Best Practices in

Online and High Definition Video Advertising

eyeblaster

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1. Introduction

No longer an experimental medium, online video advertising has become one of the industry's fastest-growing ad formats. Online video ads are projected to reach up to 10% of total online advertising by 2013 from 2% in 2008, and up to 7.6% from 0.7% of TV ad spend in 2008 according to eMarketer. This tremendous growth is driven by online video's high level of engagement, which dwarfs click-through rates of standard online ads. From the period of Q4'07 to Q3'08 we have seen that video ads generated an average interaction rate of 23%. This is more than 2.5 times the interaction rate achieved by other Rich Media online advertising, and a rate of almost 30% more dwell time (Eyeblaster worldwide data for Q4'07-Q3'08).

But while the interaction rates may seem magical, the process of creating effective online video advertising is anything but. Video creative may be an art, but producing your online video ad to be eye-catching, engaging and effective is a demonstrable science.

This document outlines a number of demonstrated tips and best practices in the field of online video advertising. It's structured to zero-in on two issues most pressing to creative agencies: Production Issues in online video advertising and Creative Issues in online video advertising. Our hope is that this white paper will help streamline the process of building web video, and will offer useful tips and insights for the entire process, from conception to execution.

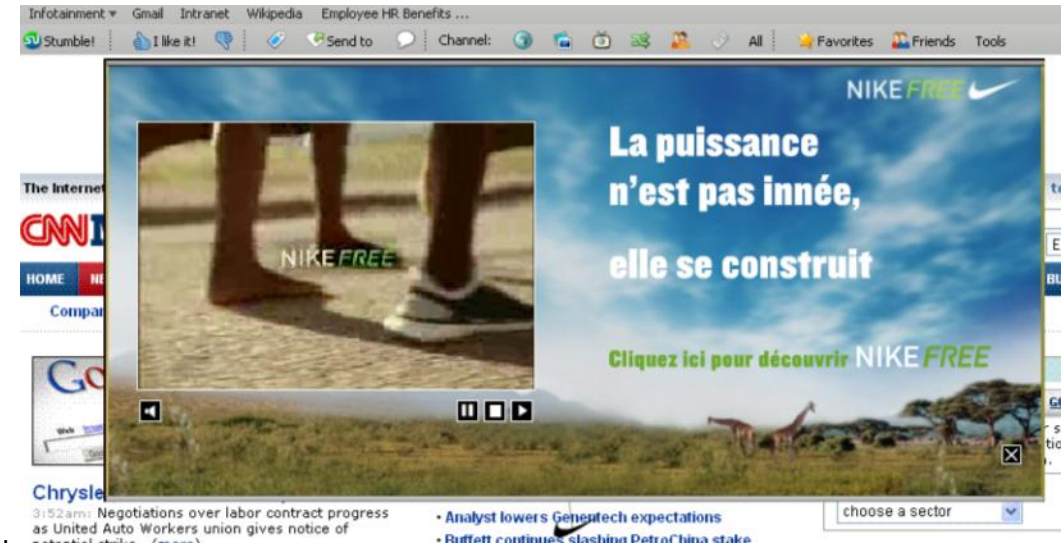

Exhibit 1: Nike demonstrates a product using video on CNN

2. Consumer Experience Issues

CREATIVE DO'S AND DON'TS

DO:

- ✓ Have a clear strategic objective for using video
- ✓ Storyboard your shots for each video size, including expansion panels
- ✓ Stick to the strategy and develop your message efficiently
- ✓ Customize your video ad to your consumer's needs and location
- ✓ "Say it with pictures" whenever possible
- ✓ Group your target by behavioral trends
- ✓ Allow users to customize their own preferences – sound, resolution, etc.

DON'T

- ✘ Assume that all video is good video
- ✘ Restrict users to a "one video fits all" approach

2.1. It's a Wrap

Television advertising communicates with a captive audience, which is trained to pay attention to a narrative as it unfolds. 30 seconds is a reasonable time in the TV world, relative to a 45 minute long show. In the online world, 30 seconds can feel like an eternity. Users browse from one page to another at an incredible speed. Asking them to stop for 30 seconds is a real challenge.

