

A BREAKTHROUGH YEAR

**DIGITAL  
VIDEO  
2013**

## Canada Video Advertising Report

## INTRODUCTION

### Video advertising: Canada's breakout year

2013 will be a breakout year for the video advertising market in Canada. Brands and agencies are adopting sophisticated programmatic buying, and improved targeting to bring digital video advertising into the mainstream, with advanced cross-device measurement on the way. No longer seen as experimental, digital video is delivering proven ROI and effective brand reach to Canadian marketers, as evidenced in this survey and the rapid adoption of the medium.

**Nearly 92% of internet users over the age of 14 watched video at home or at work in 2012, a higher percentage than anywhere in the world except Argentina.**

-eMarketer

Canadian consumers were early adopters of online video and now rank second worldwide after the British in terms of time spent and number of videos viewed per month. In Q4 2012, Canadians spent 25 hours per month viewing an average of 291 videos on their computers, smartphones and tablets. More and more, Canadians are watching videos on their mobile devices. Some 62 percent of Canadian mobile phone subscribers owned smartphones in Q4 2012, and 37 percent of smartphone owners reported regularly watching videos on their phones, compared to just 16 percent a year earlier<sup>1</sup>.

While Canadians are some of the most video-savvy consumers on earth, spending on video advertising in Canada has lagged the US, where marketers spent \$3 billion on video ads in 2012. Now, Canadian advertisers are starting to accelerate spending to leverage the power of sight and sound to connect with consumers. Canadian advertisers spent C\$128 million on video advertising in 2012, a 75 percent increase from 2011, and will spend C\$181 million in 2013<sup>2</sup>. The 2013 BrightRoll Canada Video Advertising Report shows a strong upward trajectory for video advertising spend in Canada.

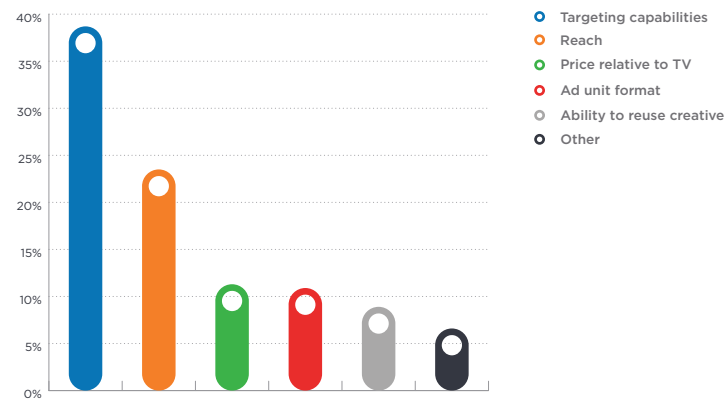
Since 2010, BrightRoll has surveyed the digital video industry to enable advertisers to navigate the landscape and gain a better understanding of the opportunities and challenges that video advertising presents. Annual BrightRoll video advertising reports are now available for the US, Canada and UK. This is the third year BrightRoll partners with IAB Canada to mine insights from Canada's leading advertising professionals. This year's report is based on responses from more than 300 executives at top advertising agencies across Canada.

## TRENDING

### Video is effective

Video advertising works to increase engagement, build brand reach, and deliver sales — making it the fastest-growing segment of online advertising in Canada. In 2013, Canadian advertisers will increase spending on video by 42 percent and mobile ads by 72 percent, but will only increase search spending by 10 percent, display by 8 percent, and email by 7 percent. Strong growth in online video ad spending is projected through 2016, when it will reach C\$360.5 million.<sup>3</sup>

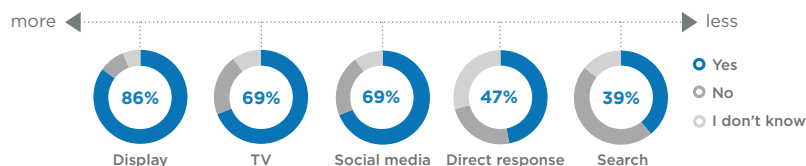
#### 1. Which aspect of video advertising do your clients view as most valuable?



