State of the Media Industry 2017

Data-driven video for the win

In 2017, video has become the most critical content for any media organization—a product of the forward march of the industry's digital transformation.

Media platforms are morphing, monetization methods are converging, technologies are advancing, and audience options are expanding. Each change is creating new data points that are producing industry-first insights.

Guided by these unique findings, publishers are finding new ways to deliver more engaging video content and recognize greater returns. It's the surest path to success today.

Our 2nd annual report finds that data-driven video is now at the center of the media experience, and the industry winners of today and tomorrow have already figured that out.

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EXECUTIVE SUMMARY

Data-driven video is changing the way media works in 2017. Better data is helping media companies give consumers what they want most—personalized video—in more places and more ways, opening new fronts and monetization opportunities in the ever-growing social and mobile markets. Data is also behind new advancements in advertising, real-time video, augmented reality and virtual reality, as well as streamlined production logistics and collaboration for teams around the world. As a result, businesses from the HuffPost UK to South Korea's Dotface are using data to pursue new audiences, new ways of engaging, and entirely new business models. The media business is reinventing itself—and once again, the choice for publishers is to get on board or be left behind.

CONSUMERS

Consumers now expect the three "I"s of media content: *Immediacy, Individualization and Interactivity*. Increasingly, a fourth "I", *Immersion*, is also moving up the ranks. Only video can meet all of these expectations. There's a virtual feast of video content options for consumers today, and mobile can carry the bounty wherever and whenever they go, while social platforms offer a communal table for tasting and sharing.

> "Mobile technology is transforming the way people around the world consume media, and is expanding overall media consumption…
> It provides traditional media owners the opportunity to reach people and places they've never had access to previously, and gives consumers entirely new ways to find and enjoy compelling content."
>
> **— Jonathan Barnard, Head of Forecasting, Zenith, as quoted on ETBrandEquity.com**

1.1 Movable Feast

Thanks primarily to mobile devices, video is now dispersed more widely and in more personal ways than ever—yet it's also more connected. Today's audiences naturally move from screen to screen (to yet another screen) to consume their favorite content.

The ***Ooyala Global Video Index*** report found that more than 50% of all video plays were on mobile in 2016 for the first time; that number is expected to rise to 60% in 2017. Mobile also **surpassed desktops** last year for internet consumption globally, although viewing habits still vary by global region due in part to market device penetration and content and broadband availability differences. *eMarketer* forecasts that U.K. adults will devote 53 minutes daily to watching **digital video** this year, and 27 of those minutes will be on mobile devices; in the U.S., **mobile digital video** will take up 31 minutes of the average viewer's daily media time, up from nine minutes just five short years ago. Look for **unlimited data plans** and more robust broadband capacity to spur even more mobile video consumption, at higher resolutions and across regions.

Mobile app usage is becoming more the norm for video versus the mobile web, in part because of the better user experience that apps can offer. Bloomberg found that a person using its **mobile app** is responsible for 25 times more monthly page views than the company's average mobile web user, despite the fact that the mobile app audience is a fraction of that on the web. Its website is now the gateway to a redesigned Bloomberg app, which even includes **dayparts programming with more personalized content**. Look for more companies to invest in apps as technology improves and the costs to build and maintain them decrease.

Millennials remain at the generational forefront of mobile and video content, however it's consumed. Many of the "cord-cutters" and "cord-nevers" who are rejecting pay TV are also "paper-cutters" or "paper-nevers" who grew up without newspaper or magazine delivery in their homes. Publishers need to serve up targeted news and information in the **way these viewers want** to absorb it.

Millennials now make up the **largest audience segment** for *The New York Times*; no wonder the company has adopted a mobile-first strategy, with mobile currently accounting for three-quarters of its digital traffic. However, **older audiences** like Generation X and Baby Boomers are moving towards mobile as well. **Hispanic audiences** still flock to mobile video; among recent survey respondents who were Spanish-language dominant, 94% said they watch video on mobile at least once a week. Look for a continued move to mobile among all demographics this year—you won't have to look hard.

Undoubtedly, top traditional print publishers like Time and Condé Nast see a **rise in digital audiences** across the board largely due to the mobile phenomenon, which is helping them scale and build a critical mass and greater monetization as print readerships decline. Count on this shift to digital eyeballs accelerating as **video** continues to see more mobility and social connectivity.

