent piece of the ecosystem, is GRP [gross ratings point]. Part of the reason GRP is important is that that's a currency that television is used to, so that will become more and more of a factor as connected television becomes a bigger part of the overall media mix transacted programmatically."

—Tim Sims, *The Trade Desk*

"With video, it's still largely an awareness tactic, in our view. Completed views are still the strongest KPI [key performance indicator]. And after completed views, we look at view rate to inform us on audience engagement within the content. Unfortunately, the measurement stick across all platforms is not equal."

—Leah Woolford, *USDM Holdings*

EXPERT INSIGHTS

"We will look at metrics such as video views, clickthrough rates and time in session, but we are ultimately trying to shift the dial on the brand sell, so whether that be ad recall or favorability or intent to purchase, that's what we're trying to create."

—*Jenny Carrick, MediaCom*

"While we look at video views and clickthroughs, we'll also look at measuring brand lift and ad recall, so oftentimes we'll utilize Google Consumer Surveys for those. That's been a great tool for us to measure the impact of some of the videos that we flight across YouTube."

—*Courtney Demko, SapientRazorfish*

"At the end of the day, YouTube is simply another avenue for marketers to intercept their consumers, and we feel it's increasingly important to hold the platform to consistent standards as [we do with] other digital video sources."

—*Jenny Schauer, DigitasLBi*

FACEBOOK

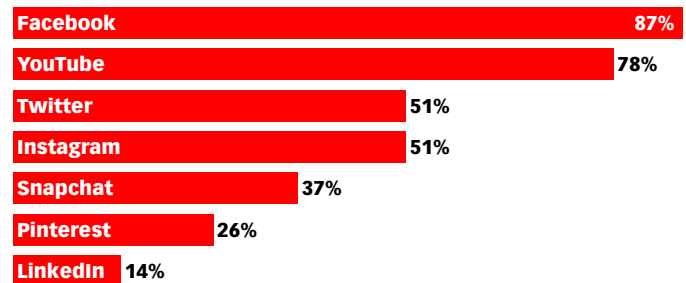
If YouTube is one of the pillars of digital video advertising, Facebook is the other. The social platform is well along the path of transforming itself into a video-first service, as CEO Mark Zuckerberg signaled in the company's Q2 2016 earnings release.

To date, Facebook's video ad efforts have focused primarily on paid in-feed units, sometimes supplemented by organic marketing on brand pages. However, as the platform moves further into mid-length and long-form content, in-stream mid-roll clips will become increasingly important to its strategy.

An April 2017 survey of US video marketers by Animoto found that Facebook was the most common social media platform used by respondents to post videos as part of their marketing strategy. Leaving aside the argument of whether YouTube qualifies as a social media platform, the study showed that it ranked second to Facebook.

Social Media Platforms Used by US Video Marketers to Post Videos, April 2017

% of respondents



Note: as part of their marketing strategy

Source: Animoto, "The State of Social Video 2017: Marketing in a Video-First World," Sep 8, 2017

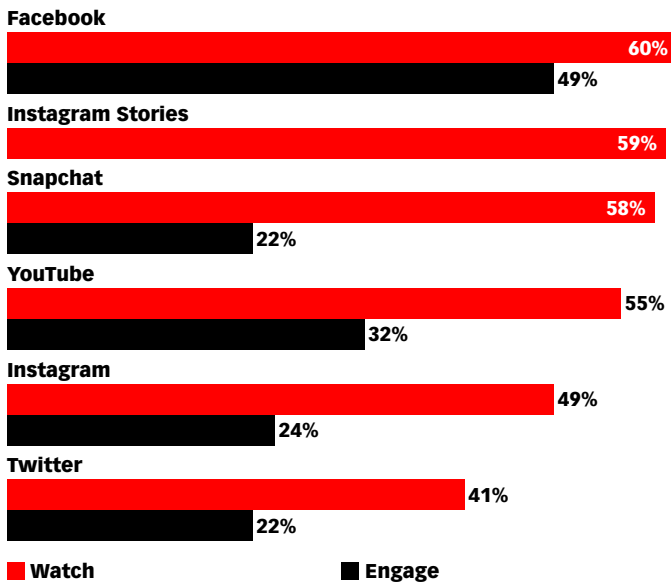
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Facebook also led the Animoto study from the perspective of US internet users who watched and, perhaps more importantly, engaged with branded videos on various platforms. (Facebook had the highest score when it came to US marketers' confidence in the ability of each platform to drive purchases, according to the study.)

