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**THE STATE OF DIGITAL
VIDEO ADVERTISING**

2019

**MAJORITY
STRATEGIES** 
ELECTIONS ■ ADVOCACY ■ BRAND





CONTENTS

▪ Introduction	3
▪ Findings	4
▪ Advertisers Planned Advertising Spend by Channel	4
▪ Current Digital Advertising Video Spend Allocation by Platform	5
▪ Mobile Usage (Finally) Passed TV	5
▪ Why You Need to Start Advertising Early	6
▪ Get Smart: Connected TV and OTT	8
▪ Optimizing Your Video Campaign	10
▪ Keys to Success on Social Media	12
▪ Summary	14



INTRODUCTION

Video advertising now accounts for nearly 2/3 of all digital advertising spend, which has itself increased 25% this year.¹ Mobile is the main driver, growing to 78% of all video consumption in 2019.²

At Majority Strategies, we constantly analyze advertising data and research market trends to develop insights on the industry and tactics for efficient digital video advertising.

Here's what we found.

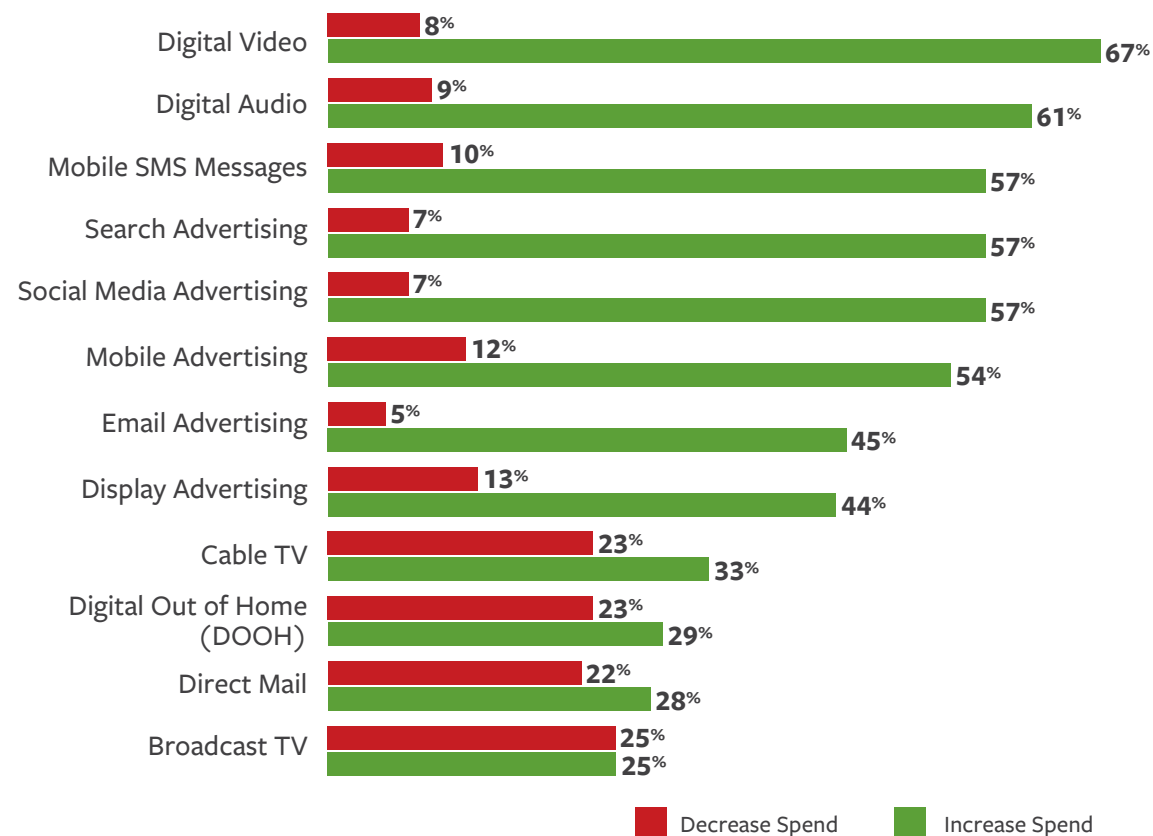


Findings

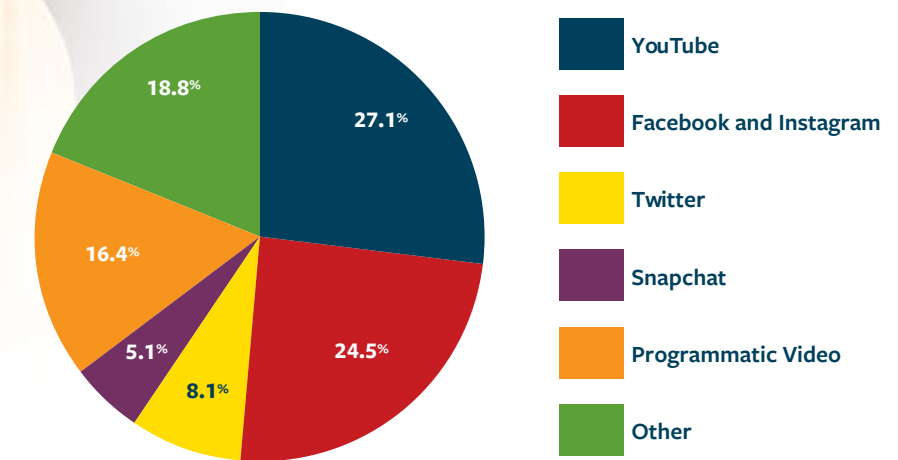
Advertisers plan to spend more on video.

As advertisers decide where to increase or decrease their spend, 67% plan to increase spend on digital video. Just 25% plan to increase spend on broadcast TV. 54% plan to increase spend on mobile advertising.

ADVERTISERS PLANNED ADVERTISING SPEND BY CHANNEL:³



CURRENT DIGITAL ADVERTISING VIDEO SPEND ALLOCATION BY PLATFORM⁴



Over 50% of current digital advertising video spends are on YouTube, Facebook and Instagram.

Twitter, Snapchat, Programmatic Video and other platforms comprise the remaining spend.

MOBILE USAGE (FINALLY) PASSED TV⁵

3 Hours 35 Mins



3 Hours 43 Mins



For the first time ever, Americans are spending more time on their phones than watching TV.

While Americans spend 3 hours and 35 minutes watching TV, they spend 3 hours and 43 minutes on their phones. If mobile advertising is not a key component of your advertising strategy, now is the time to re-evaluate.

IF MOBILE ADVERTISING IS NOT A KEY COMPONENT OF YOUR ADVERTISING STRATEGY, NOW IS THE TIME TO RE-EVALUATE.



WHY YOU NEED TO START ADVERTISING EARLY



When It Comes to Political Ads ... Start Early