TV ads using a narrative style might not show the brand until the very last shot. Using such video online definitely limits brand exposure. Online video ads need to get the point very quickly, and should expose the users to the brand very early in the video. A good technique for this is including branding elements in a video wrapper.

This enables the brand to be front and center at every moment. It leaves nothing to chance and doesn't rely on viewer attention as the ad builds to a branding moment. In this way, video wrappers complement the video content with consistent messaging.

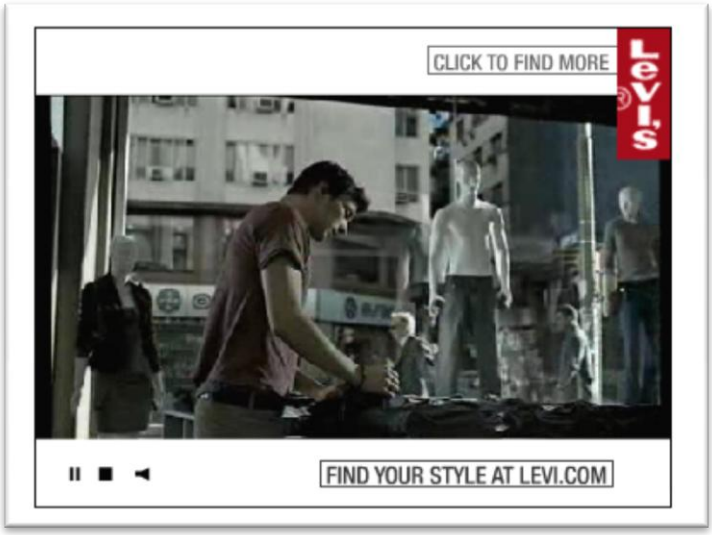

Exhibit 2: Levi's wraps a video with specific brand messaging

2.2. Interactive is the Name of the Game

The most important thing to take into consideration when creating video assets for the online world is the inherent difference between the two media. TV viewing is a passive experience, while browsing online is active.

When incorporating video into ads, creative should maximize the interactivity of the online world and make sure the video is in line with these unique characteristics. Interactive advertising presents many opportunities to make your creative even more engaging and effective, but many designers and producers forget to take advantage of those opportunities. Attention spans and expectations are very different among an online audience than a television viewing audience. Your audience is much less likely to sit and watch than they are to interact. Offer interactive elements that complement the video content, or integrate your video elements in such a way that they react to user input.

Exhibit 3: In this ad, the model responds to interaction. Each response is a separate movie clip.

2.3. Ad Creative that Interacts with Video

Now you can create complex creative iterations that interact with the activity within the video clip. Consider a video that calls for different interactions at different points in the timeline – that suggests a poll at one point in the video, solicits a preference at another point, and ends with a data capture box to collect user email data.

By inserting points in the video, it's possible to create this complex interaction quite simply. These Cue Points are set up at key frames that occur at preset progress points in the video – so regardless of whether the video was viewed straight through or paused for five minutes, the Flash actions are still perfectly synched with the video.

Exhibit 4: A Mini crashes through the (Flash-created) borders of the ad

This concept can also be extended to separate videos. In the event that an ad is composed with a list of videos for the user to choose and play in their own order, each video can contain actions telling the Flash movie how to act.

Consider the example of an ad for a movie, where users are invited to click on their favorite character. Based on the character selection, there is a clip of that character in a scene and the Flash changes to display information about the character. The viewer, of course, may click on any character, or select them in any conceivable order. By embedding actions into each clip, the character clips can communicate with the Flash file to change background images, text, and more.

2.4. Change Your Destination

As the capabilities of interactive advertising grow increasingly complex and advertisers find new ways to take advantage of the influx of data about their consumers, some campaigns may want to create different click-through URLs, based on user preferences, product tracks, or other indicators.

