

Driving Quality in Online TV Advertising

While global online video [ad spend](#) is set to grow over 20% in 2015 and it is now the fastest growing [ad category](#), quality in online video advertising remains a core challenge to continued growth in the medium. Online TV broadcasters and media publishers, and the industry at large, have work to do to improve the video ad experience for advertisers and consumers, achieve parity with linear TV video quality, and ensure future success.

This white paper will explore some of the [key issues](#) currently affecting online video ad quality; examine the growth and impact of premium, programmatic trading and private exchanges, as well as enhanced metrics and currencies, on quality; and offer recommendations for what online TV providers can do to ensure a healthy video advertising ecosystem in the dynamic days ahead.



QUALITY ISSUES

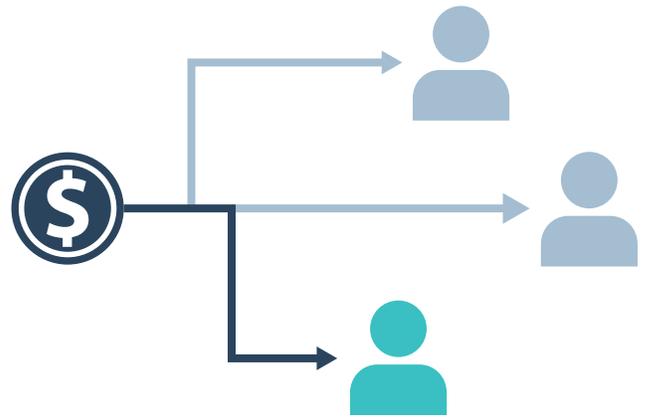
The relationship between online video ad buyers and sellers has long been plagued with trust issues. Premium video inventory to drive TV-level audience reach and ad budgets remains [scarce](#); primarily sold directly by premium media brand and TV sites, it is often offered behind paywalls or quickly sold out. Non-premium, mid-to-long tail inventory, primarily sold through exchanges and ad networks—and driving the bulk of total online video ad revenue—is often [unreliable](#). This non-premium inventory particularly has had its share of challenges in the space, revolving around several core problems:

- Ads appearing in [pirated](#) or non-purchased content—jeopardizing brand safety
- Ads attached to non-viewable [impressions](#)—reducing impact
- [Non-human](#) generated impressions (bots and botnets)—siphoning ad dollars
- Lack of accountability and perceived [transparency](#)—decreasing trust

These are not minor issues—indeed, fraud is a huge cost to the industry. The price tag of poor-quality video ad [impressions](#) has been reported at a staggering \$1.2 billion each year, and a recent study found that 56% of online video ads tracked were found to be [non-viewable](#). Incredibly, nearly one-quarter of video ad impressions in 2014 reportedly came from [bots](#).

Resolving these quality problems is becoming vital to the growth of the medium, as TV ad budgets continue to shift to and converge with online video ad budgets—increasingly driven by audience migration, and the efficiencies of programmatic technology.

Data-driven, programmatic technology for video offers broadcasters and media publishers a multitude of ad inventory benefits including detailed analyses, increased yield optimization, and streamlined integration of multi-platform campaigns. The use of this technology is expanding: Programmatic [video ads](#) are expected to secure 40% of U.S. digital video ad spending in 2016—a total of \$3.84 billion—up from 28% this year. These factors have helped to fuel interest in and access to the premium, higher-quality inventory that online TV providers are increasingly making available via this technology.



PROGRAMMATIC PREMIUM AND PRIVATE MARKETPLACE IMPACT ON QUALITY

Understandably, improving quality remains a critical concern to ensure the growth of online video advertising, but innovative solutions like [programmatic premium](#) for more automated trading on higher-quality video inventory, and [private marketplaces](#) (PMPs) with preferred trading partners, are advancing among online broadcasters and media publishers around the world.

