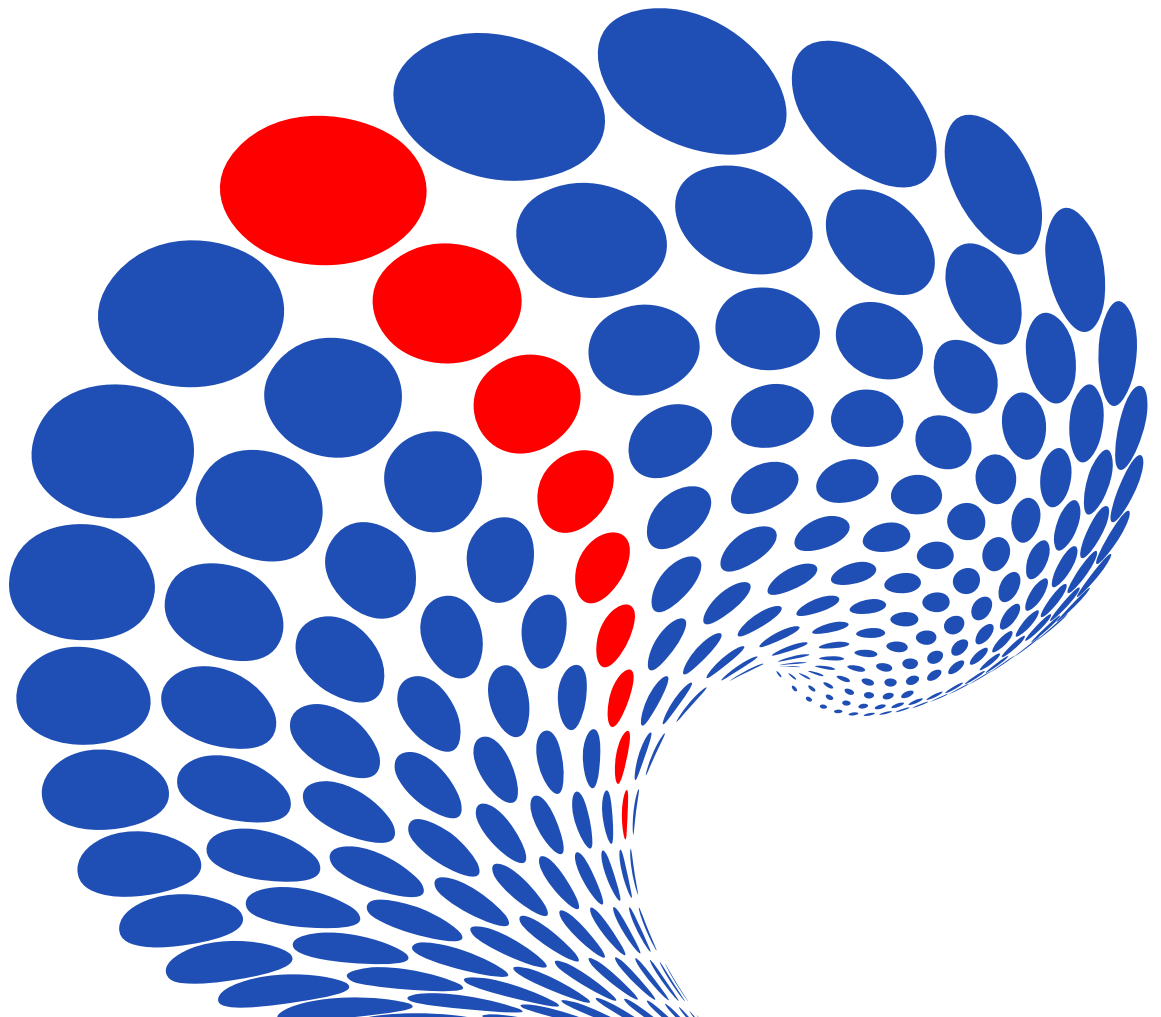


BrightRoll Video Advertising Report

Q1 | 2010



Looking Back *Moving Forward*

For the second consecutive year, BrightRoll conducted a far-reaching survey of executives and media buyers at advertising agencies across the country to gauge their attitudes towards the online advertising industry, particularly as they relate to online video advertising.

Broadly speaking, the survey results indicate that online video advertising is poised for continued growth, as 94% of respondents plan to spend more in the category in 2010 than they did in 2009, though some lingering concerns over price remain.