Video advertising holds many advantages. In particular, video offers advertisers precise targeting, yet broad reach. When asked which features of video advertising their clients found the most valuable, 39 percent of Canadian agencies cited targeting capabilities and 24 percent cited reach. The next most-cited attribute is ad unit format at a distant 11 percent.

One of the strongest measures of growing maturity in the Canadian digital video advertising market was found in the response to the importance of reusing creative. In the 2012 study, 22 percent of agencies reported reusing creative, mostly from TV campaigns, to be the most valuable aspect of digital video advertising. In this year's study, only 9 percent of respondents cite reuse of creative as the most valuable aspect of digital video — showing an increased understanding of digital video as a unique platform requiring its own creative, instead of an afterthought to TV.

## 2. Compared to the following channels, is video equally or more effective?



Adopting advanced measurement techniques, Canadian ad agencies now believe that video ads can outperform other media. When asked how the effectiveness of digital video compares to TV, social media, search advertising, direct response, and display, Canadian agencies give a strong endorsement to digital video.

In 2013, 69 percent of agencies said video advertising is equal or more effective than TV ads, a slight increase from 2012. What's more, 86 percent of respondents find video advertising equal or more effective than display, a 5 percent increase from a year earlier, while 69 percent of agencies find video equally or more effective than social media.

# VIDEO ADVERTISING IS VALUABLE

Top answers agencies gave to describe the power of digital video.

- High ROI
- Engagement
- Highly responsive
- Incremental reach
- Creative opportunity
- Premium online content
- Messaging that speaks to users
- Creates lift for purchase intent
- Great branding tool for awareness



## Video ad spending on a tear

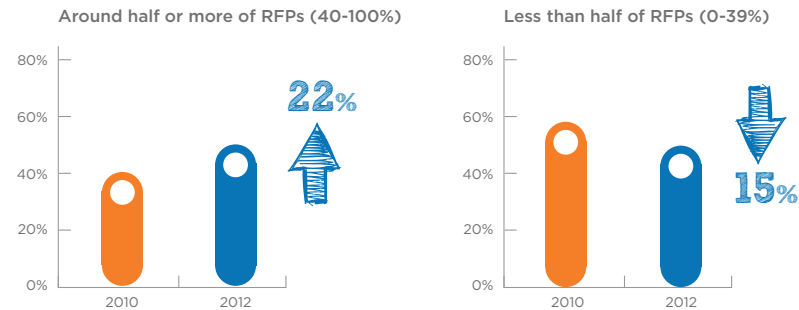
The growth of digital video advertising shows no signs of slowing in Canada. In this year's survey, agencies report a larger percentage of their clients asking to include digital video in their campaigns than ever before.

### Online video ad

spending growth will significantly outpace other ad formats in Canada during the next several years.

-eMarketer

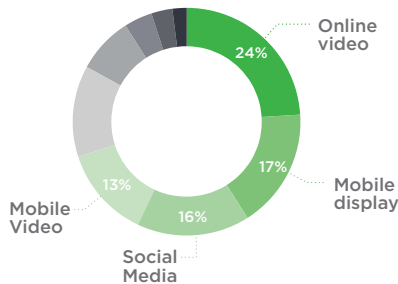
### 3. What % of your RFPs included a digital video ad component in 2012?



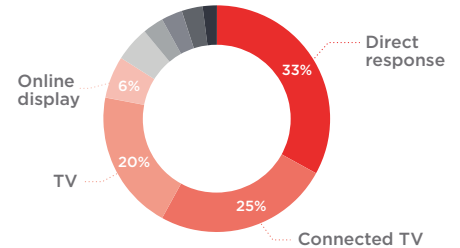
As represented in the above chart, 50 percent of agencies reported that half or more of their RFPs included a digital video component in 2012 — a 22 percent increase compared to just two years earlier.