You can integrate different click-through URLs into different frames of your Flash movie, and it's also possible to include a number of click-through URLs with video clips. By adding variables into the same Cue Points, you can communicate with the `getURL` tag. In this way, a brand with a range of products to promote can send users who express interest in one specific part of the video directly to that product.

Furthermore, by using masks and Alpha layers, it's even possible to enable two different click-through URLs within the very same video frame. In the example of a car manufacturer with two models to promote, both cars could be placed side-by-side and send users to different URLs based on which car is clicked.

Variables and Cue Points allow the video to interact with the Flash in new, unprecedented, and practically unlimited ways – raising the interaction quotient of your advertising and boosting its appeal.

2.5. Handling Audio

Sound should default to off, and only be turned on as a user interaction – so include a sound on/off button. If the video is user-initiated, then sound can default to on. Creators should make sure that the ad can be understood even without the sound as most users have their computer on mute.

2.6. Expandable Banner

If the video is user-initiated in the panel, the panel will be the video container and the video will be an additional asset.

For cases where the panel should open only when the video is ready, we recommend using the same approach but with a 'mask' to make the panel transparent while the video is loading. The Eyeblaster platform lets you expand a panel only when the video is fully loaded if you require.

3. Production Issues

PRODUCTION DO'S AND DON'TS

DO:

- ✓ Ensure high quality assets are available – poor quality video can hurt more than help
- ✓ Create video exclusively for online use
- ✓ Set and maintain realistic production schedules
- ✓ Choose a director with experience shooting for online use
- ✓ Always assume there will be extra costs associated with online video delivery
- ✓ Check to make sure publisher's specs are up-to-date

DON'T

- ✘ Repurpose existing footage and drop into banners
- ✘ Confuse editing and optimization with delivery method
- ✘ Expect dial-up users to watch video
- ✘ Approach a video shoot without a clearly-defined strategy
- ✘ Assume high volume of video will result in publisher discount

3.1. Preparing Video Clips for the Web

Whether you hand over video optimization to Eyeblaster or include it in your production process, preparing the video asset of online use is crucial for a high quality user experience. File size limitations continue to be a thorn in the side of creative and production professionals throughout the industry. Even with new improvements in video compression technology, steps need to be taken to ensure that video clips are properly prepped, optimized, converted and compressed:

3.1.1. Know your formats

While .AVI files may come straight from the video producer and have the highest video and audio quality, the format is heavy in file size and won't compress very far. On the other side of the coin, .WMV provides small file sizes and may fit publisher specs in just one shot, but compressed .WMV files may result in over-compression – which can mean choppy or pixilated video and bad audio.

.MOV files provide the best combination of high-quality video and good compressibility. Furthermore, .MOV files work smoothly with available third-party software solutions, compressing and converting in one simple step.

3.1.2. Know your definition

In some cases HD video may be preferable to standard definition. The Flash 9 player is HD-enabled, so campaigns for movies, television shows or even sportscasts can now include HD video. Preparing footage and files for use in digital advertising is simply a matter of encoding correctly and heeding size ratios.

High Definition video is best for large ratios – full-screen video, full-page takeovers or the occasional large expandable video strip. From a filesize perspective, SD video is best in smaller spaces.

While Flash player 9 can play HD video, the FLV encoder is not HD-enabled yet. First, ensure your source is HD. HD video needs to be in MP4 format, with the industry standard H.264 v2.5 codec, running through the Eyeblaster HD component.

When encoding HD video for rich media application, data rate is very important. Obviously, you want the file to load quickly and easily, to attract the attention of your viewers. But with the wrong data rate, all your HD effort will be for naught. Internal testing has shown that 1000 kbps strikes a nice balance between fast loading and high quality, though your final decision will be based on your specific requirements and the publisher specifications.

3.1.3. Stay in shape

A lot of online video advertising uses repurposed footage. In the Entertainment vertical, there is a preponderance of movie trailers used in video ads; in other categories, video ads are commonly created by with video footage originally shot for television, then repurposed and repackaged for the web.

