

AOL tunes into video ads with Adap.tv buy

August 8 2013, by Sophie Estienne



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Adapt.tv is among the fastest growing video ad platforms on the Internet, having doubled its revenue annually in the past three years, according to AOL, which expected the takeover to be completed by early September.

Last year, Silicon Valley-based Adap.tv supported more than 26,000 global ad campaigns run across approximately 9,500 websites.

AOL Chief Executive Tim Armstrong saw Adapt.tv as well-positioned to capitalize on the shift of viewing habits from traditional television to online venues and of automating ad placements.

"Adap.tv is positioned squarely in front of the huge opportunity these trends are presenting," he said.

"AOL is a leader in online video and the combination of AOL and Adap.tv will create the leading [video platform](#) in the industry."

In the US alone, spending on online video advertising reached \$2.9 billion last year and was expected to climb to \$4.1 billion this year, according to industry tracking firm eMarketer.

A study published Wednesday by global investment bank Jefferies indicated online video ad spending could crest at \$10 billion annually by the year 2016.

AOL is certainly not alone in wanting to cash in on trends in online video viewing and advertising.

Internet giant Google has been steadily improving its offerings and revenue tools at globally popular online video-sharing service YouTube.

Speculation simmering for months hints at Facebook being intent on weaving [video ads](#) into the leading online social network.

Investment bank Morgan Stanley said Wednesday that video ads may represent 10 percent of the social network's [advertising revenue](#) next year and boost Facebook's overall profit by as much as 15 percent in the next one or two years.

Weaving video ads into Facebook's platform worldwide could generate \$3.5 billion for the California-based company by the year 2017 in what would amount to a one percent cut of the global television ad budget, according to Morgan Stanley.

The Facebook audience in the United States includes the highly coveted 18 to 34-year-old bracket likely to attract television advertising dollars, Morgan Stanley said in a note to investors.

Online video ads combine the imagery, sound, and movement of television advertising with the ability to better track when snippets are watched and whether people display interest with actions such as clicking links for more information.

Jefferies noted that the online video advertising market has challenges as well as promise.

There is an array of strong competitors in the market, and people are increasingly accessing the Internet on the move with smartphones or tablets, meaning they may be averse to wasting time and data streaming capacity on video ads.

Internet viewers have also become clever about skipping past online ads, putting pressure on marketers to be more creative about holding people's attention.

Nonetheless, online [video advertising](#) is expected to flourish, at least during the next four years or so, with marketing budgets shifting money away from print media.

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