

## Online video monetisation made simple

by Dennis Rose, vice president, APAC, Brightcove

Cloud-based advertising content can be served by in-house server self-managed, networked server - by a third party, or an ad exchange server, which matches buyers and sellers. Advert types depend on the video content: they can be linear - in proportion to the video content length, non-linear - running alongside, or 'companion' - banner ads or text ads or branded 'skins'. They can also be governed by 'ad selector', allowing the viewer to select from a number of links. The best advertising systems allow defining advertising policies and targeting methods, provide choice of advert formats, utilise adaptive bit rate to optimise performance and support HTML5, for devices that cannot run Adobe Flash.



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It's no secret: there is money to be made in online video advertising. The revenue earned through online video advertising by publishers of all kinds grew 45 per cent in 2010 - more than any other online advertising segment. In the fourth quarter of 2010 alone, these ads drew US\$411 million. The question is: How do you leverage your Cloud-based video content? Once you have decided that you are ready to monetise your online videos, you need to decide who will sell your ads and how they'll be served to your site. You have three options: selling your ads in-house, then serving them through an ad serving platform, joining one or more ad networks, and having them handle both tasks, or using both an ad serving platform and an ad network in tandem.

An ad serving platform is for companies that sell their own ads through their own sales team. As ads are sold, they are transferred by an advertising operations team into an ad server, which then inserts them into online video inventory as specified.

An ad network is a company that aggregates ad space across multiple publishers, and then sells this inventory to advertisers. While each of the member sites might be too small to be able to meet advertiser requirements for scale and targeting, together, they add up to a viable number of 'impressions'.

An ad exchange is a platform that connects buyers and sellers of online ad inventory. Advertisers go to the exchange to find inventory, specifying content or audience targets, numbers of 'impressions' they want to run, and a total budget. The platform matches the buyer and seller, enables the delivery of the ad, and takes a small fee for the service.

It is possible to use combinations of methods. 'Remnant' ad sales allow you to use up unpaid inventory by placing your unsold inventory in an ad network or exchange. Priced at a lower cost than usual, you can increase your chances of earning revenue for every 'impression' on your site. Even if it's less than you would have preferred, it's better than no revenues.

Which method to choose? If you're publishing a small number of videos, such as one to five per week, it probably won't be cost-effective to hire a salesperson. On the other hand, if you're publishing 20 or 50 videos each week and drawing an increasingly large viewership, you'll make much more money with the help of in-house personnel to help with not only selling the ads, but also to optimise your ad strategy to maximise yield across your entire inventory.

### What's the right ad strategy for my content?

Intrusive or excessive ad placements can kill your video business. At the same time, too little advertising on premium content might represent lost revenue or make the difference between being in the red or in the black. Your ad strategy, including both the amount and the types of ads you run, should take into account the kind of content you run on your site and the context in which it appears.

Ads can be in a short-form video. No one wants to sit through a 30-second ad to watch 60 seconds of content. One guideline is to limit advertising to less than 20 per cent of the average video length watched per user. Look at prime time television. The most desirable content available on TV runs about eight minutes of ads for 22 minutes of content, or a ratio of roughly 3:1. Unless your show can rival *American Idol* in popularity, you'll probably want a better content-to-ad ratio than that.

Another advert type is the long-form video. If you're showing a half-hour documentary or webisode, a 30-second or even a 60-second pre-roll is entirely justified, but it won't earn as much revenues as you would expect from substantive content. A better approach is to insert additional ad breaks during the video, or even show multiple ads in succession. Another approach is to use non-linear ads such as overlays or banners that run alongside or under your video.

Adverts can also take the form of non-video placements. Your ad sales opportunities don't end at the edge of your player. When viewers come across your video, they're also exposed to the rest of the page that hosts the player, generating 'impressions' that you can monetise through banner ads, text ads, sponsorships, placement in content, and branded content. These companion ads or branding 'skins' (using the outer covering of the video player for logo and brand message) can make up a significant part of your overall revenue.

### What kinds of ad formats can I run?

The Interactive Advertising Bureau (*IAB*) provides guidelines and best practices for three of the most common types: linear video ads, non-linear video ads, and companion ads.

Linear Video Ads are also known as in-stream video ads. They are similar to TV ads, which run inside the player, before the featured content begins (pre-roll), or during an ad break (mid-roll), or after the end of the video (post-roll). These ads can be any length, but many advertisers prefer to use 15 and 30 second spots, to allow them to repurpose material produced in standard lengths for TV.