US Internet Users Who Watch vs. Engage with Branded Videos Daily, by Social Media Platform, April 2017

% of respondents



Note: ages 18+

Source: Animoto, "The State of Social Video: Marketing in a Video-First World," June 6, 2017

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A study by BuzzSumo tracked engagement on Facebook posts by brands and publishers worldwide from July 2016 through June 2017 and noted that overall engagement was down about 20% in that timeframe. However, that decline was mainly due to lower engagement for image- and text-based posts. Video posts, on the other hand, declined only slightly and remained far higher than the other types when it came to the engagement they drove. BuzzSumo attributed the overall drop in engagement to a decline in organic reach on Facebook.

Average Engagement on Facebook Posts by Brands/Publishers Worldwide, by Content Type, July 2016-June 2017

	Videos	Images	Links	Total
July 2016	580	488	191	340
Aug 2016	604	488	207	347
Sep 2016	608	454	192	327
Oct 2016	585	445	195	324
Nov 2016	627	432	202	325
Dec 2016	616	454	201	334
Jan 2017	636	480	214	346
Feb 2017	568	419	204	312
March 2017	564	352	182	277
April 2017	557	335	177	269
May 2017	525	310	161	250
June 2017	560	325	168	264

Note: includes comments, "likes" and shares

Source: BuzzSumo as cited in company blog, Aug 29, 2017

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EXPERT INSIGHTS

"If we're seeing that the majority of videos are being watched without sound, we are actually creating videos that incorporate text or have subtitles."

—Courtney Silverstein, Mizuho Americas

"When you're looking at attribution models with omnichannel, we partner with Facebook in order to use that last-user touchpoint. We could actually take a user who's seen our ad campaign [on Facebook] and create a run in one of those first four pods before a movie showing, and then retarget them when they watch a show on Hulu."

—Tom Alexander, PK4 Media

LIVE VIDEO PLATFORMS

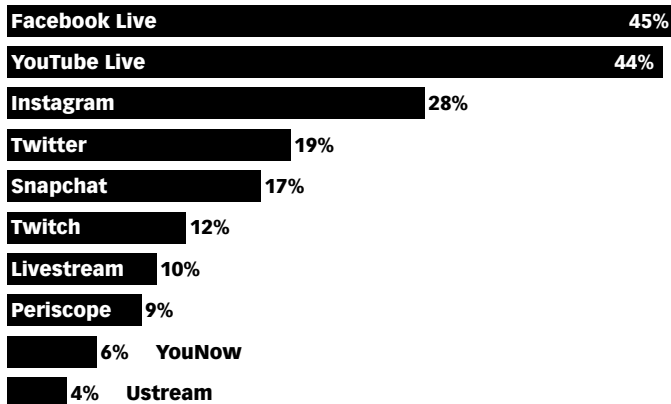
Effectiveness metrics on live video platforms are a work in progress given the newness of the format; the uncertainty stems from the unpredictability of advertising against live content and the lack of standards when it comes to the various kinds of ads and content.

Nevertheless, the number of views, number of concurrent views and engagement stats measuring how viewers are responding to the stream are among the metrics being tracked, some of them in real time.

A June 2017 survey of US live streaming video viewers by Magid found that Facebook barely edged out YouTube as the top platform used. Facebook's Instagram was a distant third, followed by Twitter and Snapchat.