### 4. Which advertising categories do you expect to see the highest and lowest growth in media spending this year?

#### HIGHEST GROWTH (% of respondents)



#### LOWEST GROWTH (% of respondents)



Categories include: Connected TV | Direct response | Mobile display | Mobile video | Online display | Online video | Search advertising | Social media | TV

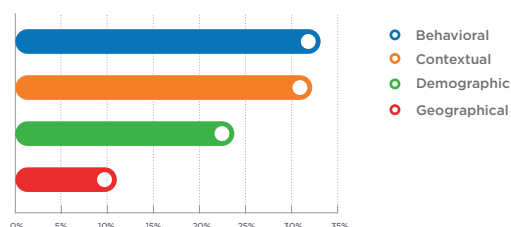
Digital video is also taking a larger and larger portion of Canadian advertisers' budgets. When asked which media category will account for the largest increase in 2013 spending, 37 percent of agencies say either online or mobile video — by far the largest percentage for any category. In comparison, 17 percent cite mobile display, 16 percent social media and 8 percent online display as the categories set to experience the largest increase in spending. By contrast, TV, connected TV, and direct response are cited as the mediums expected to experience the least growth this year.

## TARGETING

### Right audience, right message, right time

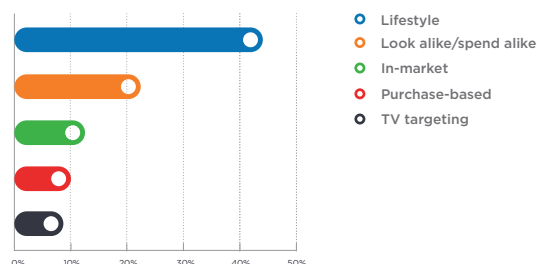
For Canadian advertisers, the ability to target ads to precise, highly-engaged audiences is seen as the most valuable aspect of digital video advertising. Digital video holds the promise to reach the right viewer, on the right device, at the right time – while at the same time delivering the superior engagement that comes with sight and sound. Like display and paid search, digital video delivers advanced data-driven targeting capabilities, but like TV, it engages viewers in an emotional, brand-driven experience; it's the best of both worlds.

#### 5. What form of targeting do you find most valuable for digital video advertising?



When asked which type of targeting they find the most valuable, a third of agencies cite behavioral targeting, with contextual targeting coming in a close second. Demographic targeting is favored by 23 percent of respondents, while 11 percent favor geographical targeting – of special importance in Canada, where advertisers must ensure French language ads reach viewers in Quebec.

#### 6. What type of behavioral targeting do you expect to use the most in your video advertising in 2013?

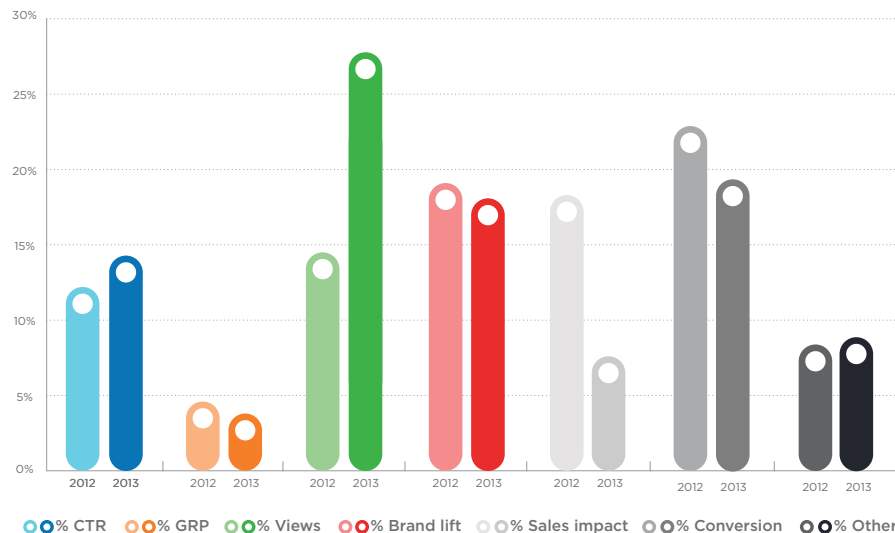


Not all behavioral targeting is created equal, and Canadian advertisers are savvy when it comes to using the most advanced methods. Some 44 percent of agencies say their clients favor lifestyle targeting for video ads – a traditional form of targeting in print media that is now applicable across digital video channels. Look alike-spend alike is the second most popular way to target behaviorally, with in-market coming in a distant third. Only a small minority of respondents look to target their digital video ads based on traditional TV viewing parameters – showing once again that Canadian advertisers see digital video as an entirely new medium, and not simply an extension of TV.