> In Q4 2016, more than 54% of all video plays were mobile. That's 3X more than 2013 and 46% more than a year ago.
>
> — **Ooyala Q4 2016 Global Video Index**

1.2 Social Experiments

The combined impact of social media and video has been felt far and wide in the industry. The robust and real-time interactivity of social video is deepening its hold on younger consumers, but older ones are also falling under its spell. The old world of media is embracing the new one by harnessing technology and visual mediums in new and interesting ways.

The Washington Post, for example, is developing digital content specifically for **Millennial women** with its new experimental project, *The Lily*, which is initially available only on social platforms like Twitter's Medium. Time, Inc. launched Coinage, a **video-first** financial brand for Millennials across its full portfolio. And South Korea's social video platform, **Dotface**, is finding success with video and news focused on emerging issues, fresh perspectives and authentic voices important to Millennials, which are not widely delivered by mainstream media.

The *Reuters Institute Digital News Report 2016* found that both **age and geographical differences affect social video news consumption**: Respondents under age 35, particularly those in Brazil, Greece, Italy and Spain, are more likely to watch news video via social networks, while those same respondents in Finland, Japan and Germany were more likely to watch on news sites.

In another study, **Generation X** consumers were revealed to be more engrossed with social than even Millennials, so expect to see media brands increase their focus on older consumers as well.

While **Vine** didn't ultimately find its footing with short-form social video as competitors innovated more quickly, it led both the industry and consumers into greater creativity for the format—and the experiments are just beginning. The competitive battle is heating up between social platform giants like Instagram and Snapchat, which are aligning their respective strategies behind mass broadcasts and more personal visual conversations, and at the same time, finding ways to experiment with both approaches. Look for data to drive more innovations in the social space as activity intensifies, including among **social messaging apps**, in markets like South Korea, Japan and beyond, as they find their way deeper into video.

Top media brands are central to the success of social platforms for the content and revenue they provide: **Instagram** now has more than 400 million users who are active on the platform every day. The company is working with popular publishers such as the Millennial female lifestyle site **Refinery29** to grow even larger. Snapchat is connecting with media companies including **Esquire**, which launched a pop-up channel on the Snapchat Discover section, and *The New York Times*, which has crafted a **Snapchat Discover** version of its weekday morning update to reach younger adults.

Expect to see more exclusive video content deals between social and media brands going forward, along with more innovative projects that pair players across the digital and linear TV aisle. Industry paradigms continue to get shaken up in this new era of media.

> "Heavy social media users in particular are around 50% more likely to access online news videos than the general population."
>
> — **Reuters Institute for the Study of Journalism: Digital News Report 2016**

TAKEAWAY

The rIse of mobile and social video brings the industry new opportunities and challenges. Look for data to help publishers further refine offerings and understand exactly who, what, when, where, how and why their video is being consumed—and how best to optimize and monetize it going forward.

INDUSTRY

The challenges and opportunities of an industry in transition are top of mind in media today. Companies are tearing down and pairing up, building new assets and revisiting old ones. They're doing all this while walking a tightrope between home-grown sites and new platforms, keeping their video content and fortunes in balance until the answers become clear.

> "The pact between you and a platform was that you give them clicks, they give you links. There was a trade. Now what's happening is content has become central to the value proposition of platforms. It's across lots of points of distribution. But you can't take distribution to the bank. More systemic access to the financial wins of these platforms is important. This is the new media war. It's about content negotiating its value inside distribution platforms."
>
> **— Troy Young, President, Hearst Magazines Digital Media, as quoted in Digiday**

2.1 Partner Up

Publishers are looking both inward and outward as the media industry experiences continued upheaval in pursuit of consumers and advertisers who are flocking to digital screens.

News and other media organizations are transforming their businesses with a new focus on modernized, **centralized** and **streamlined operations**. They are building data-driven digital and **video content**, **expanding territories**, and forging strategic partnerships to bolster revenue, **grow audiences** and **trim costs**.