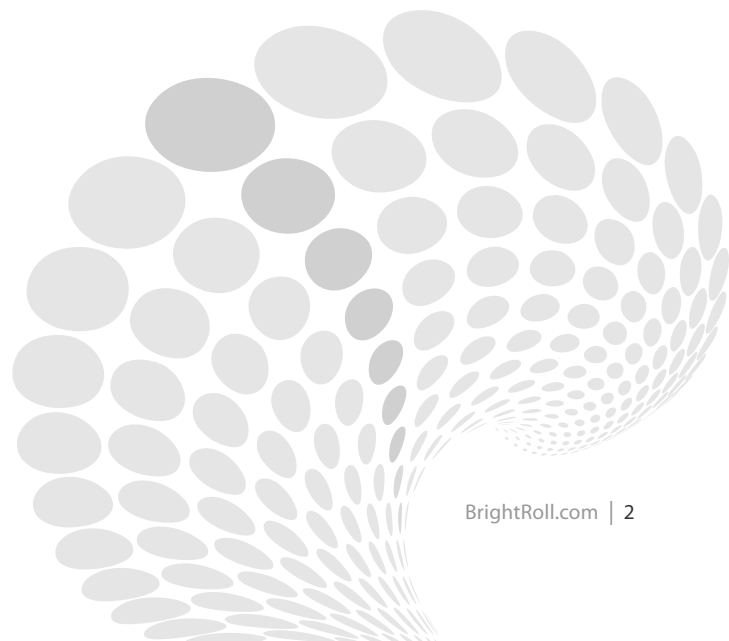
In a positive sign for the industry, targeting capabilities – a point of concern for 28% of last year’s respondents were cited by agencies as the most valuable attribute of online video.

BrightRoll’s CEO and Founder, Tod Sacerdoti, remarked, ***“Over the last year, online video advertising has continued to mature as a trusted and proven medium for reaching highly engaged audiences at scale across premium content sites online. As CPMS continue to drop, better metrics emerge and as the industry agrees upon a defined set of standards, the survey results show that this segment of online advertising will continue to become a staple in every media buyer’s arsenal.”***

The survey and accompanying analysis highlight important online advertising trends for 2009 and shed light on issues that are impacting the industry’s growth moving forward into 2010.



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Online Video Advertising

Delivering Value & Engagement

This year's survey revealed that agency executives and staff are becoming increasingly reliant on online video as a proven means to reach targeted audiences at scale. More than half (56%) of respondents stated that they view online video advertising as either more effective or much more effective than other forms of advertising, while 83% of respondents feel they're getting more value for their online video spend now as compared to this point last year.

Those individuals who felt that they were getting more value cited factors such as lower rates, better targeting, more access to quality inventory and the emergence of performance-based metrics like cost per engagement (CPE) and cost per video view (CPV). Multiple respondents commented that they had learned from previous campaigns and were better equipped to navigate the space, negotiate better deals and partner with networks and sites that could deliver the best possible value.

This perceived increase in value from online video buys will continue to drive growth in this category, as evidenced by the fact that in 2009 87% of respondents planned to devote more of their budget to online video, whereas in 2010, 94% of respondents plan to increase their spending in this area. This finding is in line with eMarketers' predictions that spending on online video will increase by nearly 48% in 2010.



Spending on online video will increase by nearly 48% in 2010.



Next Steps for the Industry

Although growth and progress are evident from the results of this year's survey, there is still room for improvement in some areas. Price continues to be a prohibitive factor, as indicated by the 32% of respondents who stated that lower cost would encourage more spending on online video advertising. This was followed by clearer success metrics (24%), more defined industry standards (20%) and clearer ROI (18%). Just 6% of respondents chose a more streamlined serving process as the most important factor.

When it comes to current CPM pricing structures, quality of inventory was far and away the factor that was most important to buyers (61%), followed by specialized targeting (14%) and click-through rate (11%). Quality of surrounding content (8%), in-stream vs. in-banner (4%) and length of ad (2%) received a nominal number of responses. As with last year's survey, advertisers are most concerned with running their campaigns across high-quality sites that are consistent with the brand standards of their clients.