## Campaign effectiveness and audience reach

Canadian advertisers are increasingly looking to use advanced measurement tools to pinpoint the effectiveness of their ads in reaching target audiences. Thus, metrics that provide a deeper understanding of a campaign's impact on audience behavior are highly valued.

### 7. What is the most important success metric for your video campaign?

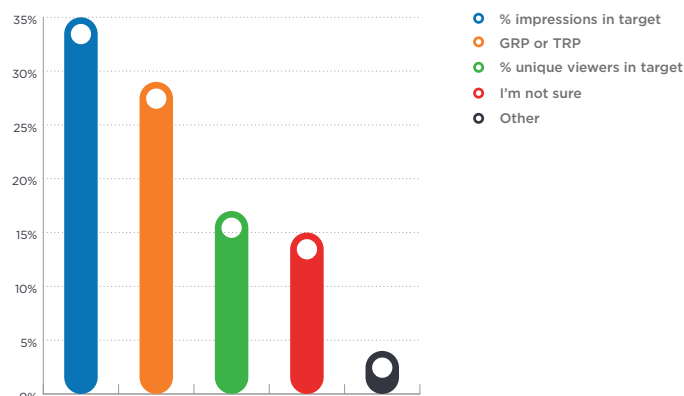


There are many ways to measure the success of digital video campaigns, but completed views are by far the preferred success metric among Canadian agencies in 2012. Some 28 percent of respondents in the survey cite completed views as the most important success metric, a meteoric 92 percent rise from last year. The hard metric of conversion and the soft metric of brand lift are the second and third most important, respectively.

The move toward measuring the effectiveness of video campaigns using completed views is not surprising, as Canadian advertisers, like their US counterparts, are buying more video ads on a cost-per-view (CPV) basis. A recent study found that 40 percent of video ads sold in North America in 2012 were CPV — a two-fold increase from 2010<sup>4</sup>.

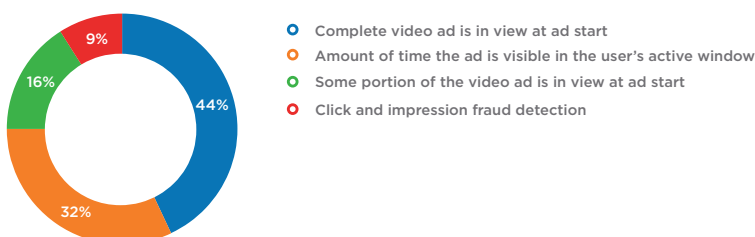
Less than 4 percent of respondents say GRP is the most important campaign success metric — perhaps reflecting a view that GRP is better used to measure audience than campaign success. In other words, GRP allows advertisers to plan an ad's potential reach to target audiences, while completed views measure the engagement of the target audience with the ad. This dynamic is reflected in agencies' response to the next question.

## 8. When it comes to audience measurement, which metric do your clients value most for video advertising?



Some 30 percent of agencies say GRP/TRP is the best metric to measure audience reach, while 36 percent favor measuring the percentage of impressions in the target audience. Measuring percentage of unique viewers in the target audience is falling as advanced iGRP techniques allow advertisers to get a more precise reading on audience reach.

## 9. Which of the measures below do you consider when measuring viewability for video ad campaigns?



Viewability has gained increased importance and discussion in the industry. Respondents were asked if they validate viewability — a strong 67 percent of Canadian agencies answered they seek to validate viewability of video ad campaigns. While industry standards for measuring viewability of video ad campaigns are still being defined, agency respondents are already indicating what is most important to them and their clients. The lead measure is complete video ad in view at ad start (44 percent), followed by the amount of time the ad is visible in the user's active window (32 percent).

