

## Video Advertising (Still) Needs a Cost Per View Framework

*The IAB Digital Video Committee shelved our joint proposal with Google to create a standardized "cost per view," but with your continued support we will succeed anyway.*

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Back in March, we jointly proposed that the IAB Digital Video Committee consider a new metric in measurement and pricing for video advertising: Cost Per View (CPV). The proposal's impetus comes from the proliferation of video ads that incorporate viewer choice -- from pre-rolls that let viewers select which ad to watch to skippable pre-rolls to in-banner units that viewers click to play -- which we believe need their own, standardized metric.

Under the proposal, CPV pricing would apply to all video ads that are viewer-initiated, distinguishing ads that viewers choose to watch from those that simply load by default within a video player or on a page, which would continue to be priced in "impressions." You can read more about the initial proposal here, but the main idea is that viewer choice is one of the best signals we have as to whether a brand message is being delivered and watched, which is ultimately what a brand marketer cares about. Early numbers from YouTube's TrueView ad unit -- which lets viewers choose to skip an ad and only charges advertisers for completed ads -- are promising, as is research from Vivaki on early results from Hulu's pre-roll ad selector.

At the IAB's Digital Video Committee meeting, the the proposal was greeted with excitement and was forwarded to the Measurement Committee for review. It was there that it ended, although the proposal had vocal support from industry leaders like Bill Lederer, CEO of Kantar Video, and agency VPs like Paul Kontonis of Digitas. Some thought the IAB should not be involved in pricing, while others were happy with the current model, citing high demand.

"There was not universal consensus," said Catherine Spurway, VP of Strategy and Marketing at Pointroll, who is on the committee and reviewed the proposal. "Many of the marketers on the call seemed excited, but I don't think some of the media companies felt like rocking the boat, given current high demand and the uncertainty of what things will look like a year from now. That said, the proposal seemed to have momentum and I bet the market moves toward this level of transparency anyway."

There are several reasons the proposal still has momentum. For one, advertisers are willing to pay a premium for viewer-initiated ads, creating a huge incentive for ad servers, publishers and networks to adopt the proposal in practice if not in policy. At WPP's Global Video Summit last week, YouTube revealed that when they launched TrueView, advertisers were willing to pay 10-40% more than traditional pre-rolls in an auction setting.

There is also the confusion that currently prevails, quietly arguing for change. At the ad server level, advertisers are currently buying both user-initiated and auto-initiated video with no ability to distinguish between the two since impression tags are used for both. Add this to the plethora of ad types out there (social, mobile, etc.), and you get a complicated picture.

This uncertainty seems counterproductive when you consider a broader trend: according to Morgan Stanley, when coupled with other media (print, radio, TV), the Internet accounts for 28% of time-spent (much of that in video), but only 13% of overall ad spending.

We encourage brand marketers and their agencies to continue to demand more from their ad servers, publishers and networks.