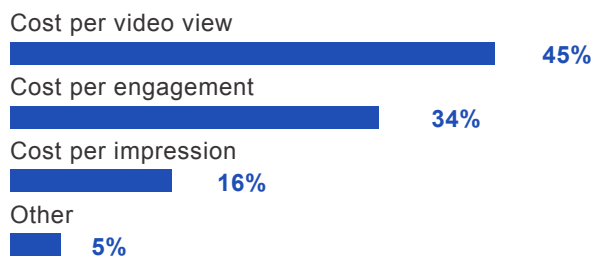
Targeting Takes Hold

While executives and media buyers polled in last year's survey cited targeting capabilities (28%) as the aspect of online video their clients were most concerned about, this year targeting was identified as online video's most valuable asset (32%), indicating just how far the category has matured in its ability to reach well-defined audiences on the basis of demographic data like age and gender. As this phenomenon continues and ad networks are able to provide the inventory, reach, impressions and data needed to consistently access niche audiences, behaviorally targeted video ads will provide another way for brands to connect with their target customers, while reducing waste across video campaigns. Sixty-one percent of survey respondents indicated that they've already seen an improvement in performance on ads that are behaviorally targeted, while over half expect that at least 25% of their ads will be behaviorally targeted in 2010.

In addition to ad unit format (21%), reach (19%), price relative to TV (10%) and ability to reuse creative (10%), numerous respondents listed engagement and interactivity among online video's advantages.

The Call for New Metrics

On which metrics would you most like to base online ad spend on?



In addition to lower CPMs, agency executives revealed that they want new and better metrics on which to base their online ad spend, including CPVs (45%) and CPEs (34%). This finding is strong evidence that publishers and networks need to move towards offering more flexible pricing models based on engagement and performance, as agencies are seeking to pay for video ads on the method that is best suited to their individual campaigns, while avoiding overpayment or payment for engagement with the wrong consumers.

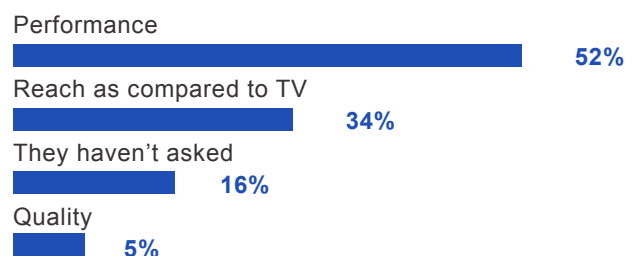
When compared with other forms of online advertising, the potential for consumer engagement is one of online video's strongest advantages, and emerging metrics such as CPV and CEP will allow the industry to capitalize on this strength.

Research & ROI

If your clients are asking about online video advertising research, what are they most interested in?

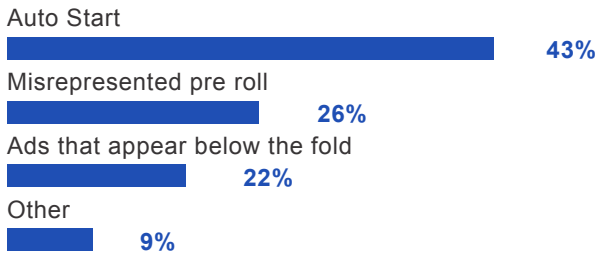
Research into the efficacy of online video continues to be an unmet need for many advertisers, as demonstrated by the 52% of respondents who stated that their clients were most interested in more information around campaign performance.

, networks and publishers have an opportunity to partner with their clients to produce research on the impact of each campaign, particularly in areas including brand recall and offline purchase intent and behavior. This data will allow advertisers to optimize the delivery of their campaigns and build clear performance insights that will help shape future media buys.



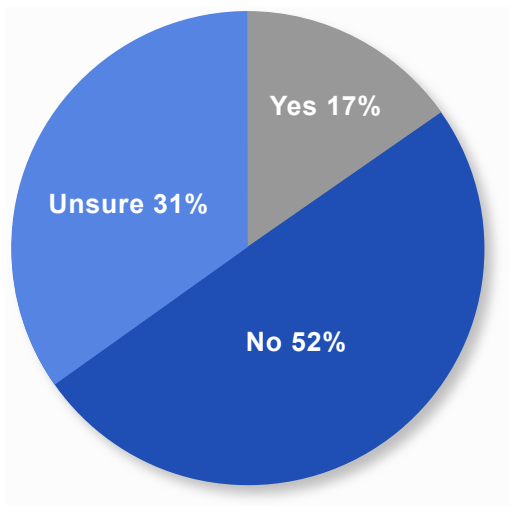
Improving Credibility

What do you think is the biggest problem affecting the credibility of video advertising?

