

## Chapter 34

# The (In)Effectiveness of In-Stream Video Ads: Comparison of Facebook and YouTube

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### ABSTRACT

*Video represents the most shared type of online content. The ability of this media to capture and convey a message in an interactive and informationally rich format has captivated both users and advertisers. Advertising platforms are trying to expand the offer of the tools that would help the advertisers to reach their potential customers. Therefore, many new video-based advertising formats are being introduced including ads with experimental length or dimensions. However, the increasing quantity of online advertisements the users have to face is raising questions about their actual marketing effectiveness. To provide relevant answers, authors examined the performance of 13 types of video ads that were implemented for a 30-day period and that generated 1 155 EUR overall profit. The advertising results are analyzed from three perspectives: financial, behavioral, and reactional. The main emphasis is put on the study of the video effectiveness depending on different viewing contexts with respect to the potential phenomenon of advertising blindness.*

### INTRODUCTION

Video marketing is currently one of the most popular online marketing tools. Video content is more engaging, memorable, and popular with consumers than any other type of content. According to the predictions, by 2020, online videos will account for more than 80% of all consumer Internet traffic (85% in the US). YouTube is the second most visited website after Google. On a daily basis, users view

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more than 500 million h of video on YouTube; further, 78% of people watch online videos every week, and 55% watch online videos every day. Viewers memorize up to 95% of the message while watching the video, compared to 10% when reading a text. As more social networks have been inspired by Facebook's decision to prioritize video content, the prominence of video across all platforms has grown. Facebook videos have a 135% higher average organic reach than photos. Nearly 50% of Internet users search for videos related to a product or service before they visit the store. Implementing a video on a landing page can increase the average conversion rate by 80%. Four times as many consumers would rather watch a video on a product than read about the product. Companies that use marketing videos have a 27% higher click-through rate and a 34% higher conversion rate than those that do not. Video ads have an average click-through rate of 1.84%, which is the highest of all digital ad formats. Brands that use video marketing grow 49% faster than brands that do not use videos. Nonetheless, although video marketing is a powerful tool, there are a few factors that merchants should be aware of regarding potential customer preferences. More than 15% of viewers believe that video advertising should not last longer than 15 s. In addition, 85% of Facebook videos are watched without sound. Conversely, 82% of consumers close a browser or leave a web page due to popup video advertising and 33% of viewers stop watching video after 30 s, 45% after 1 min, and 60% after 2 min ("33 Fascinating and useful statistics about video marketing in 2019", 2019).

There can be no doubt that video has gained traction in popularity over the past years with both users and advertisers. Social networks, video listing websites, and advertising systems provide a large number of video or mixed (video and photos) formats that can be used to deliver a desired message to the potential customers. The most common formats include Facebook native newsfeed video, YouTube video and YouTube ads, stories, banner video ads, and in-stream commercial breaks. Although previous research has proven that video ads generate better results in terms of number of reactions, reach, and profitability overall (Semerádová & Weinlich, 2018), scientific evidence related to the effectiveness of the individual video formats is still insufficient. Studies on advertising blindness suggest that the placement of the marketing message may be a key variable influencing the final effectiveness of a particular video spot (Muñoz-Leiva et al., 2019; Wang & Hung, 2018; Bang & Wojdyski, 2016). Recent research results indicate that the central part of the browsing space is the most suitable placement since it represents a native environment for web pages and social network feeds (Zimand-Sheiner et al., 2019; Aslam & Karjaluo, 2017; Alalwan, 2018). According to these studies, in-stream and newsfeed ads should be the most effective type of video marketing. However, surveys and experiments that tested viewers' attention during TV commercials indicate that users develop a certain advertising blindness over time, even for marketing content in the central area of attention (Kim et al., 2017; Joo et al., 2016; Beuckels et al., 2017).

In this chapter, we will test the ability of online video ads to capture user's attention and generate the desired conversions. The effectiveness of this advertising format will be tested on two major video content platforms: YouTube and Facebook. To obtain objective results, we will perform a comparative analysis of the available advertising video formats on both of the aforementioned platforms. The main objective of the proposed study is to examine user reactions to commercial breaks of different lengths and analyze their attitudes toward online video advertising in general. In the following sections, based on previous research in the area of online advertising, we will outline factors that may potentially influence user perception of video content. Furthermore, we will describe current video advertising options and explain the complexity of the metrics used to assess the video performance. The theoretical findings will be used to set up an online experiment implemented in the native user environment of social networks

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