While repurposed footage is never ideal (online advertising and television advertising offer different strategic strengths, and ad creative should be conceived and produced to take advantage of the medium's specific capabilities), it's often inevitable. In these cases, creative and production professionals should be aware of the aspect ratio of the original footage as it relates to the aspect ratio of the video window inside the ad. A 16:9 movie trailer should not be compressed directly into 300x250 ad window – this will cause a number of problems with the video and may be rejected by the publisher. In the event that the footage you're working with does not match the size or ratio of the player, production professionals can crop or letterbox the file before converting and compressing.

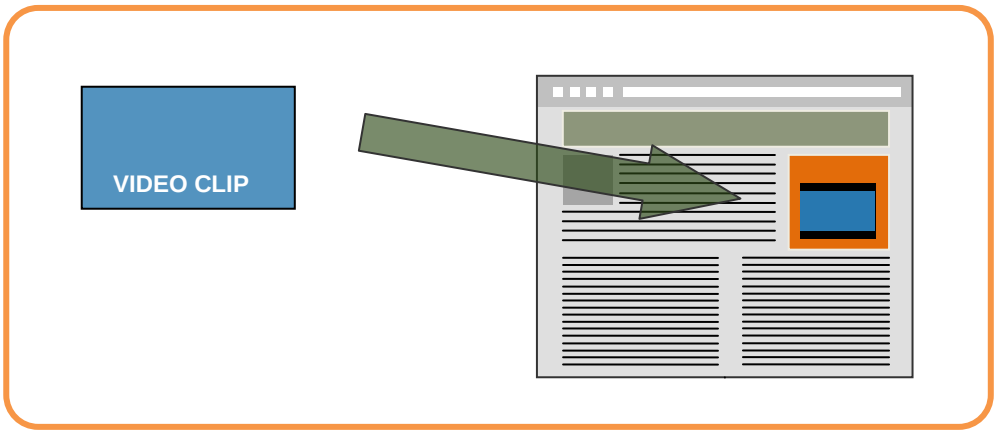

Exhibit 5: Keep aspect ratio consistent by placing video inside its own window

Exhibit 6: This Burger King ad with repurposed television footage adds gray bars to the side of the video to avoid distorting the image.

3.1.4. First things first

No piece of video will be delivered with the correct dimensions, aspect ratio and file format and be ready to upload. When working with creative that is in need of both scaling *and* resizing, you'll want to work most time-efficiently and avoid conflicts. Considering that, it's important to note that it's best to achieve the right screen size and aspect ratio first, before converting the file format and encoding. That will cut down on wasted time in the conversion process, and it will also render better looking video files. And for best results, encode in Flash version 8 or higher in the VP6 format.

3.2. Build Your Banner

3.2.1 One Component to Rule Them All

As designers and production professionals, we've grown accustomed to Flash's convenient drag-and-drop user interface capabilities. Dragging video player components onto the stage in order to work with video is a convenient practice, as long as there is only one clip to work with. In the event of working with multiple clips – regardless of layout or function – it's most efficient to use one video control component to control all clips. This will keep file size down, avoid delays caused by bogged-down processors and make editing and optimization easier down the road.

Putting multiple media controller components into one timeline can cause particular problems when working with audio. In the advertising environment, the Stream setting works best, as it enables pausing audio and video and can work with blank frames or logo frames. But when there are multiple components in a timeline, Flash uses Event audio – meaning that, once initiated, audio continues until the end of the clip, regardless of control interaction. Using a single controller component for all your media clips will avoid this confusing bug.