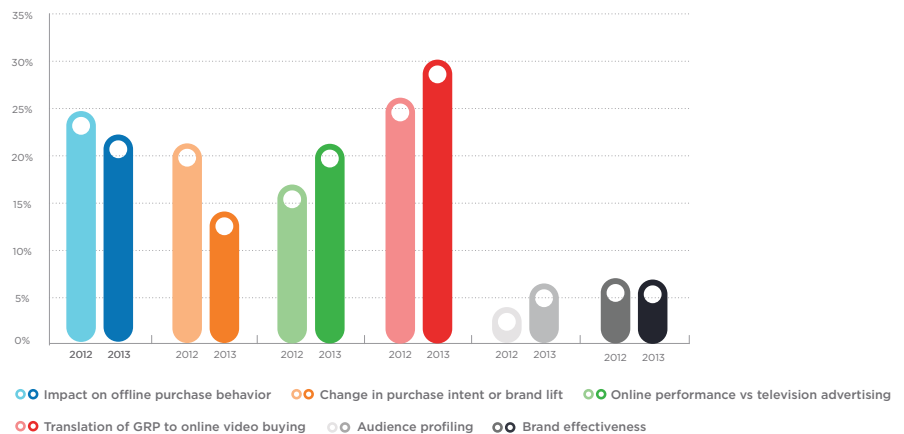


## More research needed

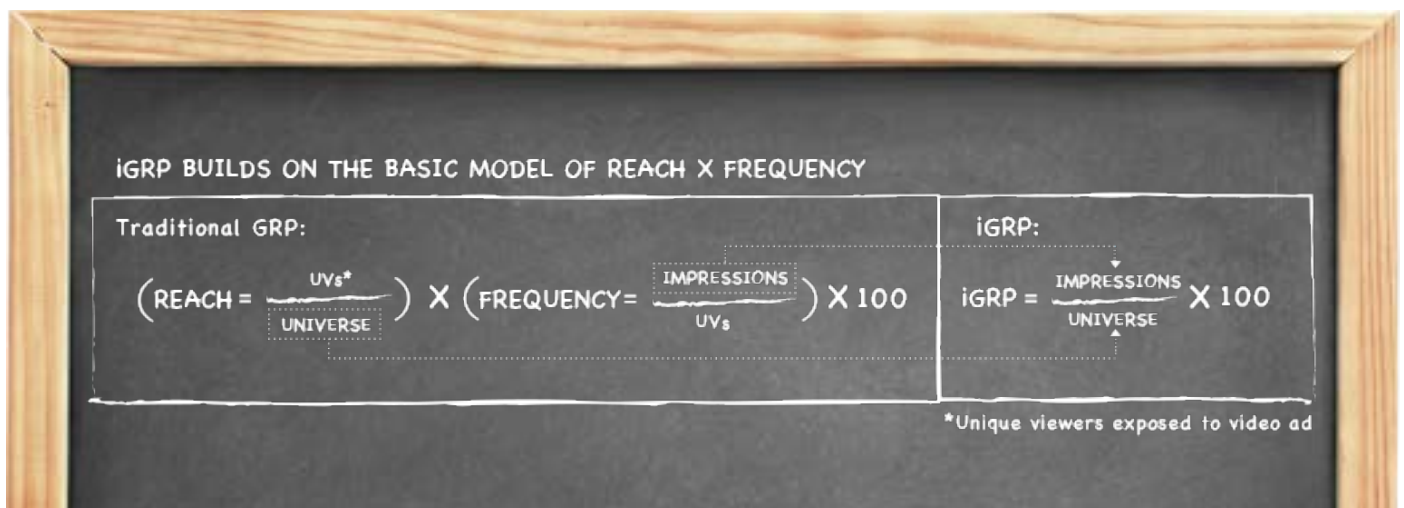
For the second year running, agencies show a strong desire for more industry research into how to translate GRPs to digital video buying. More agencies are also interested in measuring the performance of digital video ads versus TV. Clearly, agencies no longer question whether digital video is effective, and are now rather asking how video ads on computers, tablets and smartphones can complement TV buys.

What's more, agencies are keenly interested in finding ways to more accurately measure the impact of digital video advertising on offline purchase behavior. As digital video becomes a critical component of advertisers' overall media mix, agencies are eager to prove digital video's cross-channel impact.

### 10. In which area of video advertising would you most like to see additional research on?



Agencies and their clients may understand the benefits of GRP for audience measurement, but they don't yet have adequate tools to actually use it in planning and measuring digital video campaigns. The industry is moving toward creating iGRP standards to adequately measure audience reach of digital video ads across web and mobile.