Political advertisers should start digital campaigns early to stand out and maximize their video effectiveness.

Starting early means avoiding higher delivery costs to compete for inventory on a politically saturated audience. Also, starting early can allow you to get needed touches at a lower cost and in some instances locking in CPMs.

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WHAT YOU NEED TO KNOW

- Digital spend accounted for less than 7% of 2018 political spend. Considering Trump spent 44% on digital in 2016, projections for 2020 are much higher.⁶
- An August study shows that 46% of social media users are already exhausted with political content.⁷
- Facebook CPMs increased by 25% in the 8 weeks leading up to the 2018 election.⁸
- 56% of Google's political spend occurred in the month leading up to the 2018 election.⁹
- Dollars were mostly spent on YouTube and Search.
- Start early and avoid paying more to compete for inventory on a politically saturated audience.
- Alternatively, YouTube allows advertisers to reserve inventory in advance – locking in CPMs at a standard rate.

MAJORITY STRATEGIES TARGETS CORD CUTTERS PROGRAMMATICALLY ON OTT (OVER THE TOP) AND CTV DEVICES OR ON PREMIUM CHANNELS LIKE HULU, ESPN, AND FOX SPORTS.

GET SMART: CONNECTED TV AND OTT



TVs Are Getting Smarter ... You Should be, Too

Internet TV advertising inventory has already grown by 15% this year¹⁰ due to more TVs having internet capabilities and the addition of live streaming, allowing for opportunities for targeted buys on primetime shows, college and professional sports, and national or local news. Majority Strategies targets cord cutters programmatically on OTT (Over the Top) and CTV devices or on premium channels like Hulu, ESPN, and Fox Sports.

WHAT YOU NEED TO KNOW

- Connected TV and OTT (Over the Top) ads will reach more than 75% of American households this year.¹¹
- Roku continues to maintain market dominance, with 1 in 3 TVs sold in 2019 being Roku compatible.¹²
- Hulu has surpassed 25 million users, and 72% of accounts are not on an ad-free plan.¹³



OPTIMIZING YOUR VIDEO CAMPAIGN

Majority Strategies has identified the most important tactics to make the most of your video campaign – regardless of platform.