Platforms Used by US Live Streaming Video Viewers to Watch Live Streaming Video, June 2017

% of respondents



Note: n=1,422 ages 8-64; via any device
Source: Magid, "Media Futures Study 2017," June 22, 2017

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EXPERT INSIGHTS

"For live video we look at how many people are watching at a given time, how many concurrents do we have, and then how many comments and what types of reactions we're getting while we're live. We also look at how many people will end up viewing that content [after the clip is archived], and again, interaction shares, that type of thing. But for live you get the added component of seeing the reactions of viewers in real time. When do those numbers spike? When do they go down? What are people interested in?"

—Justin Festa, LittleThings

INSTAGRAM

eMarketer raised its estimates for Instagram ad revenues in September 2017 based on Facebook's total business growth and particularly its success in mobile advertising.

US ad revenues on the platform will reach \$6.84 billion in 2019, more than double the 2017 total of \$3.08 billion. In non-US territories, growth will be even more robust, nearly quadrupling to \$4.02 billion in 2019 from \$1.03 billion in 2017.

Instagram Ad Revenues, US vs. Non-US, 2016-2019

billions and % of total

	2016	2017	2018	2019
US	\$1.61	\$3.08	\$5.40	\$6.84
—% of worldwide total	85%	75%	68%	63%
Non-US	\$0.28	\$1.03	\$2.54	\$4.02
—% of worldwide total	15%	25%	32%	37%
Worldwide	\$1.90	\$4.10	\$7.94	\$10.87

Note: paid advertising only; excludes spending by marketers that goes toward developing or maintaining an Instagram presence
Source: eMarketer, Sep 2017

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According to a NewsWhip study, most leading news and media publishers worldwide increased the number of videos they posted on Instagram for the 12 months ended in May 2017. Some of that growth, as with Bleacher Report, BBC News and Fox News, was incremental, but other publications—including Time, Sports Illustrated and People Magazine—sharply increased the number of clips they posted. Disney's ESPN was another property that went much deeper into Instagram video in 2017 than the year before.

Leading News & Media Publishers on Instagram Worldwide, Ranked by Number of Videos Posted, May 2016 & May 2017

	May 2016	May 2017
Bleacher Report	432	479
Sports Illustrated	8	325
ESPN	101	249
BBC News	140	154
Complex	121	148
People Magazine	13	122
Fox News	101	119
Thrasher Magazine	103	100
Time	7	68
Inked Magazine	33	63

Note: English-language content only

Source: NewsWhip, "What You Need to Know About Instagram," Aug 22, 2017

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Executives underscored Instagram's integration with parent company Facebook as well as its growing effectiveness as a direct-response channel.

EXPERT INSIGHTS

"If there's a retail component to the campaign, having users [be able to] click and purchase is very useful. It's still within the Instagram UI, but it will drive to that brand's site, [where] the user can purchase."

—Tom Alexander, PK4 Media

"Instagram is similar to Facebook. We look at overall engagement and clickthrough rate. It's also connected to Facebook Ads manager, meaning the same key metric used for Facebook videos can be applied to Instagram."

—Leah Woolford, USDM Holdings

TWITTER

Although Twitter showed better-than-expected user growth in 1H 2017, its ad revenue outlook is mixed. eMarketer's latest forecast, published in September 2017, projects a slight increase in Twitter's worldwide ad revenues, climbing to \$2.12 billion in 2019 from \$2.07 billion in 2017.

Twitter Ad Revenues, US vs. Non-US, 2016-2019 billions and % of total

	2016	2017	2018	2019
US	\$1.36	\$1.21	\$1.16	\$1.16
—% of worldwide total	60.5%	58.7%	56.9%	54.5%
Non-US	\$0.89	\$0.85	\$0.88	\$0.97
—% of worldwide total	39.5%	41.3%	43.1%	45.5%
Worldwide	\$2.25	\$2.07	\$2.04	\$2.12

Note: paid advertising only; excludes spending by marketers that goes toward developing or maintaining a Twitter presence; net ad revenues after company pays traffic acquisition costs (TAC) to partner sites; includes ad spending on tablets; excludes SMS, MMS and P2P messaging-based advertising; numbers may not add up to total due to rounding
Source: eMarketer, Sep 2017