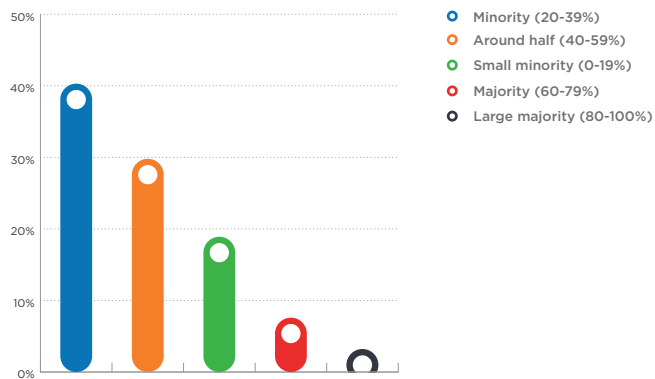
## LOOKING AHEAD

### A programmatic future

The use of programmatic technology including real-time bidding or RTB, to buy digital video ads will increase rapidly in years to come. Already, programmatic buying accounts for nearly 20 percent of all digital ad buys in the US, and that percentage will grow by double-digit increases through 2017<sup>5</sup>. Meanwhile, in 2012, the number of video ads bought via RTB exchanges doubled over 2011. By the end of this year, over 104 billion video ad impressions will be purchased programmatically, accounting for 19% of all video ad buys<sup>6</sup>.

In Canada, the digital advertising industry is also shifting quickly to programmatic buying — citing improved efficiencies, planning, and measurement as key reasons for adopting the technology.

#### 11. What percent of your overall digital budget do you expect to be programmatic in the next 12 months?



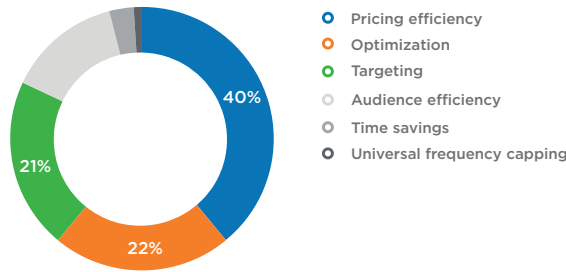
Some 41 percent of Canadian agencies will allocate half or more of their video ad spending to programmatic buying this year — even more than the 38 percent of US agencies who say the same<sup>7</sup>. Programmatic buying technology enables advertisers to allocate spend, automate campaign optimization, and ultimately reach more target audiences efficiently and at scale. - Continued on next page.

#### WHAT IS PROGRAMMATIC BUYING?

The practice of automating the buying of online ads by using algorithms to drive the best possible price for each impression. This occurs in real time, on demand and on an impression-by-impression basis.

- Goldman Sachs

## 12. In your opinion, what are the key benefits to programmatic buying for digital advertising?



When asked which benefits of programmatic buying are most important, Canadian agencies cite pricing efficiency at the top of the list – not surprisingly, as programmatic platforms significantly cut costs compared to manual media-buying methods. Optimization and targeting were also cited as key advantages. Few agencies find time savings a value-add of programmatic buying – even though it can save dramatic amounts of time over manual methods. This is not surprising, considering agencies are primarily focused on campaign performance, with time savings a secondary concern. Whatever the reason advertisers are adopting programmatic buying, the end result is improved efficiencies, pricing, and performance for video campaigns.

