

Streaming video's rise draws marketers' attention

March 15 2013, by Robert Channick

YouTube, the upstart repository of cover songs, makeup tips and cat videos, is starting to give television a run for its money.

Buoyed by breakout successes such as Psy's "Gangnam Style," a kitschy Korean music [video](#) that racked up nearly 1.4 billion views globally to date, YouTube has turned streaming into mainstreaming, and major marketers are clamoring to leverage the medium to promote their brands. That means everything from rolling big-budget [TV commercials](#) before the latest "Harlem Shake" video to creating their own content in a calculated bid to go viral.

Some 200 marketers attended a YouTube event at the Museum of Contemporary Art in Chicago last week showcasing success stories, self-made video stars and strategies for reaching 800 million monthly viewers, one video at a time.

"If you're after an 18-to-34 demo, this is how they're spending their time, and there are great opportunities to work together to build brands against that audience," said Jim Lecinski, the Chicago-based manager of national advertising sales for [Google Inc.](#), who hosted last week's YouTube event. "This is where it's at, so advertisers need to be there."

Founded in 2005 as an egalitarian platform to share videos, YouTube was acquired the following year by [Google Inc.](#) for \$1.65 billion in stock. More than 4 billion hours of video are consumed each month and much like traditional television, peak viewing is during prime time,

according to YouTube. Popular content includes an endless parade of unusual cinema verite captured by citizen videographers on ubiquitous [smart phones](#). But comedians, musicians and aspiring filmmakers have also found the medium a launching pad to broader success, which in turn has helped elevate YouTube into the same conversation as TV for many marketers.

Digital is the fastest-growing advertising medium, trailing only television in annual spending. This year, digital revenues are projected to reach \$42.5 billion in the U.S., a 14 percent increase over 2012, according to eMarketer. That represents one-quarter of total ad spending, which is growing at about a 3 percent annual rate. Paid search and banner ads still dominate, accounting for about 71 percent of digital spending in 2012. Video ads generated about 8 percent of digital revenues, but are expected to grow to nearly 15 percent by 2016, according to eMarketer.

A recent study by Nielsen shows that while TV viewing is flat, streaming continues to grow, particularly among 18- to 34-year-olds. Digital video ads produced higher recall in viewers than TV ads, and also improved the impact of later TV viewing of the same ads, according to the study. Pre-roll ads, the commercials that appear before selected videos play, average 79 percent completion rates.

YouTube offers marketers two ways to promote their brands. The first is to place commercials in front of videos through a program called TrueView. Viewers can skip the ads after five seconds, and marketers only pay if the full ad is aired. Completion rates range from 15 to 45 percent, according to a YouTube spokeswoman.

The other way brands can leverage YouTube is through a deeper integration - developing their own content. That ranges from sponsorships, such as a concert series by American Express called "Unstaged," to brand channels with how-to videos, quirky user-generated

content and excursions into the tricky space of short-form online entertainment. While harder to quantify returns on investment, the possibility of going viral makes it a gamble worth taking for a growing number of marketers.

"Harlem Shake" is the meme of the moment, a seemingly spontaneous 30-second free-form group dance, often in costume, to the jarring menagerie of rhythmic electronic sounds in a song by the same name. Venues have ranged from dorm rooms to airplane cabins, with marketers jumping on board in an attempt to cash in on the craze. To date, 145 brands have uploaded a video that mentions Harlem Shake, according to Unmetric, a New York-based company that measures daily brand activity on social media.

Topping the list is Fox Broadcasting's "The Simpsons," with more than 22 million views since it was posted March 1. Other major players include a Pepsi version featuring race car driver Jeff Gordon, which has 5.5 million views, and Red Bull, whose video of skydivers doing the Harlem Shake is up to 4.7 million views.

Other brands haven't been as successful. Chicago-based Tootsie Roll Industries, for example, has less than 300 views for its version, which features Dots candies doing the Harlem Shake atop their familiar yellow boxes. A Tootsie Roll spokesperson did not return a call for comment for this report.

Lecinski cautioned against chasing "lightning in a bottle" by creating viral content in favor of strategic planning, but marketers at the YouTube event in Chicago are pursuing both.

In addition to running pre-roll advertising, Madison, Wis.-based American Family Insurance created its own YouTube channel several years ago with "Stand Up For Family," drawing some 4 million views to

date. They sponsored a live comedy show in Atlanta three years ago, chopped it up into small, digestible bits, and packaged it as a video series. There's a stage and screen logo throughout and then a call to action at the end, instructing viewers to go to American Family's website for their insurance needs.

American Family repositioned itself with new creative in 2011, but at a budget of \$94 million, spent a fraction of what Geico, State Farm, Allstate and Progressive did on measured media, according to Kantar Media. Creative use of YouTube is an integral part of the company's marketing strategy according to Telisa Yancy, director of advertising at American Family Insurance.

"I think the trick from a marketing standpoint is to do what is organic and natural and authentic for you as a company, and for your consumer," Yancy said. "You may not be in the market for insurance today, but you might be interested in some good family-centric comedy material, and perhaps that can help to build my brand presence and perception to you as a consumer."

Braun has also carved out a niche on YouTube with a channel featuring everything from polished commercials to demonstration videos on how to create edgy beard styles, drawing nearly 4.5 million views. But it was a well-executed viral video that put the channel on the map.

"We had someone make a viral video for us through a project," said Michael Leger, director of communications planning at Starcom MediaVest Group in Chicago, whose clients include Procter & Gamble's Braun shavers. "We never know if it's going to go viral. We just knew we really liked this video."

In October, Braun partnered with Tongal, a crowd-sourcing creative site, offering \$20,500 in prize money for the best video. Los Angeles-based

director Mike Goubeaux won the competition, and a \$10,000 prize, with a humorous 1:20 video called "Braun - That's Tough." A lab testing parody, the video pulled in 2.1 million views before it was taken down at the end of December. While paid ads, including [YouTube](#) TrueView, accounted for the majority of the views, 40 percent came to the video organically, through Internet word-of-mouth, according to Leger.

"We were very, very happy, as was the client," Leger said.

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