In light of these developments, mergers, acquisitions and other partnerships abound in this space across traditional and digital media, and patterns are taking shape. ***The Financial Times*** is looking for companies to strengthen its subscription business. Univision bought **Gawker**. **Turner** invested in Refinery29. NBC upped its investment in **Buzzfeed**, which itself is investing more in video. Vice has acquired a number of companies to form its own **multi-platform ad agency**, while digital agency VaynerMedia expanded its reach by buying **PureWow**, another lifestyle site for Millennial women.

Other innovative ties have formed: *The Guardian* teamed up with **Vice News** to provide news reports each evening. *The New York Times* has a new **Spotify subscription bundle**. Conde Nast is partnering with Vox and **NBC** to develop new ad products. And ***The New Yorker*** turned stories from its archive into short films on Amazon Prime. These are but a few of the many noteworthy connections that have blossomed in the last year. They won't be the last. Look for more partnerships to be built among both large and small content companies sooner versus later as platforms, business models and creative visions continue to expand and collide.

At the same time, some content distribution alliances that have served to grow audiences and revenue have also stirred a deep ambivalence among publishers, who know that to survive they must face head-on the true costs of existing media business models on brand value.

> "Nearly four-in-ten U.S. adults (38%) said that they often get news from digital sources, including news websites or apps (28%) and social networking sites (18%)."
>
> **— Pew Research Center, State of the News Media 2016**

2.2 Model Home (or Away)

Media business models are getting more varied out of necessity. For most publishers, **advertising alone will not be sustainable** moving forward. They will need to adapt to new hybrid models to survive and thrive, with subscriptions and transactional methods all now in play alongside advertising.

Many news outlets saw large **increases in digital subscriptions** after major world events in 2016, and the industry is exploring other new subscription-based offerings. Some publications (including several in **Brazil**) are testing variations of metered and hard **paywalls**, and others are joining **subscription services** like Discors that feature content from multiple publishers and a revenue split. **Wired Media Group** is building engagement with a subscription-based events program for executives, while *The New York Times* is taking readers **behind the scenes** of its newsroom for an additional subscription fee. Will more publishers beyond *The Wall Street Journal* take a page from SVOD services and try **ad-free versions** for a higher subscription fee, too? You bet. Others, like *New York Magazine*, are delving deeper into "**service journalism**," including shopping recommendations that provide affiliate revenue. Expect to see all options on the table as media companies get more creative this year with their models.

Meanwhile, publishers remain concerned about just **where to put all of their content** these days. Should content stay on their own sites for greater control but lower awareness (and possibly, revenues)? Or should their content go on other platforms (either **native or networked**) for greater reach and earnings potential but with less control? Schibsted in the Nordics, for one, has **created its own scaled platform** within its portfolio. While the options are multiplying (Facebook Instant Articles, Google Play, Apple News, etc.), the long-term consequences are much less clear.

In the Reuters Institute report, *Journalism, Media and Technology Predictions 2017*, a survey of 143 leading industry executives found that 46% were more concerned about the role of **platforms** than a year ago. The owned platform versus distribution debate really ratcheted up in the last year with the greater advertising dominance of outlets such as **Facebook and Google**, and the growth of "**fake news**" on these and other sites. In the same Reuters survey, 70% of the executives said that concerns over the distribution of fake or inaccurate news in social networks will strengthen the position of trusted media brands. Expect to see these issues remain hot topics this year as media companies try to sort it all out.

Thus, having a **strong media brand** is taking on even more importance, and the control of that brand is more critical than ever to sustain audiences, advertisers and profits. With its prominent growth, video has a vital role in promulgating positive media brand perception. **Hybrid content distribution** approaches that meld platforms and branded sites, along with hybrid revenue models, can help balance the scales, minimize brand and revenue risks, and optimize outcomes. Expect to see more platforms curating top media brands' video content and investing more resources in making their own. And look for more top publishers beyond **Condé Nast** to dig deep into their data and harness their valuable brand IP and libraries for more revenue streams to add to the mix.

Technology promises to be a main driver for supporting these new business models in many ways that are still being developed.

When respondents were asked about which digital funding streams they will be focusing most on in 2017, the top two responses were direct reader payment (47%) and video (advertising or sponsored) (45%).

— Reuters Institute for the Study of Journalism: Journalism, Media and Technology Predictions 2017 Report

TAKEAWAY

Media models are evolving and partnerships are emerging with great change. Look for video to be a focal point for new ways of doing business, and strong brand names to create internal and external opportunities yet to be discovered. Data will guide the way.

