FLIP THE SCRIPT
BUILDING A SUCCESSFUL DIGITAL VIDEO BUSINESS
REACH NEW AUDIENCES, FIND NEW REVENUE STREAMS

Publishers, broadcasters and media brands around the world need new ways to compete effectively, capture share and remain vital in increasingly saturated markets. For many, digital video is an attractive solution. Poised for unprecedented rates of growth, digital video has the potential to attract larger audiences and provide fuel for new revenue streams. But getting started requires more than recognizing this potential. This white paper explores the fundamentals of building a thriving digital video business. It poses questions publishers need to consider before developing a realistic plan and offers steps publishers can take to successfully implement that plan.
WHY VIDEO MATTERS

People spend hours every day watching video. TV is the number one source, but its numbers—broadcast ratings, cable subscribers, households with TV—are in free fall. The fastest-growing segment by far is online video, with year-over-year growth rates north of 50 percent.

The potential impact of this growth can’t be ignored. By 2017, researchers expect global consumer video activity to represent nearly 70 percent of all consumer Internet traffic, up from 57 percent in 2012. Online video services will double in usage during the same time frame, reaching more than 80 percent of all Internet users worldwide.

The appeal of video is easy to understand. It lends itself to storytelling in a more engaging and entertaining way than print and radio. Consumers pressed for time and conditioned for instant gratification—meaning almost everyone—naturally gravitate to video. The whole concept of Internet virality is tied to video.

Video holds special appeal for publishers for all of these reasons.

It aligns well with organizations that already excel in multimedia storytelling, creating opportunities to blend video with text, images and interactivity to create a more meaningful, memorable experience for the audience.

Although digital video is increasing in popularity globally, advertising inventory is still scarce. That means CPMs for video advertisements are typically much higher than display ad CPMs. And with video, user engagement is easier to track, fine-tune and sustain. In other words, the money is out there.
WHY VIDEO MATTERS

But questions remain. Digital video is its own world, with unique demands and expectations that differ from best practices in other media. Attention spans are shorter. Appetites are more variable. And, of course, every media company worldwide is in the mix, competing for attention and ad revenue.

A media business development executive working for a large Internet company in Singapore put it this way: “I was a seasoned former TV producer for a major cable network, and I had to learn from scratch how video really works on the Internet.”

Many publishers are in the same position: intrigued but uncertain. Confident that video is the right strategy to pursue, but less sure about the best way to make it happen, sustain it successful and make the success.

The good news is that there are nearly as many ways to build a digital video business as there are publishers. The key is knowing your audience.

TURNING UP THE VOLUME

Analysts predict that, within four years, nearly one million minutes of video will cross global IP networks every single second. You would need about two years of continuous watching to view everything uploaded in that second.
Knowing who their audience is today—and who they want to attract tomorrow—will help publishers make important decisions about why a digital video business exists and who it serves. Understanding their audience will inform publishers’ decisions about technology infrastructure, content acquisition and advertising tactics.

“You have to know your customer,” states the head of product for a major business news site. “You don’t have to deliberate for a long time, but you need to clearly state who your customer is and what they want. Knowing this leads into what your video business will do and why. Not knowing will be expensive.”

With a specific audience in mind, publishers can begin employing tactics designed to obtain and retain their desired audience.

No matter where these desired visitors are, building an initial audience for digital video starts with engaging existing users and attracting viewers to your site from other sites. There are many tactics publishers can use to do this.
Search Engine Optimization (SEO)

SEO helps capture the attention of those looking for any type of content, not only video. Ideally, it will bring your videos to the first page of results in a search engine query. To improve SEO, publishers need to:

- **Create a title** for the video that is as compelling as a print headline and includes relevant keywords.
- **Add tags** to the video that represent likely search terms your audience will use.
- **Write a description** that is relevant, easy to read and includes common keywords, all of which help search engines index the content.
- **Transcribe the content** for closed captioning. The transcript may not be visible to viewers unless they click to reveal it, but search engines crawl through transcripts and the text helps them make better decisions about how high to rank a given video.
- **Build a video sitemap** that can be submitted to search engines—which is another way to help them locate and index video content.
- **Maximize the number** of videos available on your site, which helps search engines index content continuously.

This last point is the most important. “High quantity is an absolutely critical factor for improving SEO performance,” says the director of analytics for a large business news organization. “If you offer one video, your chances of reaching a hundred thousand views is significantly lower than if you offer hundreds of videos. Volume builds relevance and drives organic search traffic.”

Providing a significant quantity of video content can feel daunting. But producing all video content in-house is not typical, even for the largest publishers. In the same way that newspapers license print and photography, digital properties can license video content to augment original content.

