

YouTube - Borat on the Today Show - Mozilla Firefox

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http://www.youtube.com/watch?v=kzpnuh8GW7k&

The top news headlines on current events f... YouTube - Borat on the Today Show

Borat on the Today Show



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Recommendation Engines and Advertising for Online Video

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Matt Zitzmann*

Agenda

- **Online Video Market**
- **Advertising**
- **Recommendation Systems**
- **Conclusion**

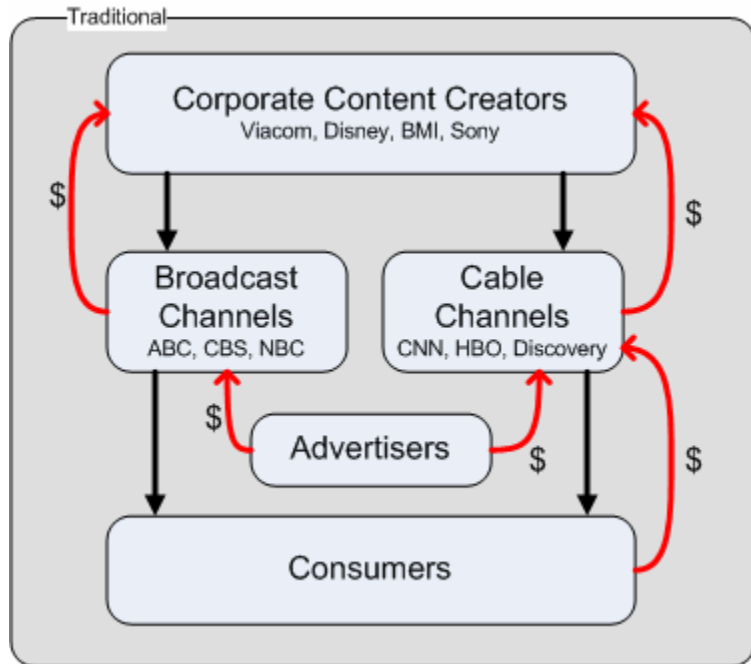
Online video has experienced explosive growth



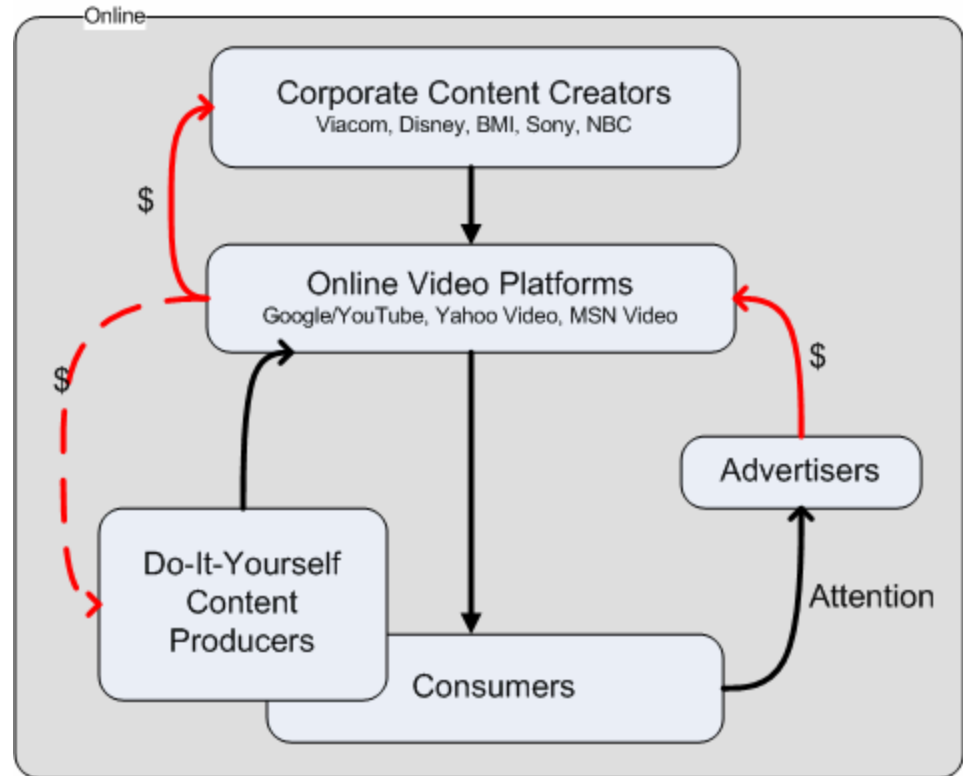
- Content producers can create and edit video at very low costs
- Content producers can distribute content at close to zero cost through online video platforms
- Consumers now have the bandwidth and computing power at home to be able to consume online video
 - Estimated 400 million broadband users world-wide by 2010 (IDC)
- Online video platforms providing free hosting and access have been made possible by low storage and bandwidth costs

Online video has disrupted the traditional video chain

Traditional Video Chain



Online Video Chain



Online user generated video is a classic 'disruptive' example - lower quality triumphing through lower cost and higher convenience/choice

Some major User Generated Content (UGC) platforms



Leading internet video User Generated Content (UGC) platform with 80 million unique visitors in September 2006



UGC platform added for comprehensiveness. Dubbed “Me Too Tube” by critics.