TECHNOLOGY

Technology has continued to alter the landscape of media. Humans and machines are becoming more interchangeable in many areas as data-driven automation rises. This is speeding the creation and dissemination of video content, just as more advances are making it possible to place audiences in the middle of all the action.

"There's this fashion for media companies to call themselves technology companies... Our job isn't to make technology. Our job is to figure out how to use technologies."

– Jake Silverstein, Editor, *The New York Times Magazine*, as quoted in Wired

3.1 In the Cloud

Automation technology is everywhere in the media industry today. Publishers have realized its many benefits including greater staff collaboration across all departments, better workflow efficiencies, more audience engagement and higher returns on content investments. Engineers, data scientists, journalists and salespeople are working side-by-side to develop the **data-driven products** and strategies that will support companies in this next phase of digital media and video.

Media operations are a prime focus for technological advances. Companies such as Buzzfeed have built out in-region **video production** capabilities to increase efficiencies and generate more content for advertisers and editorial teams. Publishers are now prioritizing cloud-enabled and data-driven **media logistics** platforms that automate and streamline media workflows and increase collaboration across editorial and production teams that may be dispersed around the globe. Expect to see publishers put more emphasis on automated media workflows to keep up with the hectic pace of video content production today.

Artificial intelligence (AI) is another fast-growing, data-driven method publishers are using to automate and optimize their content and create superior user experiences (UX). The Associated Press, for one, is using machine learning to perform tasks such as **making broadcast video from print stories**. This allows the company to shift staff resources spent on versioning content (about 800 man hours per week) towards handling more complex tasks and creating even more content. One U.K. news agency, Press Association, is using **robots** for data-heavy reports like sports stories and election results.

As natural language processing (NLP) systems like Amazon's Alexa and Apple's Siri also take root in the market, Hearst has built a team focused on harnessing **voice-activated technologies** to drive consumer engagement. Other companies including ***The Guardian*** and *The New York Times* have created **chatbots** to build closer connections and bring more story context to their audiences. Look for all of these advanced technologies to expand into the mainstream over the next year.

Technology is also bringing media audiences closer than ever to video content, immersing them fully in the infinite stories and experiences that can be shared around the world.

> "The artificial intelligence market for the media & advertising sector is expected to account for the largest share of the overall artificial intelligence market during the forecast period [2015–2020]. …"
>
> **— MarketsandMarkets report, as reported by CBSMarketwatch**

3.2 Virtually There

Speaking of immersion: Virtual reality (VR) and augmented reality (AR) have a huge buzz factor right now in the media world. Investments continue to pour into the space—by some accounts, **growing 3x last year**—and over one-third of publishers in a recent survey are already **creating VR and AR content**. Media companies are realizing the early competitive advantages of being first-movers and embracing these opportunities to create truly engaging "viewer-first" experiences and innovative ways to tell stories.

Companies are experimenting with VR elements like **camera angles** and video length to do this. They're also building out their VR teams to meet growing markets and **challenges** such as content quality, user experience and production methods. The elephant in the room—monetization for publishers—is still fully being addressed and determined. Expect to see strides made in 2017 in all of these areas as experimentation starts to give way to pressure for concrete results.

To tackle some of these issues, companies like *The Wall Street Journal* and Vox Media have now created content **innovation labs** for VR. *The Guardian* has teamed with external production partners to help produce VR experiences on **topics including solitary confinement**. And ***HuffPost*** bought VR studio RYOT to develop both news and branded content in-house, thereby creating a direct path to greater ROI.

AR and **360-degree video** continue to make strides as well. *The New York Times*, which was an early advocate of VR, recently bought **Fake Love**, an agency for VR and AR, to build out its branded ad offerings. The company also launched **The Daily 360** with 360-degree videos on its apps and website. Look for top brands with deep pockets to continue leading the way on making immersive investments and addressing industry challenges, opening up further opportunities for smaller publishers as well.

Ultimately, success in media begins with engaging, original and distinctive storytelling. The manifestation of technological advances is already being seen in stories and happenings that are more immediate and personalized than ever imagined in the era before digital video.