Programmatic premium trading can help:

- promote brand-safe environments
- expand inventory access
- offer reliable delivery
- provide rich insights and forecasting
- drive increased revenues

While programmatic premium trading for online video is [growing](#), private programmatic markets are also increasingly preferred by broadcasters and media publishers, who can maintain better control of their most valuable inventory, rates, and ad partners.

For example, European broadcasters are leveraging the power they have to deliver high-quality video ad inventory and are forming cooperatives to generate greater audience reach. Videoplaza's [Aunia](#) service united Spain's largest commercial broadcasters into a private marketplace for broadcasters—an invitation-only exchange for programmatic premium video trading. The group was able to maintain the value of unsold inventory, increase average CPM rates and revenue, and offer advertisers a safe, high-quality trading environment.



In the U.S., NBCUniversal has enabled a data-focused, private exchange for select clients via its [NBCUx](#) offering, spanning the company's many content verticals, platforms and inventory types (including online video) to drive scale.

The use of programmatic and private, premium exchanges for [linear TV](#) advertising is also emerging—promising to drive even greater platform parity, convergence, and quality improvement. In fact, a 2014 [study](#) indicated that U.S. brands and agencies spent more than 30% of their ad budgets on online video and TV cross-platform buys.

METRICS AND CURRENCIES IMPACT ON QUALITY

As the industry steps ever closer to a universal [GRP](#) measurement and other standard metrics, broadcasters and media publishers will be better able to measure ad viewability and performance; sell, integrate and optimize inventory; and accurately track and analyze audiences across video screens. These advances promise to accelerate cross-platform buys and online video ad growth, and improve the overall ad quality, value proposition and revenues for [this group](#).

In addition to efforts by U.S. companies like [Nielsen](#) to develop a common GRP across platforms, in markets like France, there has been an industry decision among leading companies from both the buy-side and sell-side to agree on a common national standard to measure campaign impact. Médiamétrie is the national French measurement institute that will guarantee the standard and IAS ([Integral Ad Science](#)) is the company chosen to provide the measurement tools used to follow through with it. [Médiamétrie's](#) online video GRP measure is designed to incorporate ad completion rates and viewability so that online campaigns can be more easily compared to those on linear TV. Broadcasters and advertisers will use the standard as a basis for all video ads being traded in France. For example, the French TV network [M6](#) is currently looking to integrate online GRP in their sales process and in their tools to be able to live up to the standard.

[Viewability](#) as a standard metric is increasingly being employed by online TV providers to strengthen the validity of their video ad impressions and overall video ad quality. According to Media Rating Council (MRC) guidelines, the [measure](#) shows that 50% of a video ad was viewed for at least 2 seconds. By removing non-viewable

impressions from campaigns, the metric can help improve ad placement and increase ad revenue, and recent studies have pointed to generally higher [viewability](#) grades among the premium video ad inventory found on major media and broadcast [sites](#) like CBS.

Finally, online broadcasters and media publishers are moving towards deeper engagement metrics and alternative pricing models to drive quality in lieu of traditional impression-based models. For example, [CPV](#) (cost-per-view) is one option based on video quartile viewing completion events—versus impressions served in the CPM model—to provide a more attractive currency established on measured performance and engaged views. Online TV providers need to be open to evolving standards, aligning with metric standards providers and ad tech vendors that can support them.

RECOMMENDATIONS TO IMPROVE QUALITY

There are a number of actions that online TV providers can explore to minimize online video ad quality issues and maximize growth:

- [Team](#) with online video-focused, programmatic supply-side platforms (SSPs) to trade with demand-side platforms (DSPs) on your terms, and manage inventory in a transparent, holistic manner
- Employ a metric like [viewability](#) to improve the validity of ad impressions
- Explore alternative engagement metrics and pricing [models](#) to serve as more stable currencies
- [Improve](#) internal methods and technology to self-monitor inventory, sites, and partners
- Push for increased standardization, measurement, transparency and guidelines to elevate the [industry](#)

Taking these steps will help steer online TV providers—and the online TV advertising universe as a whole—towards greater quality, credibility, opportunities and innovation for the future.

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