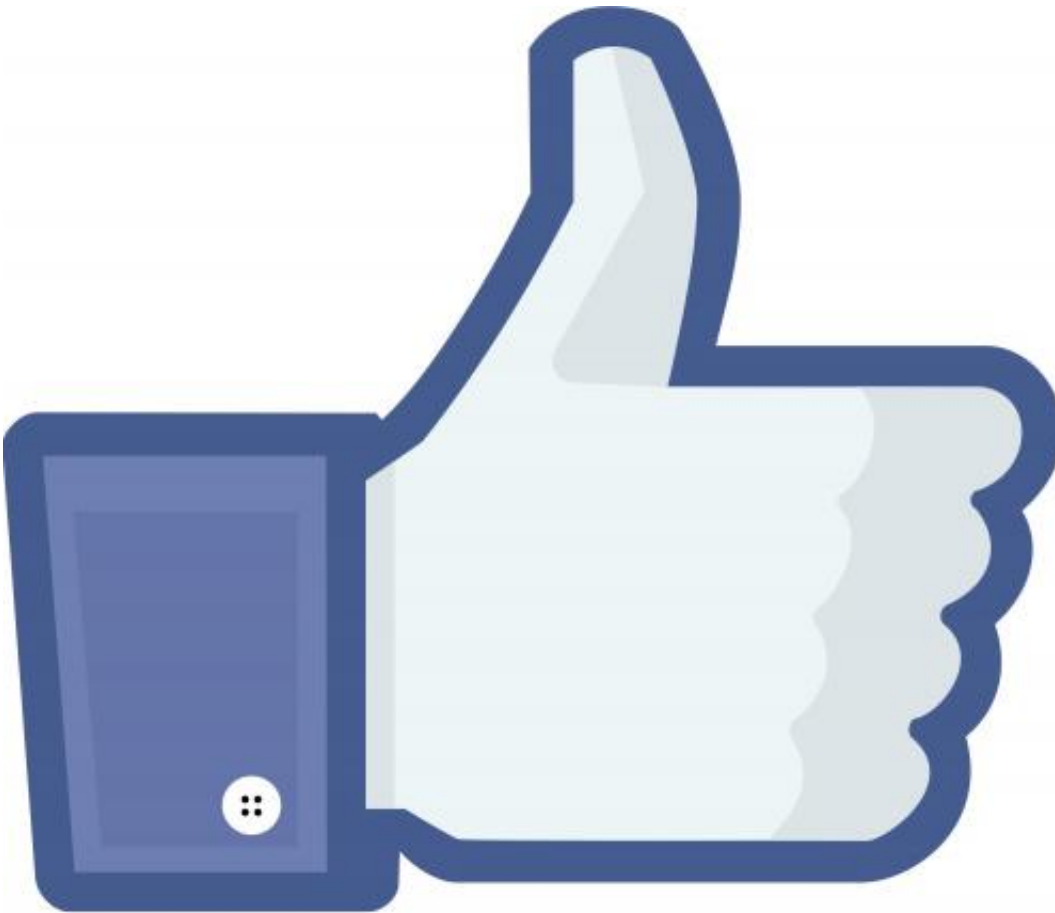


## Video advertising on Facebook and other social media on the rise

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Television isn't the only way commercials will get airtime this year.

Social media companies such as Facebook and Twitter are making a stronger push to attract lucrative [video advertising](#) as more people use computers and smartphones to watch videos online. And marketers have jumped on board, turning to social networks not only to get eyes on their products but also to better target their ads to likely customers, using the trove of data these sites gather on consumer interests and characteristics.

Nestle, Lionsgate, McDonald's and Ford are just some of the big brands that have shown [video](#) ads on Facebook.

"These ([social media](#)) companies went from just talking about or lightly testing video to deploying it in a pretty big way," said Paul Verna, a senior research analyst at eMarketer. "There's kind of a perfect storm now of consumer behavior, technology, development and content availability."

Verizon became the latest company to ramp up efforts to rake in more video ad dollars when in May it made a \$4.4 billion bid for AOL, a move that not only gives the phone company more video content but the technology AOL has for selling ads.