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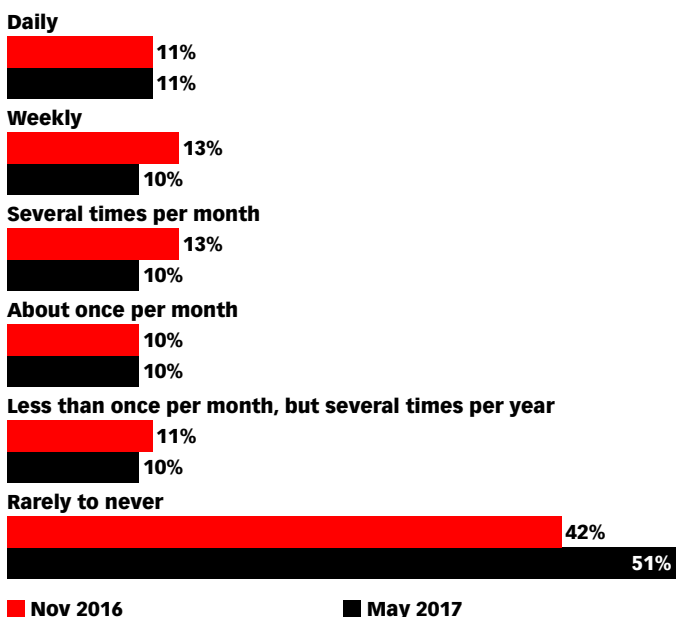
However, there are caveats to this data:

- Twitter's ad revenue growth will be minuscule, and it will come exclusively from outside the US—which remains its core market, at over 50% of total ad revenues. During the forecast period, Twitter's US business will trend downward.
- If one looks at the data going back to 2016, growth will be negative both in the US and worldwide. This is the first time since eMarketer started tracking Twitter that we are projecting a decline in its ad business for any given forecast period.

Those aren't the only worrisome stats for Twitter. An RBC Capital Markets study comparing usage in November 2016 and May 2017 found that the percentage of US Twitter users who "rarely or never" viewed videos on the platform actually increased, rising from 42% to 51%. And among those who did watch, the percentage of respondents who viewed video clips weekly or several times per month dipped by 3 percentage points during that span.

Frequency with Which US Twitter Users View Videos on Twitter, Nov 2016 & May 2017

% of respondents



Note: Nov 2016 n=834; May 2017 n=743; ages 13+; in the past 12 months; numbers may not add up to 100% due to rounding
Source: RBC Capital Markets, "The Social Butterflies: Highlights From Our Social Media Survey," June 1, 2017

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Despite these signs, agency executives continue to see potential in Twitter as a video platform, particularly because of its capacity to ignite viral interest through likes and retweets.

EXPERT INSIGHTS

"The main KPI is still plays, but Twitter makes sharing much easier with retweets and likes, which usually end up being the main engagement scores used to optimize against. A video with fewer plays but more likes/RTs is actually worth more in our campaigns."

—Mani Gandham, *Instinctive*

"When measuring success on Twitter, we focus on the core functions that a user can take with our ad, whether it be to consume video, click to [an outside] site or share our post. More recently, we are also paying attention to data from third-party verification partners, specifically impression delivery and viewability rates."

—Bradley LaMendola, *DigitasLBI*

SNAPCHAT

Snapchat shows promise as an advertising platform; eMarketer estimates US ad revenues will exceed \$2 billion in 2019, up from \$642.5 million this year. The US will remain by far the company's biggest market during the forecast period, representing at least three-quarters of total ad revenues.

Snapchat Ad Revenues Worldwide, US vs. Non-US, 2016-2019

millions and % of total

	2016	2017	2018	2019
US ad revenues	\$298.8	\$642.5	\$1,176.6	\$2,040.6
—% of worldwide total	87.8%	83.0%	80.0%	75.0%
Non-US ad revenues	\$41.4	\$131.6	\$294.1	\$680.2
—% of worldwide total	12.2%	17.0%	20.0%	25.0%
Worldwide	\$340.3	\$774.1	\$1,470.7	\$2,720.8

Note: paid advertising only; excludes spending by marketers that goes toward developing or maintaining a Snapchat presence
Source: eMarketer, Sep 2017

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Snapchat's strong growth belies uncertainty about the platform. eMarketer lowered its outlook for Snapchat worldwide ad spending relative to our previous forecast in October 2016. Video, in particular, is an area of concern; a March 2017 survey of US Snapchat users by J.P. Morgan showed that respondents engaged much more frequently with sponsored filters and lenses than with video ads on the platform.