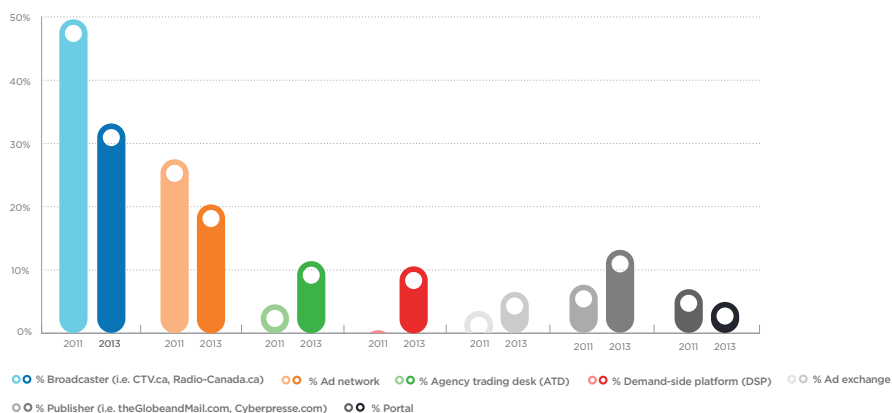


## CONSOLIDATION

### Single platform solutions

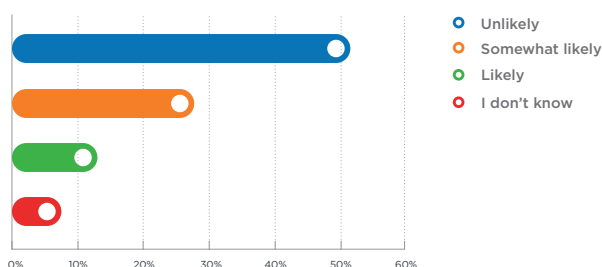
Canadian advertisers continue to buy video inventory from a wide variety of outlets, but are rapidly adopting programmatic buying platforms. With this trend comes a desire to consolidate video ad buys onto unified platforms — reducing complexity and improving ROI.

#### 13. Who are you most inclined to buy video inventory from?



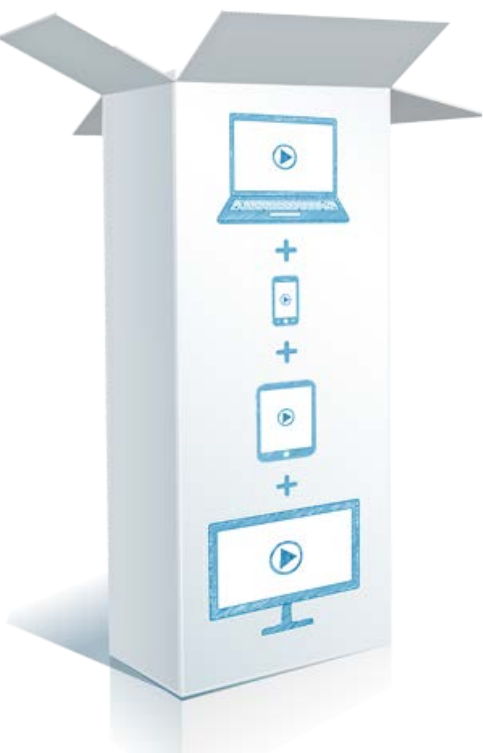
Some 11 percent of agencies preferred to use demand-side platforms (DSPs) to buy video ads in 2012, up from zero a year earlier. Another 11 percent preferred to use agency trading desks, up from 5 percent a year earlier, and 20 percent opted for ad networks. Clearly, Canadian agencies are increasingly moving away from buying inventory directly from broadcasters to other sources and the following suggests publishers may also experience this trend going forward, although some publishers may respond by setting up private exchanges.

#### 14. How likely are you to consolidate all or a large portion of your digital ad spending on one platform?



Amid a large choice of publishers, ad networks, ad exchanges and DSPs, many advertisers are showing interest in consolidating digital ad spending onto unified platforms. A unified buying platform provides media buyers with one point of contact for inventory, ad serving, targeting, optimization and unified reporting across digital channels.

Nearly 41 percent of Canadian agencies say they are likely or somewhat likely to consolidate video ad buying to a single platform, considering the benefits of a single platform solution to improve efficiency, reduced cost and complexity, and ultimately drive higher ROI. However 52 percent of respondents say they are unlikely to consolidate — perhaps reflecting a desire to continue ongoing inventory relationships.



## CONCLUSION

### A bright future for video in Canada

Looking forward, there is still plenty of room for growth in the digital advertising industry in Canada. Digital video advertising is of keen interest to advertisers in Canada, where consumers are some of the most sophisticated viewers of online and mobile video worldwide.