**HOW MUCH IS ENOUGH?**

Content volume boosts search rankings. But how much content? One Bloomberg Media customer, a multinational portal based in Singapore, uses up to 400 different content providers to source thousands of pieces of digital video daily. To offer relevant content for every viewer, the customer expects to increase the amount of video available through the portal five- or sixfold by 2016.
Content Networks

Content networks are third-party providers that publishers can leverage to drive audience. (Two of the biggest in the U.S. are Outbrain and Taboola, both of which are expanding internationally.) As part of an audience acquisition strategy, publishers can send these content networks a feed of video assets. The content network then uses algorithms to determine where these videos can be placed on other partner sites for recommended viewing.

Recommendations typically appear alongside original hosted video content on sites, and publishers pay per click. Depending on the cost per click (CPC), publishers can use content networks to promote all content or select clips. Content networks can also be employed to make any site’s internal video recommendations more precisely targeted.

Social Networks

Videos are some of the most frequently shared items on social networks. Promoting video content on these networks strengthens your brand, extends your influence among current viewers and builds your credibility as a digital video provider.

Managing social networks successfully requires a concerted effort. Here are some best practices publishers can follow to help audiences find engaging video content within their digital properties and encourage likes, comments and shares:

• **Post and share** noteworthy videos on a variety of networks, including Facebook, Twitter, LinkedIn and popular regional networks.

• **Post throughout the day**, not just one time, to maximize exposure.

• **Post content that is relevant to the network.**
  For example, LinkedIn users will be more attuned to business-related content than Facebook users.

• **Enable sharing** for posted videos and make sure videos link back to your site.

• **Use analytics** to find out which videos are performing well and refine your approach accordingly.
DRIVING AUDIENCE TO DIGITAL VIDEO

From Acquisition to Retention

To retain the audience you’re building, publishers can use a number of proven approaches, according to the director of analytics for a large business news organization. Specifically, publishers may want to:

- **Make video an integral part** of the site experience with a home page video module. This helps cultivate loyal users who return daily for new video content.

- **Embed video within news stories.** Story integration helps audiences discover relevant content more readily.

- **Rotate a selection of video clips** based on how well audiences are reacting to them. Analytics-driven content keeps your sites fresh and focused.

- **Create dedicated video pages** that automatically serve up more video content. Autoplaying content helps reduce the risk of early exit.

- **Offer recommendations** based on viewing history to create an attractive path for viewers to follow. Visitors who are unsure what to do are more likely to disengage.

“We are less focused on growth and more on deepening engagement. We want to increase our daily active users and make sure they come back to us as often as they visit Facebook. We want them to discover something new every day. So our key metrics are daily average users, number of sessions and session times.”

— Bloomberg Media Customer
Creating a viable revenue stream from digital video content is a constant challenge for any publisher, regardless of size. But the opportunity to steal share from traditional broadcasters is real.

Historically, there has been less video ad inventory than display ad inventory because the time available for pre-roll and mid-roll ads is finite. While websites can easily incorporate more space for display ads, video can’t be front-loaded with a dozen consecutive ads. But ads within video content reach a relatively captive audience, and the format enables advertisers to tell longer, more compelling stories than any banner ad could hope to reproduce.

The upshot: Publishers can charge higher CPMs selling video ads than banner ads, but delivering the audience is more difficult. The dynamics and economics will continue to evolve as increased viewership creates additional inventory.

For many publishers, monetization will be driven by local markets. Publishers in parts of Asia, for example, have been able to monetize mobile video very quickly because of the large audience for video viewed on mobile devices. Depending on local preferences for mobile or desktop experiences, publishers may want to focus on monetizing one platform first.

One Bloomberg Media customer observed that when his online video business began, advertisers needed to be educated about how to tailor ad content for online video. This took work but demonstrates that publishers can compete effectively for advertising revenue in all media and draw share away from broadcast.

Another customer based in India noted that while current viewership is not large enough to monetize video yet, he expects the tipping point to arrive in months, not years.

“Things are changing rapidly,” he says. “Our site traffic is growing 20 to 30 percent every month. That will translate to video. Attitudes are changing and our potential viewers are realizing they would rather watch shorter videos on their device of choice instead of sitting in front of a TV waiting for something to happen.”

When that balance of audience and advertising is in place, publishers have four strategies to sell advertising inventory consistently.
Sponsorships

If your digital video audience is still growing, sponsorships offer a way to monetize a relatively low number of views. Sponsorships often allow advertisers exclusive access to all of the inventory associated with an online program or a special section of video content, including banner ads, text ads and pre-roll and mid-roll video ads. Also known as giving an advertiser “a 100 percent share of voice,” this revenue model creates opportunities for advertisers to buy a more complete branding experience than they can with a TV ad buy.