Non-Linear Video Ads run during video content, usually as text, graphical ads, or video overlays that appear in the lower third of the video window. Non-linear video ads don't delay video viewing, and typically disappear after a set length of time, such as the first ten seconds of a video. Text ads can be set to expand when the mouse hovers over them to show more information or offer a link. Video overlays appear first as an invitation to interaction, and play only in response to a viewer request, pausing the main video until the ad is complete.

Companion Ads are most often display ads or rich media ads that run alongside or surrounding the video player. A companion ad offers sustained visibility of the sponsor throughout the video experience for added impact. For this reason, video ads with companion banners usually command a slightly higher CPM (*Cost Per Mille*) than those without.

Ad Selector is an option that is gaining popularity. It gives viewers a measure of control over the ads they see. As seen on sites including Hulu, Yahoo! and CBS, an 'ad selector' appears before the video begins and allows the viewer to select among multiple advertisers, different products from the same advertiser, different creative themes, ad placements, or other options.

Sponsorship takes various shapes. Some publishers offer customised integrations that can include in-stream video ads, overlays, companion units, 're-skinned' video windows, and takeover ads. These sponsorships tend to be sold on a time basis, such as a roadblock sponsorship where the advertiser owns the entire inventory on a page for a full day. On a simpler level, publishers can sell burned-in ads and/or bumper sponsorships as lightweight alternatives to full in-stream ads.

### How should I choose an ad server?

If you're selling your own ads, you'll need an ad server to place them in your video inventory. Broadly speaking, the choice comes down to an inexpensive or free low-end system, or a more sophisticated paid system. Some Cloud-based online video Cloud solutions also enable you to both publish videos and monetise their content through online video advertising. When comparing solutions look for one that offers policy definition and targeting that can handle multiple ad formats, can offer adaptive bit rates, and can handle non-PC ad delivery.

You want a solution that allows you to set ad policies to specify policy, that is, when to request ads (before, during, or after a video), how often to request ads, and how many ads to request. The ability to set targeting parameters for a video, a player, or even a given ad insertion point can help you increase revenue by segmenting your inventory more extensively, which makes it possible to charge advertisers higher CPMs for targeted 'impressions'.

A variety of ad formats is also important. The number of popular video ad formats in the industry can add to the complexity of ad operations for publishers. Look for a solution that supports a broad spectrum of ad formats, including VAST (*Video Ad-Serving Template*),

VPAID (*Video Player Ad Interface Definition*), and other common industry formats.

The better online video platforms use Adaptive Bit Rate (*ABR*) or Multi Bit Rate (*MBR*) technology to modify the quality of your video content to match each viewer's specific screen type and connection, ensuring optimal resolution without pauses or buffering. This is a key requirement for any ad-supported content. After all, if people can't view your videos effectively, all of the ad inventory in the world won't make you any money.

Today's consumers use a vast proliferation of devices, from touch-screen smartphones and tablets to connected TVs and over-the-top devices like Roku and Apple TV. Not all of these devices support Adobe Flash-based video delivery mechanism as a traditional PC, so they cannot run ads created in Flash. Fortunately, more and more non-PC connected devices now support HTML5, which incorporates video delivery as a native part of the browser itself. As a result, it is important to find a solution that is fully committed to HTML5 for the delivery of online video and video advertising.

### Build your online video ad success

By developing, implementing, and optimising an advertising strategy for your online video content, you can tap into this well-established market to support your online video operations and open an important new revenue stream for your business.

One company that leads the way is Television New Zealand (*TVNZ*), the government-owned broadcasting network. It operates 'TVNZ ondemand', a service available only in New Zealand that allows online television viewing of popular shows that run on the regular TV. TVNZ outsources much of the hard work of online video delivery using a Cloud-based solution that handles the revenue-generation part as well. TVNZ is able to maximise advertising revenue by offering branded skins on key pages and an ad selector, which they can sell for a 21 per cent premium, ad serves with screen pause and ad hovers. The last three alone will account for about six per cent of TVNZ ondemand revenues next year.

Other companies such as Lotte Chilsung, a South Korean food manufacturer, have also used branded skins for video players as part of an integrated campaign to promote its drink '2 Pro'. The award-winning campaign helped to increase sales of the drink considerably.

TVNZ and Lotte Chilsung are just two examples of how companies in the Asia-Pacific have been able to increase their revenue by choosing the right Cloud-hosted video delivery solution. ●