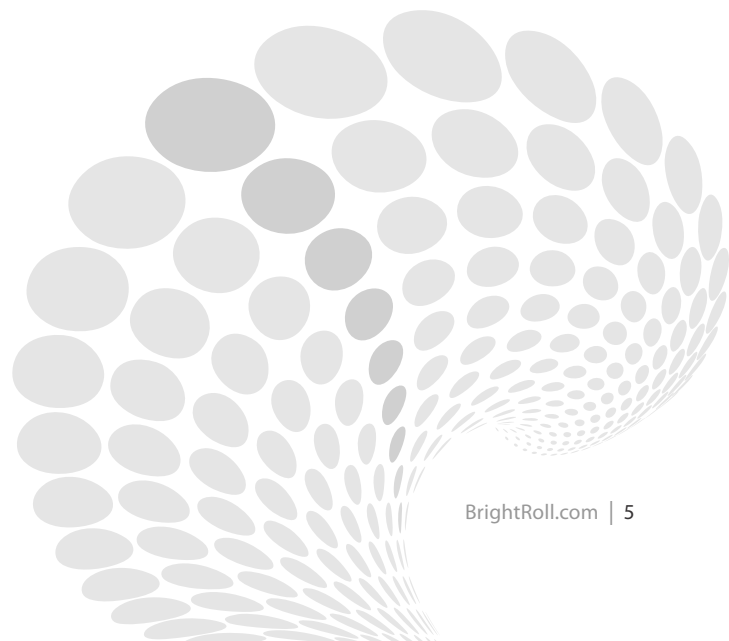
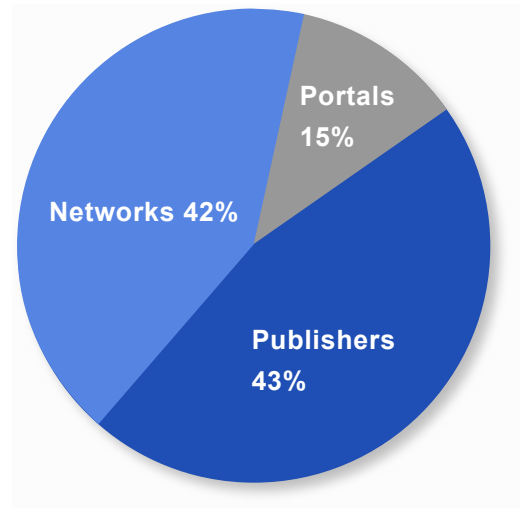


Have you run a video ad campaign that was executed in a way other than how you expected?

The fact that 31% of respondents are unsure whether they've had a campaign that was executed in a way other than how they expected is telling. When advertisers lack visibility into how their campaigns are being run, they leave themselves open to the possibility of misrepresented pre-roll, being placed below the fold or next to inappropriate content. In most cases, these ads won't perform as expected, thereby negatively impacting perceptions of online video advertising and hurting the entire industry. Agencies can protect themselves by paying stricter attention to ad placements and asking for site-by-site reporting.



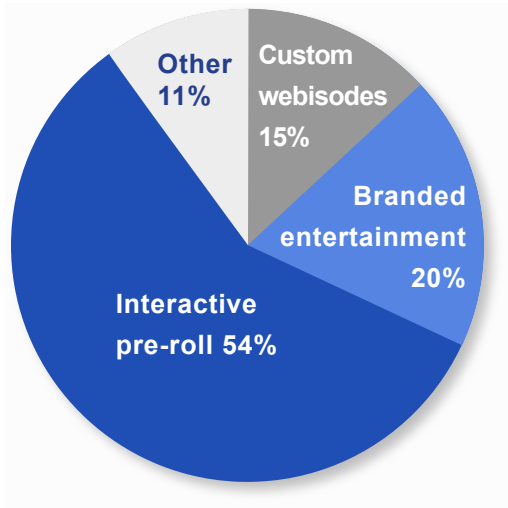
How did your online video advertising budget break down in 2009?