Sponsorships may be desirable for advertisers because of a natural fit between the sponsor’s brand or product and the video content. For example, financial sites can obtain sponsorships from credit card companies.

When publishers sell sponsorships for video ads, it’s important to keep in mind that the effective CPMs within the deal need to align with average CPMs in your marketplace. One way to do this, according to the head of advertising operations for a large global news outlet, is to combine video inventory with standard display inventory. Creating this combination will lower average CPMs for the entire deal, making it more attractive to an advertiser.

“If you have special sections of video content to sell, you can bundle it with other sizes and types of inventory with a CPM that looks much more attractive,” she says. “Bundling the inventory helps account for the variability of video and provide a better overall CPM.”

Content Bundling

Along the same lines as sponsorships, content bundles help create more attractive and efficient offerings for advertisers. Bundles combine ad inventory from all the videos, articles and photos connected with a specific ad category, such as luxury.

Bundled content gives advertisers an easy way to achieve a larger total number of clicks and views, all for a single, predictable CPM. Plus, advertisers can save time and effort by eliminating the need to evaluate each individual piece of inventory that publishers are offering—finding, instead, the best fit for the brand in a larger category.

Publishers that have deep information on audiences can also obtain higher CPMs by bundling access to desirable demographic groups, such as U.S. users or C-level visitors.

To make it easier for publishers to offer inventory in highly desirable verticals, Bloomberg Media offers bundled video and other content aligned with business, technology, investing and luxury. Licensing content in this way can help publishers raise CPMs and attract advertisers. Integrated packages let publishers access more kinds of stories, augment existing offerings and provide depth.
MONETIZING DIGITAL VIDEO

Ad Networks and Exchanges
Publishers that lack large ad sales teams may struggle to fill available inventory for digital video content. Ad networks help solve this problem by aggregating demand from many different advertisers and automatically connecting them with open inventory from an equally large pool of publishers.

Ad exchanges, also known as programmatic buying, offer more control over the process. Exchanges require publishers to set up a back-end supply side platform (SSP) that serves available inventory to advertisers who bid on it. Publishers can set price floors and create specific blocks of inventory as well as restrict inventory to specific kinds of advertisers. When the winning bid is identified, the ads are placed automatically.

Dynamic Ad Serving
Another technology decision publishers need to make is whether to hard-code ads into video content or serve them up dynamically. The head of revenue for a large global news outlet recommends the latter because dynamic serving lends itself to targeting. Although it is more technically challenging, ad serving lets publishers deliver different ads within videos depending on who is viewing them. In the time between the user hitting the site and playing the video, dynamic ad servers can learn a great deal about who that person is, where her or she is located and whether he or she has visited the site previously—and then serve up advertising accordingly. As with content bundling, targeting lets publishers charge higher CPMs.
**MONETIZING DIGITAL VIDEO**

**MAPPING DIGITAL VIDEO MONETIZATION**

**WHO BUYS VIDEO ADS?**

Top global advertiser categories and their share of total video ads

- **19%** Automotive
- **18%** Retail
- **17%** Technology
- **14%** Consumer Packaged Goods

**HOW FAST IS DIGITAL VIDEO AD SPENDING GROWING?**

<table>
<thead>
<tr>
<th>Region</th>
<th>2017 Projection</th>
<th>Increase from 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>US</td>
<td>$9.1B</td>
<td>+222%</td>
</tr>
<tr>
<td>China</td>
<td>$895M</td>
<td>+219%</td>
</tr>
<tr>
<td>UK</td>
<td>$685M</td>
<td>+251%</td>
</tr>
<tr>
<td>Australia</td>
<td>$553M</td>
<td>+413%</td>
</tr>
<tr>
<td>Germany</td>
<td>$473M</td>
<td>+191%</td>
</tr>
<tr>
<td>Worldwide</td>
<td>$12.1B</td>
<td>+237%</td>
</tr>
</tbody>
</table>

**ARE GLOBAL PUBLISHERS SELLING MORE DIGITAL VIDEO ADS?**

Yes **100%** more

Digital video advertising, including pre-, mid- and post-roll, doubled from 2012 to 2013.

**WHAT DO ADVERTISERS THINK OF DIGITAL VIDEO ADS?**

- **75%** of U.S. ad agency executives said digital video ads were equally or more effective than traditional TV ads
- **90%** said digital video ads had equal or greater impact than display ads
- **40%** percent of video ad impressions during Q1 2013 came from advertisers new to digital video

---

1. Insights from DoubleClick, “Video advertising momentum,” doubleclick by Google, Spring 2013.
2. eMarketer and PriceWaterhouseCoopers, June 2013.
4. eMarketer Digital Video Roundup, July 2013.
5. Ibid.
Content is the single most important part of any digital video business. Publishers around the world confirm that high-quality video, whether produced in-house or licensed, plays a huge role in their ability to create an engaging user experience.