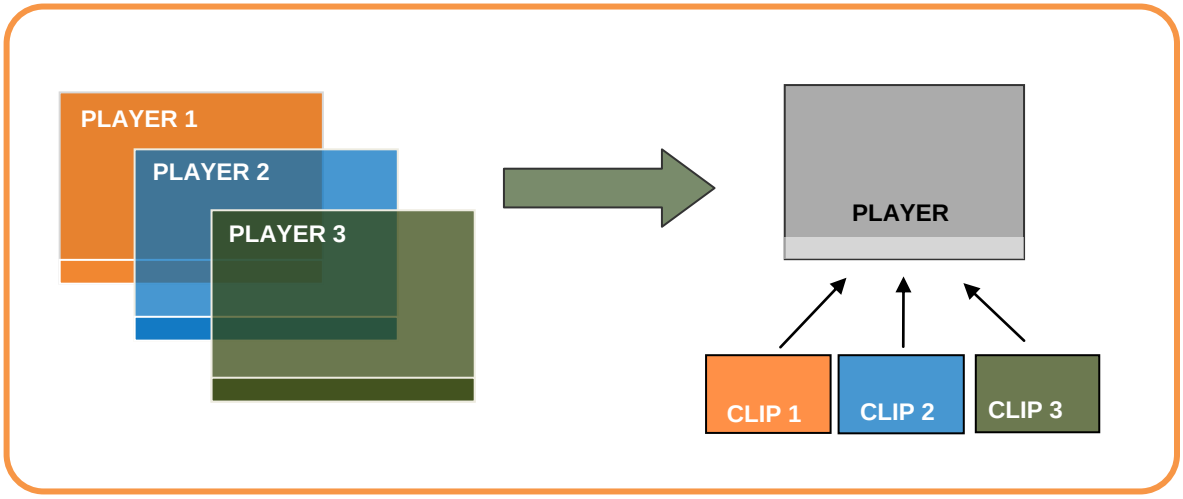

Exhibit 7: DON'T drag multiple controllers. DO control all clips with one controller

3.2.2 Form a Tag-Team

Not every video file is compressible to the publisher specs. When working with large files or long footage, there is finally hope. Rather than struggle to over-compress your video files, string clips into a chain, loading one clip (or section) at the end of a previous clip. It is also possible to load clips

dynamically, based on user selection or interaction. This utilizes progressive downloading technology, which automatically accounts for file size, download time, and buffering. Stringing shorter clips together in succession, rather than loading an entire clip as one unit, limits the size of the initial ad creative and enables it to fit into publishers' specs while still giving users access to the full content.

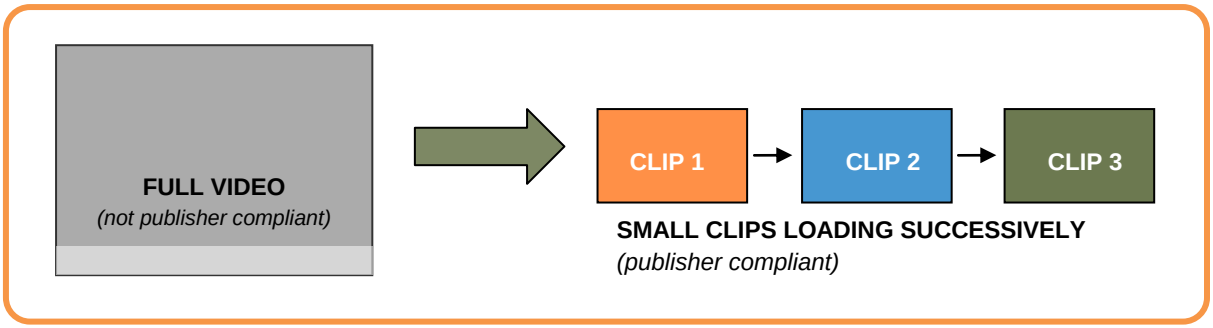

Exhibit 8: DON'T try to insert large video files. DO play small clips in succession.