Additional Findings

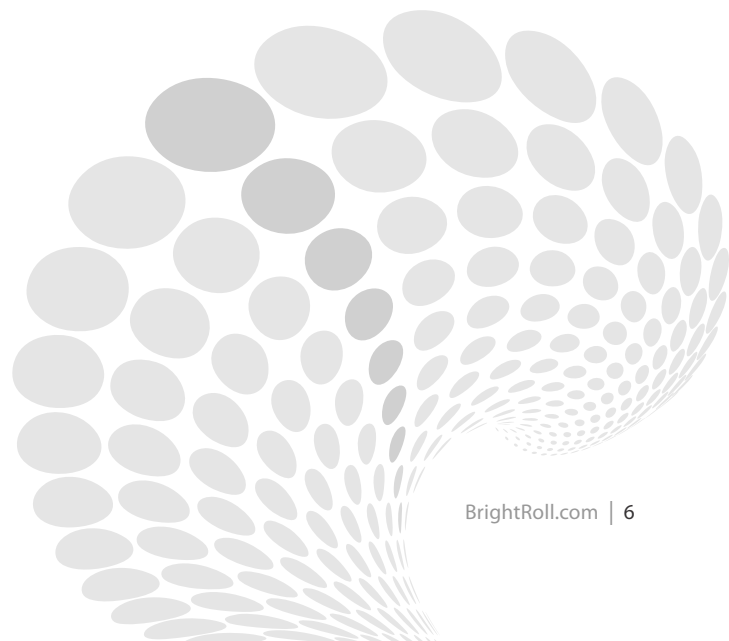
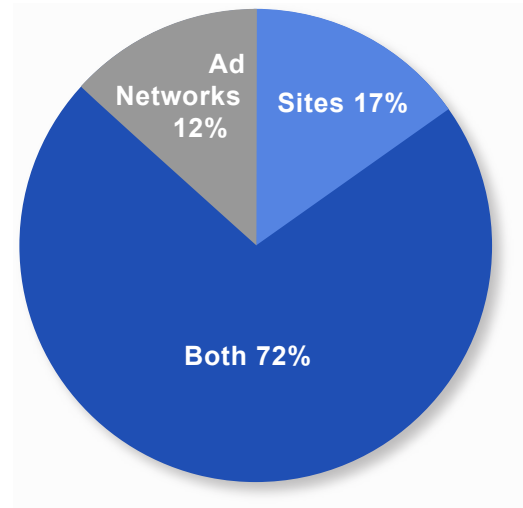
If you are spending more on online video advertising in 2010, where do you expect to spend?

In 2009 advertisers, on average, bought most of their online video through either ad networks (42%) or directly through publishers (43%) and purchased only minimally through portals (15%). The survey suggests that this trend will persist into 2010, as advertisers continue to purchase through both ad networks and specific sites (72%) as compared to just through ad networks (12%) or just through sites (16%). As online video's targeting capabilities continue to improve, advertisers are gravitating to ad networks – which use highly refined targeting methods to widely distribute ads – or to publishers, whose content they seek directly.



For campaigns you adapt or create, where do you expect to spend your creative budget in 2010?

In 2010, the majority of advertisers plan to spend their creative budget on interactive pre-roll (54%) as opposed to branded entertainment (20%), consumer content or webisodes (15%) or other forms of creative content (11%). As video content continues to diversify across the Web, advertisers believe that the factors they consider most valuable – including reach and targeting capabilities – can be best obtained through interactive pre-roll.



Conclusion

What was a down year for most sectors of the advertising industry was a year of maturity, development and growth for the online video ad category. Agencies saw increased value for their video ad spend as they committed more of their budget to the medium than ever before. This can be attributed in part to falling CPMs and more innovative offerings across the industry in 2009. Flexible pricing models and advanced forms of targeting that can be controlled on a campaign-to-campaign basis are two such examples of this innovation that clearly impacted media buyers and agencies' purchasing behavior.

As online video advertising continues to grow, BrightRoll will continue to push for clearer success metrics that prove the power of the medium. We are extremely excited about this year's results and believe they are truly indicative of the results online video can deliver for brand advertisers and the category's potential for further growth.

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About BrightRoll:

BrightRoll is the world's largest and most trusted video advertising network, having served billions of advertisements since it was founded. BrightRoll helps major brands and agencies execute "smart video ad campaigns" across the industry's leading publishers, including three-fourths of the top 100 online media properties in the United States. BrightRoll's proprietary campaign execution, inventory management and advertising delivery technology provide brands and agencies with the reach, frequency and scalability needed to achieve their campaign goals. BrightRoll is a privately held, venture-backed company and is headquartered in San Francisco, California. BrightRoll offers its service at www.brightroll.com.

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