Use Data

A new report shows that \$0.21 of every \$1 spent on digital advertising is wasted on inaccurate targeting.¹⁴ Majority Strategies has the most advanced targeting, using a combination of voter, consumer, and mobile location data to build custom audiences tailored to any initiative.



Make It Relevant

To use video advertising effectively, we have to make the message applicable and specific to the targeted audience. Strong data makes content more relevant and personal to the viewer, leading to higher engagement rates and better results. Personalizing digital advertising can mean content specific to region, issue, demographics, employment industry, and more.



Keep It Short

Our research indicates that the optimal lengths for video advertising is 6 and 15 seconds. Completed views cost the least and both formats have non-skippable inventory on some platforms. Maximize your video budget and reach target frequencies with 6 second videos, called bumper ads, and deliver 3 bumper ads at the price of one 30 second video's spot.

MAXIMIZE YOUR VIDEO BUDGET AND REACH TARGET FREQUENCIES WITH 6 SECOND VIDEOS, CALLED BUMPER ADS, AND DELIVER 3 BUMPER ADS AT THE PRICE OF ONE 30 SECOND VIDEO'S SPOT.

Video Length	View Rate	Average Watch Time (s)	Cost per Completed View
6	69.41%	4.60	\$0.04
15	71.72%	10.53	\$0.05
30	39.98%	9.81	\$0.13
>30	45.62%	19.91	\$0.18

KEYS TO SUCCESS ON SOCIAL MEDIA

Social media controls nearly 40% of all video ad spend, and your video ads should be tailored for social to make the most of your campaign.



Assume a Mobile Audience

94% of video ads on Facebook and Instagram are delivered to mobile devices.¹⁵ Use mobile optimized formats and shorter videos to maximize your video campaign.



Use Thumbnails to Maximize Impressions

22% of Facebook video ads are served without the video playing to 3 seconds. Using an eye-catching thumbnail to grab users' attention will not only increase interest in watching the video but will also deliver your message even when the video was not played.



Don't Forget to Caption That

A staggering 85% of video ads on Facebook and Instagram are viewed with sound off¹⁶ which means captions should be vital to your strategy. Additionally, large block text in your videos is a strong method of catching users' attention while combatting muted impressions.



Keep an Eye on Recall Rates

Ad recall, or the rate of users likely to recall the content after seeing an ad, is a strong metric for understanding what message resonates with your audience. Anything above 10% is considered excellent, so A/B test messages and audiences to quantify their effectiveness and optimize accordingly.

A/B TEST MESSAGES AND AUDIENCES TO QUANTIFY THEIR EFFECTIVENESS AND OPTIMIZE ACCORDINGLY.

SUMMARY

Digital advertising is going to change the landscape for 2020. The preferred platforms are mobile devices, the best medium is video, and the most effective content is personalized.

Majority Strategies can deliver more ads, directly to voters' phones where users will watch the video longer and completed views cost less. We continue to study, adapt, and adjust our problem-solving methods so that as the industry changes, so do our tactics, getting the best results for our clients.

As video continues to grow in its prominence, Majority Strategies is constantly reviewing our data and finding best practices.

Ahead of 2020, be sure that your digital video strategy is in place. Reach out to one of Majority Strategies' representatives to learn more.

DIGITAL ADVERTISING IS GOING TO CHANGE THE LANDSCAPE FOR 2020. THE PREFERRED PLATFORMS ARE MOBILE DEVICES, THE BEST MEDIUM IS VIDEO, AND THE MOST EFFECTIVE CONTENT IS PERSONALIZED.

ENDNOTES

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|---|---|
| 1 (IAB, 2019) | 9 (Tech for Campaigns, 2018 Political Digital Advertising Summary Report) |
| 2 (MarTech, April 29) | 10 (eMarketer, June 2019) |
| 3 (Borrell, 2019 Local Advertiser Survey) | 11 (IAB) |
| 4 (eMarketer Feb, 2019 and Sojern, 2019) | 12 (Roku) |
| 5 (eMarketer, June 2019) | 13 (Hulu) |
| 6 (Tech for Campaigns, 2018 Political Digital Advertising Summary Report) | 14 (AdWeek, August 2019) |
| 7 (Pew Research Center, August 2019) | 15 (eMarketer, April 2019) |
| 8 (Tech for Campaigns, 2018 Political Digital Advertising Summary Report) | 16 (Renderforst, Video Marketing Statistics Report) |

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