“The video has to be very high quality, and you have to develop it quickly,” says one Bloomberg customer. “To be engaging, it needs to be produced well, edited well and scripted well. Taking a camera and shooting something doesn't make engaging video.”

Higher production values drive higher CPMs. Publishers that already have professional video production capabilities can start producing compelling stories for video right away. Those without high-end studio equipment and a sophisticated broadcast staff—or those facing a large capital investment for video production—can license content to offer more digital video content in an economically feasible way. Many publishers opt to gradually grow their digital video business by licensing some content and making strategic investments in producing their own content over time.

Licensing high-quality content from experienced providers like Bloomberg Media gives publishers a way to supplement a nascent video production effort, which helps to reach the volumes necessary to drive audience effectively and collect the most desirable digital video CPMs.

Producing enough high-quality videos to compete for digital video ad dollars is expensive and time-consuming. This is why so many publishers license content from numerous sources. The cost of producing all video content in-house—at volumes sufficient to drive audience and monetization—is too high for most. Curation and aggregation, combined with original production, give publishers more flexibility.

For the head of product at a major business news site, it all comes back to the publisher's vision. A clear vision of the intended audience and what this audience wants helps publishers make the right decisions about three key factors: technology infrastructure, analytics and the mix of in-house and licensed content.

The 10 most popular YouTube videos in 2013 were all professionally produced.
PUBLISHERS ENTERING THE DIGITAL VIDEO BUSINESS NEED THE TECHNOLOGY TO SUPPORT ALL OF THESE STAGES OF WORKFLOW.

Technology Infrastructure
Once a publisher has decided to move into digital video, a key question remains: How should they deliver video to users? To make the right decisions about technology quality and cost and the trade-offs between the two, publishers need to have a thorough understanding of the workflow.

“There are many ways to enter the digital video space, and it depends on what you’re trying to achieve,” the head of product observes. “You can outsource everything and succeed, and you can do it all yourself and succeed.”

Many publishers choose a hybrid model, opting to keep some tasks in-house and use external vendors for the rest. One advantage new market entrants have is that many externally provisioned services—such as transcoding, player development and origin storage—are becoming commoditized and thus more affordable. Nevertheless, the initial capital investment can be steep.
Analytics

Like the technology used to deliver video, analytics are a pillar of a successful digital video business. Data about what viewers are watching and how they are interacting with video content is essential for making better decisions. Key metrics to monitor include unique visitors, unique views, viewing time, location of the viewer, time of day and quality measurements such as buffering, time to start and time of exit.

Sophisticated analytics can be costly to implement, but they may pay for themselves by providing insight that helps grow audience and revenue. Like other parts of the workflow that can be outsourced, analytics services are becoming more affordable by the day. Popular choices include Google Analytics, Omniture and comScore Digital Analytix.

Content Mix

Finally, finding the right blend of original and licensed content is important and often easier to do than publishers expect. Licensing video content from premium providers is a straightforward process, and it gives publishers a reliable, easy way to acquire the right amount of professionally produced content for virtually any need.

Even if everything else in the digital video workflow is outsourced, the editorial team should be engaged in video production and licensing. Editors will know how best to integrate video content within text stories and on the home page.

In some cases, editors may also benefit from the addition of a designated digital video expert. This person may have the experience to help the editorial team recognize strong, engaging, professional video content and choose the right content for a specific audience. Having an in-house expert can also expedite the process of creating a satisfying digital video experience for site visitors.

Bloomberg produces more than 3,500 pieces of digital video content every month, all of which are available for licensing.
MOVING FORWARD

Digital video audiences and revenues are on the rise, and they show no signs of slowing down. Publishers, broadcasters and media brands seeking to build a lasting, sustainable digital video business will benefit from developing a clear vision of the audience they are trying to reach and the content that audience wants. With this vision in place, publishers can begin to implement the strategies and tactics offered in this white paper to deliver high-quality content, attract desirable audiences and create new streams of revenue.

LICENSE BLOOMBERG DIGITAL VIDEO

The Bloomberg Video Service offers a wide range of programming for digital platforms. Choices include regional short-form packages that highlight top stories in the U.S., Europe and Asia; topical packages with exclusive collections of news, top stories and interviews on business, technology, investing and luxury; original biography, interview and profile shows that highlight businesses and leaders; and exclusive interviews and breaking news developed by a world-class team of reporters.
START THE CONVERSATION

Building a successful digital video business is easier with the right content partner.
To learn more, visit bloomberg.com/content-licensing

About Bloomberg Media
Bloomberg Media is a leading provider of global business and finance video, news, photos and data for more than 1,000 media outlets in 60+ countries.