"The eyeballs are there," said Anna Bager, senior vice president and general manager of mobile and video at the Interactive Advertising Bureau. "There's so much content now and so many viewers that everyone is taking an interest in the market."

Fueled by the growth in video on social networks, marketers are expected to spend \$7.77 billion on digital video ads this year in the United States, up 30 percent compared with 2014, eMarketer predicts. That's still just a fraction of the \$70.59 billion the research firm expects television to make from advertising - but digital video spending is growing much faster.

Advertising costs vary depending on the companies selling and buying the ads. Priced around \$25, the cost per thousand impressions (CPM), digital video ads are between five to 10 times more expensive than a traditional display ad with a static image and text such as a Web banner, Credit Suisse and other sources estimates.

In fact, the cost of a video ad on a social media platform can be comparable to some TV ads. In 2014, the average CPM of a network prime time television ad was \$24.76, according to estimates by investment banking firm Peter J. Solomon. The price goes up to \$43.06 for a network [prime time television](#) ad aimed at adults 18 to 49, according to SQAD, which forecasts media costs.

Advertisers are experimenting with various formats, including shorter or longer play time and a more snarky or humorous tone in some cases to appeal to mobile audiences, who are quick to scroll past videos that don't catch their attention immediately.

The ability to tailor ads to particular consumer profiles led Lexus to run video ads on Facebook in February and March, said Teri Hill, the carmaker's media manager.

Illustrating the message "beyond utility," some of the 30-second videos for the Lexus NX aimed specifically at a man interested in fashion and music by showing contrasting images of a puffer jacket, a stylish coat, two record players and the car. Another targeted a fashionable Los Angeles woman by displaying clips of a woman's sneaker, high heel, Interstate 5, Highway 101 and the car. All told, there were 1,000 different ads that reached more than 11.2 million Facebook users.

"TV is not going to go away," Hill said. "It's still going to be a foundational element for us, but online video and branded-content video continues to be the growing segment in our portfolio and it will continue

to be a key factor for us."

Facebook, which started testing video ads in 2013, recently topped 4 billion video views per day, with more than 75 percent of those views happening on mobile devices. "We expect more marketers to put mobile video at the heart of their campaigns in the future, and we're well positioned to drive this shift," Chief Operating Officer Sheryl Sandberg said on the first-quarter earnings call.

The company does not break out how much money they make on video advertising, but Cowen and Co. estimates that Facebook will rake in \$1 billion from video ads in 2015. Facebook has heaps of demographic data on its users that advertisers can employ for targeting.

Microblogging websites such as Snapchat and Twitter, where people have real-time conversations about big events such as the Oscars, Superbowl or television show premieres, are also attractive platforms for creating buzz. Targeting Generation X and millennial females, TV Land recently showed trailers in tweets to tout a show called "Younger" by tying it to the Oscars and the release of "Fifty Shades of Grey."

YouTube is still a big force in online video advertising and makes up an estimated 20 percent of U.S. video ad spending, according to eMarketer.

"YouTube has had sort of uncontested leadership in the video space in both content and advertising," Verna said. "Now it's still a very big player and a market leader, but they have a lot more competition and the space is fragmenting."

The ads on YouTube can tickle your funny bone, sometimes grabbing a viewer's attention before they can click skip. That's what GEICO did during a recent YouTube ad in which a family is shown eating at a dinner table and a smiling mother mentions saving money. "You can't

skip this GEICO ad because it's already over," a man's voice says before 5 seconds has passed. A dog then jumps on the table to gobble up their meal while the family stays frozen.

YouTube said one of its strengths is that, unlike Facebook, people go to the site to look for videos, often for things they intend to purchase. As with other types of advertisements, marketers and social media companies have to be wary of annoying consumers with too many [video ads](#). Facebook has an option that allows users to hide ads from certain companies on their News Feed, and Twitter users can "dismiss" ads that look like tweets from their timeline.

"There's always going to be strategies that don't work for both the brand and the publisher," Verna said, "but at the same time there's a lot of money to be made."

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