Frequency with Which US Snapchat Users Engage with Snapchat Ads, by Format, March 2017

% of respondents

Engage with Sponsored Filters or Lenses on Snapchat



Swipe up on Snapchat ads



Watch Snapchat video ads



■ Very frequently ■ Frequently ■ Occasionally ■ Never

Note: ages 18+; numbers may not add up to 100% due to rounding
Source: J.P. Morgan, "Internet: Key Takeaways from Our Proprietary Social Media Perception & Usage Survey; FB Leads Across Scale & Engagement," March 31, 2017

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Many of the experts interviewed by eMarketer said they were just beginning to experiment on the platform, so it was too early for them to share their established best practices.

EXPERT INSIGHTS

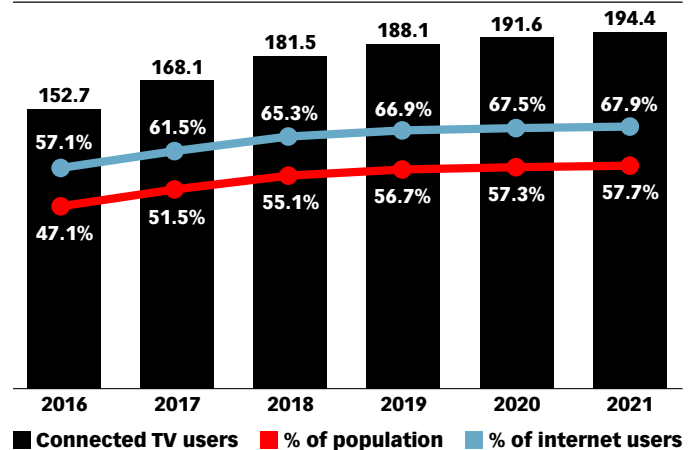
“Snapchat is uncharted territory. Given its dimensions and its vertical nature, as well as the short, ephemeral experience that makes it famous, it’s something we’re not quite sure what to make of in terms of the style, the content and how to drive it from a marketer’s standpoint.”
—Adam Corey, Tealium

“While the delivery of Snap Ads is different from the feed environment of other social partners, we attempt to level the playing field by analyzing with consistent metrics—that being video view rate. What we’re quickly learning is that it’s not sufficient to just place a video as mid- or post-roll and expect that users will stick around, but rather we must provide content that is truly endemic to the Snapchat platform.”
—Jenny Schauer, DigitasLBi

CONNECTED TV

eMarketer expects US connected TV users will climb by over 10% in 2017 to 168.1 million, representing 61.5% of internet users and 51.5% of the population. Gains will taper off to single digits starting in 2018 but will remain positive through 2021, when the number of users will reach 194.4 million.

US Connected TV Users and Penetration, 2016-2021
millions, % of population and % of internet users



Note: individuals of any age who use the internet through a connected TV at least once per month
Source: eMarketer, July 2017

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Ad industry executives are increasingly taking note of this segment because of its vast size, its growth prospects and its ability to bridge the gap to some degree between traditional TV and digital video advertising models. For the time being, advertisers see connected TV as an extension of linear TV, but the holy grail is to correlate it to digital and offline conversions.

EXPERT INSIGHTS

“With connected television ads, it’s still difficult to trace a path back to digital conversion and offline conversion. Those are things we’re super focused on and are huge opportunities for those of us in the digital ecosystem to stitch all that together.”
—Tim Sims, The Trade Desk

“On connected TV, people are leaning back and, if anything, they are skipping ads. The types of metrics I should be watching for marketers are whether people are engaging with the ad, or choosing not to skip if a skip option is presented. Those types of metrics are really what matters in the living room.”