**“The online video market continues to grow in Canada as long-form viewing and premium programming migrate online. The ability to deliver campaigns in a multi-platform fashion remains a challenge...but as the bridge between traditional and digital platforms, online video will play a leading role in how these integration strategies materialize.”**

– comScore

Canadian agencies and brands are now convinced digital video advertising should be a cornerstone of their overall marketing strategies. Digital video ads are viewed as highly effective on their own — as much or more so than paid search, display, and other formats — and also provide a complement to traditional TV ads. Research shows that digital video ads can increase the impact of TV commercials; 29 percent of viewers who were exposed to an online video ad and a TV commercial from the same brand recalled the message, versus just 19 percent of people who saw only the TV ad<sup>8</sup>.

Technological advances in digital video ad buying, serving, and measurement are contributing to the rapid rise in online and mobile video advertising in Canada, but hurdles remain to even more widespread adoption. Like their US counterparts, Canadian advertisers want to better understand how to apply GRP audience measurement techniques to digital video campaigns to improve planning and outcomes. Many would also prefer to consolidate video ad buys onto one unified platform, but questions remain about which platforms to choose – from ad networks and exchanges, to DSPs and agency trading desks. In the next year, the Canadian video ad industry will see increasing consolidation, as more advertisers demand simplified programmatic buying solutions.

As Canada’s appetite for digital video advertising continues to grow, BrightRoll and IAB Canada are committed to providing the industry with critical insights that allow marketers to make sound decisions when it comes to investing in this format.





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## GRAPHS & CHARTS

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3. What % of your RFPs included a digital video ad component in 2012? **P5**
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8. When it comes to audience measurement, which metric do your clients value most for video advertising? **P8**
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11. What percent of your overall digital budget do you expect to be programmatic in the next 12 months? **P10**
12. In your opinion, what are the key benefits to programmatic buying for digital advertising? **P11**
13. Who are you most inclined to buy video inventory from? **P12**
14. How likely are you to consolidate all or a large portion of your digital ad spending on one platform? **P12**

## CITING & SOURCES

- <sup>1</sup> comScore: [http://www.comscore.com/Insights/Press\\_Releases/2013/3/comScore\\_Releases\\_the\\_2013\\_Canada\\_Digital\\_Future\\_in\\_Focus\\_Report](http://www.comscore.com/Insights/Press_Releases/2013/3/comScore_Releases_the_2013_Canada_Digital_Future_in_Focus_Report)
- <sup>2</sup> eMarketer: <http://www.emarketer.com/Article/Advertisers-Canada-Race-Catch-Up-Online-Video-Audiences/1009620#s7zeoemPiDrGpuWg.99>
- <sup>3</sup> eMarketer: <http://www.emarketer.com/Article/Advertisers-Canada-Race-Catch-Up-Online-Video-Audiences/1009620#s7zeoemPiDrGpuWg.99>
- <sup>3</sup> eMarketer: <http://www.emarketer.com/Article/Worldwide-More-Money-Goes-Mobile/1009582>
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- <sup>5</sup> eMarketer: <http://www.emarketer.com/Article/RTB-Ad-Spend-Continues-Robust-Growth/1009783>
- <sup>6</sup> Forrester Consulting: <http://www.emarketer.com/Article/RTB-Gives-Digital-Video-Extra-Boost/1009811>
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- <sup>8</sup> Nielsen: [http://www.iabcanada.com/wp-content/uploads/2011/09/NielsenIAG\\_MicrosoftAdvertising\\_VideoEffectivenessReport\\_2011.pdf](http://www.iabcanada.com/wp-content/uploads/2011/09/NielsenIAG_MicrosoftAdvertising_VideoEffectivenessReport_2011.pdf)

## ABOUT BRIGHTROLL

BrightRoll is the largest independent video advertising platform for reaching audiences across web, mobile and connected TV. The company powers digital video advertising for the world's largest brands including 90 percent of the top 50 US advertisers and 17 of the top 20 advertising technology companies. The platform enables advertisers to reach 4 in 5 video viewers online and serves more video ads than any other company. As a result, BrightRoll technology collects and analyzes hundreds of billions of data points monthly enabling real-time decisions that drive ROI for advertisers. To learn more, visit [www.brightroll.com](http://www.brightroll.com).

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