> "Together, virtual reality and augmented reality are expected to generate about $150 billion in revenue by the year 2020."
>
> **— Digi-Capital data published in Fast Company**

TAKEAWAY

Technology is bringing consumers closer to video content through more immersive moments and giving media companies more ways to improve processes and ROI. Look for continued advances in data-driven technology in the next year as content, consumers and connectivity meld more closely together.

CONTENT

Publishers are finding that live video not only sets them apart but sets them free to explore new ways of sharing information and telling stories in the moment. Whether those stories are short-form or long, data is helping make them more meaningful to audiences who demand it their way always.

> "Live streaming is a distinct, new category that bridges television and social media…It offers huge audiences, viewer interaction, and commerce opportunities only found through the magic of live streams."
>
> **– Ronald C. Pruett Jr., CEO, Roker Media, as quoted in Tubefilter**

4.1 Live in Demand

Nothing says "immediacy" quite like **live streaming video**. It's now a key point of differentiation among media companies as they seek to position themselves among a sea of content options, including the social platforms they seek out as partners. The time is right: **live video streaming on mobile** is expected to rise 39x by 2021, according to a new *Cisco Visual Networking Index* report.

The improved quality and speed of live video playout, along with more live video content, is helping to drive this growth. And, as a new joint Ooyala and DPP report has found, live streaming is among the production environments that will see the most business benefits and higher ROIs in moving to **IP-based workflows**, which has become an important trend in supporting the expansion of digital video overall.

Live streaming records continue to be broken, driven in large part by social media. **Facebook Live**, for which Ooyala is an official **Media Solutions Partner**, remains a Goliath in the space and publishers like News UK are **learning how to monetize** their association with the platform through branded content and other means. And Twitter has set a goal to air **24/7 live video** after finding success with live-streaming major events.

Short-form and fleeting mobile live video on **YouTube**, Snapchat and **Instagram** have become a competitive flashpoint. Meanwhile, Facebook is shifting focus to encourage (and possibly pay for) **longer-form video** from media brands. Longer premium video equals more monetization opportunities *and* supports the company's **plans for episodic TV**. Media brands are also building up live content on their **owned websites**; for example, Vox Media's technology site, **The Verge**, paired up with USA Network for a weekly live Mr. Robot aftershow that ran on their respective websites.

Look for live video to be a continued priority for publishers as they fine-tune their own brand strategies, along with revenue models shared with the social platforms.

How will they do this? Well, it's all in the data, of course.

> "81% of internet and mobile audiences watched more live video in 2016 than in 2015."
>
> **— Livestream.com**

4.2 Data Forward

The importance of using data insights to drive strategies and build value with content cannot be underestimated in media these days. **Analytics** has now helped publishers transform everything from news-gathering practices to video content selections to their long-standing business models. It has also helped spur greater interest in **integrated video platforms** that build and utilize common data sets to deliver collective insights to inform strategies throughout the video lifecycle.

Among the many examples of analytics use in media today: *The New York Times* is employing its **newsletters as test labs** to better understand what readers are looking for with its content, try out new ideas and increase opportunities around monetization; its new **Watching** video content recommendation site is just one lab output. *The Atlantic* serves up **personalized archival content** based on reader birthdates. **Die Welt** in Germany uses video views as one element of scoring and ranking its articles. **The HuffPost UK** harnesses data to help journalists understand the performance of topics and video, while ***La Nación*** in Argentina also prioritizes data-driven journalism to improve the quality of its news stories and stand apart from other publications. And the list goes on.

When it comes to individualization, publishers are finding much success with a greater focus on data insights and **personalization**. **The Times** in the UK has seen its subscription rates rise dramatically—over 200% in the last year —and its churn rates drop after moving from breaking-news cycles to publishing digital editions based on key daily time periods when users were looking for its content. The company closely examines content engagement rates to nurture greater audience connection, and experiments with free select content for sampling. **Amedia** in Norway has used a multi-step plan rooted in data to successfully convert many print subscribers to digital via exclusive content, and move audiences to become registered online users in order to personalize content and promotional subscription offerings. Expect to see data used in even more creative ways in the year ahead as organizations grasp its true value and the myriad ways it can be harnessed for better productivity, audience relationships, content discovery and monetary rewards.