—Adam Corey, Tealium

OUT-STREAM VIDEO

eMarketer defines out-stream video as a form of digital advertising in which video units are served in nonvideo environments—within text articles, social media feeds and video games, for example. This definition is based on the IAB’s “2016 Video Advertising Glossary,” which categorizes the following ad types as out-stream: in-banner video, in-article video, native video, in-feed video and interstitial video.

The term “out-stream” is designed to distinguish this category of ads from video units running within a video stream (“in-stream”), such as pre-rolls, mid-rolls and post-rolls. One of the hallmarks of out-stream ads is that they typically play only when at least half the ad is in view: If the user scrolls past the unit to where less than 50% is viewable, the ad stops playing. For that reason, the units typically score well when it comes to viewability.

Most executives interviewed for this report had little or no involvement with out-stream ads, but a few weighed in on how they measure effectiveness in this format.

EXPERT INSIGHTS

“It’s much harder to get a completed view in the out-stream environment since there is not a real incentive for a consumer to finish the video—[unlike in-stream ads,] it’s not gating them from content they’re actively seeking. On the flip side, however, that also indicates that every second viewed is perhaps more valuable to the brand, since any time a consumer spends with the content is out of pure interest. Unfortunately, the industry hasn’t yet cracked the code between the value of in-stream completed views vs. out-stream partial views, so the best path in the interim is to evaluate the two tactics side by side to look for trends in engagement, attitudinal lifts, etc., and formulate some educated hypotheses about the effectiveness of out-stream.”

—Jenny Schauer, *DigitasLBI*

“Effectiveness is viewed through the same lens [as in-stream ads]. You’re gonna look at things like completion rate and viewability, but viewability metrics tend to be quite good on out-stream because typically the ad doesn’t load until the vast section of the page is in view.”

—Tim Sims, *The Trade Desk*

EMARKETER INTERVIEWS

Why Different Video Ad Channels Require Different Success Metrics



Tom Alexander
Founder and CEO
PK4 Media
Interview conducted on July 26, 2017



Jenny Carrick
Head of Paid Social
MediaCom
Interview conducted on September 15, 2017



Adam Corey
Vice President, Marketing
Tealium
Interview conducted on September 14, 2017



Courtney Demko
Media Director
SapientRazorfish
Interview conducted on September 14, 2017



Vince Errico
Chief Digital Officer
Trusted Media Brands
Interview conducted on August 29, 2017



Justin Festa
Chief Digital Officer
LittleThings
Interview conducted on July 25, 2017



Aaron Frank
Vice President, Strategy and Insights
Branded Entertainment Network
Interview conducted on August 4, 2017



Mani Gandham
Co-Founder and CEO
Instinctive
Interview conducted on September 1, 2017



Jordan Hoffner
CEO
Salon Media Group
Interview conducted on September 18, 2017



Bradley LaMendola
Vice President, Director, Paid Social
DigitasLBi
Interview conducted on September 19, 2017



Belsasar Lepe
Founder and Senior Vice President, Products and Solutions
Ooyala
Interview conducted on August 9, 2017



Courtney McKlveen
Head of US Field Sales
Oath
Interview conducted on August 16, 2017



Michael Milligan
Senior Director, Product and Solution Marketing
Limelight Networks
Interview conducted on August 23, 2017



Jenny Schauer
Vice President and Director, Media
DigitasLBi
Interview conducted on August 4, 2017



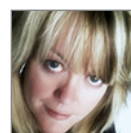
Courtney Silverstein
Vice President, Content Strategy and Social Media
Mizuho Americas
Interview conducted on August 4, 2017



Tim Sims
Senior Vice President, Inventory Partnerships
The Trade Desk
Interview conducted on August 9, 2017



Rebecca Steinberg Herson
Vice President, Marketing
Anodot
Interview conducted on July 27, 2017



Leah Woolford
Founder and CEO
USDM Holdings
Interview conducted on August 10, 2017

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