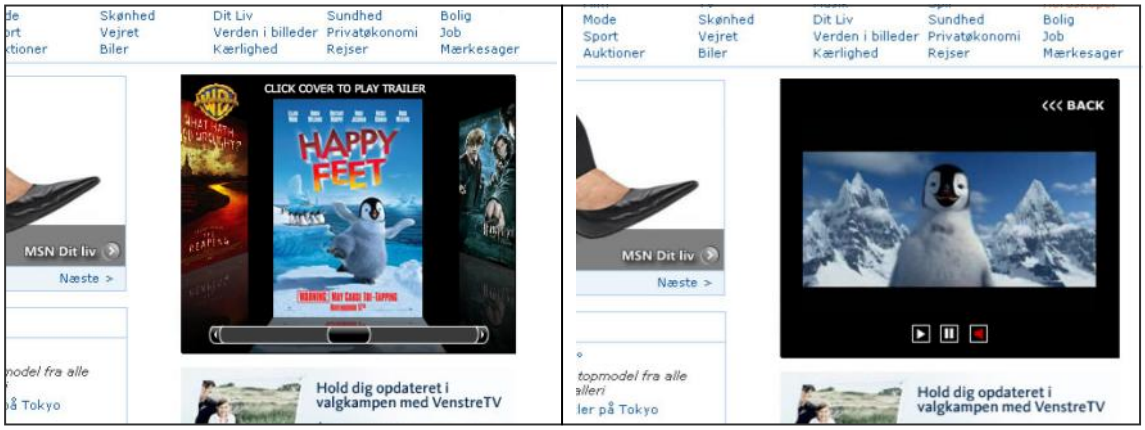

Exhibit 9: This ad dynamically loads video when a user selects from a list of DVD covers.

3.3. Streaming vs. Progressive Download

When using caching, a complete download of the video file is performed prior to playing the video. Streaming, on the other hand, allows you to display video as you download. When streaming, the video player downloads the video in "packets", organizes it in a buffer and pulls data from the buffer to display the video frames. The buffer size is usually small, which keeps loading time down. However, video play

might be jumpy in cases when the buffer is not filled quickly enough, such as when the user's bandwidth does not match the movie's bit rate. With Streaming, there is two-way communication between the user and the server, which means that instructions from the user can be sent to the server – this enables advanced features such as 'seek and stream' changes according to bandwidth.

3.3.1. Progressive Download

Progressive Download is the middle option between full caching and streaming. Progressive Download (also known as "http streaming") takes the video size into consideration when determining the buffer size. Buffering continues until the remaining download time is shorter than the movie play time.

PROS:

- ✓ For rich media needs "Progressive Download" is usually the best option.
- ✓ Quality is ensured independent of user bandwidth.
- ✓ It's simple to setup as there is no need for a streaming server.
- ✓ Files can be stored locally. Once the user has viewed the video, the file is stored in the local internet cache.
- ✓ The user can view the movie again without having to download it each time. Note: this may be perceived as a disadvantage in some cases.

CONS:

- ✘ Local storage on the user's computer restricts the streams to short or moderate length files. Therefore, progressive download is restricted to short movies. For long movies, projecting download time is difficult and not reliable.
- ✘ The viewer does not have random access into the stream until the movie is fully loaded (user can't implement seek features).
- ✘ It can't be used for 'live event' streaming.

3.3.2. When to Use True-Streaming

In general, you won't need to use true streaming for video ads. True-streaming should be used when the site allows only streaming video content. Alternatively, when there are copyright issues then streaming is the advised option. And if you have very long video (not often relevant for video ads). If you have a specific query about video, or would like to know how we can help with your video ad campaigns, just mail us at info@eyblaster.com

4. Summary

Video advertising can be extremely effective online, and as more advertising dollars migrate online, video will become even more common. With more advertisers opting for video ads, and with the online ad space growing increasingly cluttered by competing video ads, the creative and production aspects will become more important. Not only will advertising professionals be called upon to produce and repurpose video footage faster and more efficiently, but in the marketplace, these ads will need to distinguish themselves somehow. By being innovative and interactive, video ads can take advantage of the unique benefits of the online environment, and not simply replicate a passive experience similar to the one that audiences have with television.

We encourage you to use this document, pass it along, and feel free to contact Eyeblaster at info@eyeblaster.com for more insights into making your web video ads and visit http://creativezone.eyeblaster.com for demos of effective video ads.