The upsides of utilizing data and analytics to improve media businesses can't be ignored. Along with the aforementioned content examples, they are perhaps being most widely applied in the dynamic arena of video advertising.

> "Having given the option [of in-house analytics systems] to all journalists, around 1,300 at *The Times* and 900 at *The Guardian* are now using them."
>
> — **Content Insights**

TAKEAWAY

Data-driven and live video content are where the smart money is for competitive positioning and growth in media. Look for more companies to double-down on investments in both areas, as content increasingly becomes made-to-order.

ADVERTISING

Digital video is bringing new growth opportunities to publishers around the world. Data-driven practices are helping to hone new ad formats and overcome some of the industry's growing pains around ad avoidance and accountability—along with rising threats from social players.

> "Ultimately, you have to look at where people spend the most amount of time to see where ad spending will increase... And more and more, the answer to that question is mobile."
>
> **— Omar Akhtar, Analyst, Altimeter Group, as quoted in Digiday**

5.1 Total Package

Digital video advertising has been making great strides globally as more money flows—particularly via **social and mobile** at the **expense of other sectors**—to capture and engage consumers.

According to *eMarketer*, U.S. adults now spend over an hour of their **daily media time** with digital video, and **U.S. ad spending** on instream digital video formats is expected to increase by over 19% YoY in 2017. **Australia**, which has seen **more rapid growth** than even the U.S., and U.K., has also seen its year-over-year digital video ad spend on desktop and mobile increase 55% to $600 million, comprising almost 25% of online display advertising. A recent AOL survey of U.S. and U.K. publishers found that the **key drivers of digital video** growth moving forward will include higher quality creative, faster page loading and better ad targeting.

As data has become a critical component of digital advertising, programmatic video is rapidly advancing. *eMarketer* has forecast that 69% of U.S. instream digital video ad spending this year will be done via **programmatic** channels. The future of **mobile programmatic video** looks bright, as does that of advanced programmatic approaches like automated guaranteed and private marketplaces (PMPs); the **Kiwi Premium Ad Exchange** (KPEX) is one PMP that has successfully brought together media companies in New Zealand for streamlined ad sales. **Header bidding** is also a hot topic. The technique leverages a tag in a website header, which enables publishers to offer inventory to multiple ad exchanges simultaneously to drive yield. It has been growing in popularity due to its success within programmatic display, but wasn't built for video and doesn't solve problems such as managing sales across direct-sold and programmatic channels. This has become more apparent with the continued convergence of platforms.

Publishers are now moving instead toward **holistic** solutions, single-platform products that blend programmatic and ad serving together in one central decisioning system to optimize inventory packaging, audience targeting and revenue, and minimize costs. Expect to see holistic approaches grow in the year ahead as a means of reducing the complexities around programmatic video.

Media companies are still dealing with the challenges of ad blocking, fraud, attribution and measurement, and viewability, but are recognizing that these are **industry-wide issues** that need to be addressed in part on a macro level. YouTube for one is ramping up its own verification measures after its recent issues with **brand safety**. Major global advertiser **Procter & Gamble** has publicly pushed for industry improvements, such as relying on the Media Ratings Council (MRC) standard for viewability, and taking steps with its vendors and suppliers to improve transparency and measurement, and reduce ad fraud. Look for improvements to ramp up in these areas over the next year, as patience with the status quo is waning.

And it's none too soon. According to one recent report, the **global annual cost of ad fraud** is now nearly $12.5 billion—almost 20% of the total annual digital ad spend. And more than one-quarter of U.S. internet users now use an **ad blocker**; in **the U.K.**, that figure is around 22%. **Millennials** continue to drive **ad-blocking** activity; multiple recent studies have reported that younger people in countries such as Poland and Germany are leading other countries in blocking ads. On **mobile**, the threats from ad blocking are also severe, and in the aforementioned AOL survey, they top UX and creative quality as perceived **barriers to mobile growth** by publishers.

Innovations to thwart this behavior continue, from educating audiences on the impact of ad blocking, to **ad re-insertion** technology. The latter is helping publishers actively overcome ad blockers and free lost ad inventory. Look for continued ad-blocking growth to push the industry into addressing longtime issues of ad relevancy, privacy, UX and creative appeal, particularly for lucrative younger audiences that will avoid environments lacking superior and personalized ad experiences.

