

A New Model in Online Video Advertising Holds Promise

Jeremy Lockhorn, January 2009

Video is perhaps one of the most powerful arrows in a marketer's quiver. Few would argue its raw emotive potential nor its nimbleness with telling great linear stories. It requires the right talent, of course, to leverage the medium appropriately. But in the hands of a gifted artist, there's practically no limit to the power of video as a marketing tool.

The Web has brought a spate of new ways to use video, ranging from viral to pre-roll spots to in-banner streaming and so on. There's been an explosion of video content making its way online -- lots of it is crap, but there are diamonds in the user-generated rough and more professional content find its way online. Growth in both categories is creating more inventory that brands want to be associated with.

For me, though, online video had become boring until recently. I've grown tired of the pre-roll debate. I love new formats like overlays, but they've been around for a while and haven't yet gotten the traction they deserve. The ABC player and interactive ad formats were hot at first, but there's little scale there yet. I think Hulu is really interesting, and I like the way they're thinking about the ad model and pushing some new interpretations (allowing the user to choose which spot from a particular advertiser they'd like to watch, for example). But beyond that, yawn, at least from a media perspective.

But, suddenly, video is interesting again -- due primarily to some startups creating some new(ish) categories of video businesses. I don't have space to examine all categories in a single column, so over the coming months, I'll look at a few of these different businesses. Today we'll get the ball rolling with prosumer ([define](#)) generated advertising (PGA?).

Prosumer-generated advertising is my term for this new way of thinking about crowdsourcing video assets. Many brands have long been hesitant to advertise on user-generated content sites. While some brands have had success with turning their brands over to communities and asking them to produce advertising/commercial message (the Doritos Super Bowl program comes to mind), others have reaped unexpected results (Chevy Tahoe). Uncertainty and lack of control strike fear into many brand managers.

PGA may be part of the cure. These companies go out and find the best creators from the UGC sites, sign them up to a network, and work with brands to issue assignments and requests for video assets. Current (formerly CurrentTV) may well have launched this idea in 2005 with their viewer-created ad messages (VCAMs). Other players in this category include XLNTads, GeniusRocket, and Zooppa. Zadby is another company doing something similar, but with a slightly different approach (more on that shortly). You might also put TurnHere into this category, although its model is slightly different, having built its network more from film schools and independent producers.

For the most part, though, these companies operate with a simple process: brands create a brief, provide assets as desired, and turn the network loose. The companies function as sort of an intermediary between the brand and creators, aggregating video submissions, rejecting content that is off-brand or inappropriate, and delivering the best submissions back to the brand. Most of the companies run these programs as contests, meaning that the creators are doing spec work in hopes of landing the prize. The intermediary companies require varying levels of "licensing" or start-up fees from participating brands -- but either way, the net result for the marketer is a bunch of video assets to choose from at a fraction of the cost of typical video production.

You're likely to get a lot of crap back, but you're also likely to get some really great stuff. I've seen case studies where some of the work that comes back is nearly broadcast-ready in terms of production value and creative quality. It's an amazing idea that has potential to turn the commercial production business on its head. It will again challenge agency business models, but I believe it's something we must embrace rather than fear. Most of the companies I've spoken to report that they've done campaigns with and without agency involvement, and that the agency-led projects usually produce the best results. It still falls to the agency to uncover key consumer insights and craft an appropriate creative/messaging strategy. Even with this new model, there's clearly a need for agencies to play a role and provide tremendous value.

The companies also report that marketers deploy the video assets in different ways. Some take the finished videos directly from the creators and use them online as pre-rolls, viral videos, or even site-side video content. Others use the approach to generate a broad swath of ideas, taking the best ideas and running them through more traditional production channels. Still others use the PGA process to uncover new film making talent.

Zadby's model varies slightly from the above process. Its assignments are more like requests for product placement, and it falls to the content creator to develop the product integration approach. Marketers effectively are relinquishing more control to the creators -- a risky proposition for many brands. In return for taking that risk, though, marketers get the benefit of a performance-driven pricing model, where the final cost to the marketer is based on the number of views achieved by the content. It's an interesting twist on this model.

What's becoming increasingly clear is this: social media has ushered in a new era of digital marketing. Brands must become comfortable with the fact that the consumer is squarely in control. Brands must be willing to participate in conversations and relinquish some of the brand control they are used to having. Prosumer-generated advertising may just be the baby step needed to get more marketers over that first hurdle.

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About the Author



Jeremy is an emerging media expert at Razorfish where he is also a key leader of the agency's emerging media practice. The team functions as both a think-tank on next-generation media and an extension of current client teams and is focused on driving innovative marketing solutions for clients. As the marketing landscape continues to fragment and new channels emerge, Jeremy functions as a filter and consultant – helping clients and internal teams to understand, evaluate and roll out strategic pilot programs and analyze the results in an effort to fuel future efforts and broader campaigns. He helps teams take a core idea and extend it to new digital environments, building connections with target audiences in unexpected, yet efficient, ways. This approach goes beyond campaigns; it translates to powerful digital solutions that can transform businesses. While his expertise covers numerous emerging media technologies, his primary focus is on video across all platforms. Jeremy's efforts to research and assess the landscape ultimately feed global strategy development and uncover unique opportunities for innovative campaigns.

Jeremy is a 15-year advertising industry veteran, having spent time at offline and direct marketing agencies before joining Philadelphia-based digital agency startup i-FRONTIER in 1997 as its first employee. He teamed with founder Brad Aronson to grow the business and ultimately join forces with Razorfish. During his tenure at the agency, he has served many roles, but they all meet at the intersection of media, creative insights and technology.

He is a frequent speaker on emerging media, having presented at OMMA Video, Digital Hollywood, Streaming Media East and West, CES, Internet Retailer, the AAAA Media Conference and several others. Jeremy also writes a monthly column for online magazine ClickZ (<http://clickz.com/showPage.html?page=3622705>) and regularly publishes whitepapers on a broad range of emerging media topics (<http://www.avenuea-razorfish.com/points>).

Jeremy holds a BSJ in Advertising Management from Ohio University's Scripps School of Journalism, and is currently based at agency headquarters in Seattle, WA.

About Razorfish™

Razorfish is one of the largest interactive marketing and technology companies in the world, and also one of the largest buyers of digital advertising space. With a demonstrated commitment to innovation, Razorfish counsels its clients on how to leverage digital channels such as the Web, mobile devices, in-store technologies and other emerging media to engage people, build brand loyalty and provide excellent customer service. The company is increasingly advising marketers on Social Influence Marketing™, its approach for employing social media and social influencers to achieve the marketing and business needs of an organization. Its award-winning client teams provide solutions through their strategic counsel, digital advertising and content creation, media buying, analytics, technology and user experience. Razorfish has offices in markets across the United States, and in Australia, China, France, Germany, Japan and the United Kingdom. Clients--many of them served in multiple markets--include Carnival Cruise Lines, Coors Brewing Company, Levi's, McDonald's and Starwood Hotels. Visit <http://www.razorfish.com> for more information.

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