In the midst of all of this activity, publishers see social sites as frenemies: important distribution outlets, yet competitors for ad dollars. Meanwhile, innovative ad formats are taking hold in the market, bringing both new opportunities and threats to publishers.

> "Programmatic grew from $14.2 billion in 2015 to $19.5 billion this year, and is expected to hit $36.8 billion in 2019."
>
> **— Magna Global's Global Advertising Revenue Forecast, as reported by AdExchanger**

5.2 New Money

The media landscape has created burgeoning options for making money with digital video, such as via emerging ad formats and connected TV apps. Roku, for one, now helps publishers have their content found and monetized more easily on the platform via its **Direct Publisher** offering.

Mobile is influencing the new wave of ad formats, in part because Millennial audiences prefer **shorter ad spots** and **vertical ads** on mobile, if they watch ads at all. Publishers are well-advised to think about using their data to tailor ad creative, formats and ad load to mobile devices; if a mobile-first strategy is now in play for video content, then it should be for video ads as well. **Pre-roll ads** continue to be a sticking point for consumers across all digital screens. Facebook, for one, is moving into **mid-roll ads** up to 15 seconds in length for content that is at least 90 seconds long.

Longer content is key for mid-roll consideration. While remaining high in the broadcast industry, completion rates for the mid-roll ad format don't seem to fare as well for digital publishers due to the fact that they generally have shorter video content, as the ***Ooyala Global Video Index*** report has found. In addition to instream ads, **outstream ads** are also rising in importance. Expect to see more innovations as screens and environments dictate new creative approaches.

Native ad formats also continue to find traction as a means of reducing ad blocking, viewability and creative issues, particularly among Millennials. Native is forecast to make up a quarter of **ad revenues** for news publishers next year. **Fairfax Media**, for one, utilizes native through its Brand Discover program, and Condé Nast is using **data to strengthen branded content**. Publishers still struggle with **executing native content**, particularly separating editorial and sponsored content, and **scaling branded video**. Many are focusing on **native video content** as a means of better engaging viewers with more organic ad experiences, and expanding revenue. Expect to see native approaches become refined over the next year as they have become yet another content distribution intersection point with social platforms.

Speaking of social, it's no surprise that, as previously mentioned, Facebook and Google now take the bulk of global digital advertising **revenues**. Consumers are **spending more and more time** in these popular "one-stop-shop" walled gardens. Facebook is attracting more publishers to **video ads** but has been facing publisher ire over its **Instant Articles**, while Snapchat has been courting advertisers looking for **Generation Z and Millennial consumers**, offering new **measurement** and a **self-serve ad manager**, and at the same time, changing up its **revenue-sharing model**. Look for media industry advertising paradigms to be greatly influenced by the social leaders going forward.

With video advertising changing so rapidly in response to changing consumer tastes, content offerings and business models, it's clear that the media industry will be relying more and more on data insights to guide the way forward.

> "74% of total ad recall is achieved in 10 seconds of Facebook video campaigns."
>
> **— Facebook/Nielsen study, as reported on mediakix.com**

TAKEAWAY

Video advertising and data now walk hand-in-hand as insights drive greater returns and guidance on what's coming next. Look for holistic approaches to gain traction and unique formats born of the digital age to help better engage those born in the digital age.

CONCLUSION

What's the state of the media industry in 2017? Data-driven video and advertising are changing the game for all kinds of media brands. And video is proving to be the best way to satisfy those four "I"s of media content that consumers want: Immediacy, Individualization, Interactivity and Immersion. No wonder real-time video has become the choice of companies who want to keep younger audiences connected.

Data is also changing production methods. Media logistics platforms designed for the cloud and informed by data are streamlining media workflows and boosting collaboration across scattered production teams. Artificial intelligence is automating manual tasks, allowing media brands to focus their resources on creating better content.

In short, media brands are using data-driven video to build new business models every day. Those who recognize this and invest in it today will be best positioned for the changes that are already on their way from consumers, advertisers, content producers, technologists and the industry at large.

> "Most of the content ten years ago was text, and then photos, and now it's quickly becoming videos. I just think that we're going to be in a world a few years from now where the vast majority of the content that people consume online will be video."
>
> **— Mark Zuckerberg, CEO, Facebook, as quoted in Recode**