UGC platform added through its Soapbox site. Another “Me Too Tube” site.



Volunteers rate videos causing 90% of the videos viewed to be in the statistical ‘head’. Compensates contributors. Paid \$23k to stuntman Joe Eigo.



Partner program allows partners to add video upload capability to the partner’s website



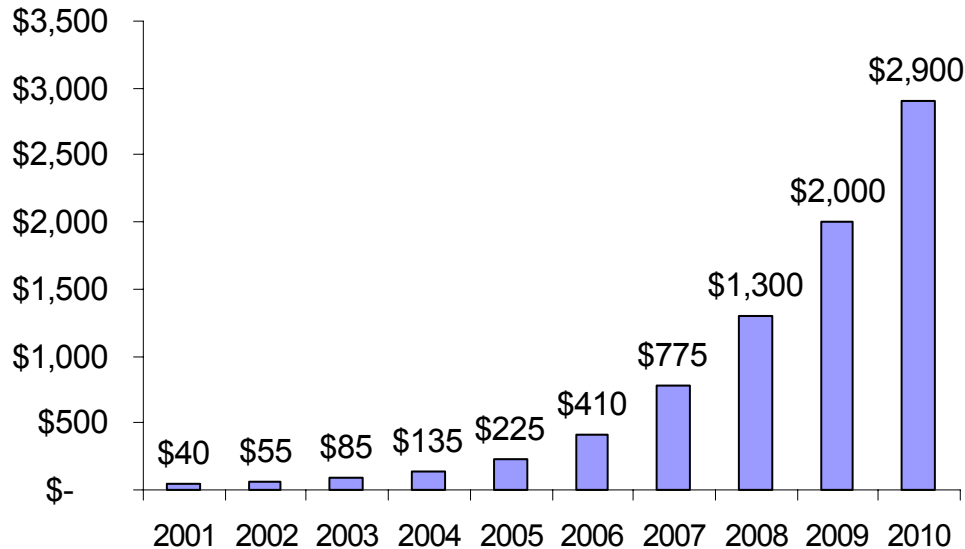
Full length video upload (c.f. 100 MB limit on YouTube). Allows download of content that can be played using its proprietary client.



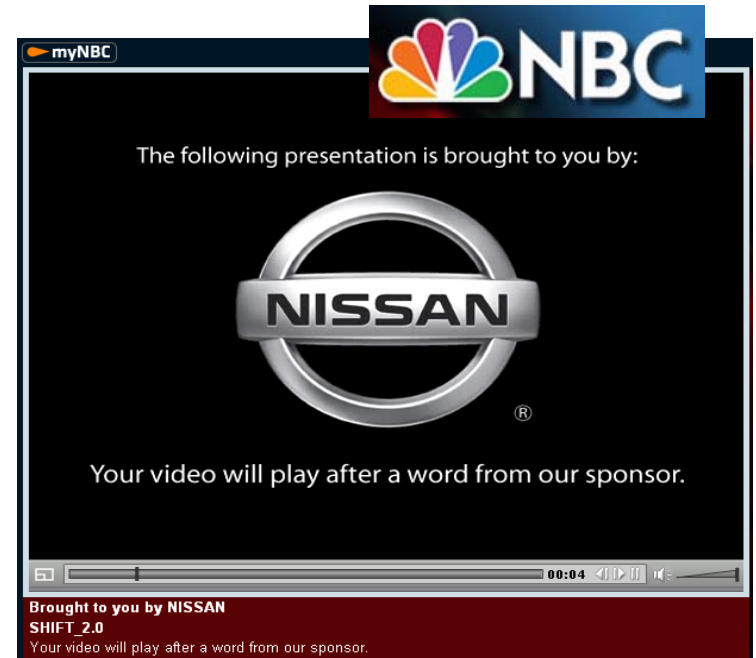
French company with >50% video content in French. More than 16 million page views per day

Online video is monetized thru video advertising that is growing from \$410 million in 2006 to \$2.9 billion in 2010

U.S. Online Video Ad Spend (\$ Millions)



Source: www.emarketer.com



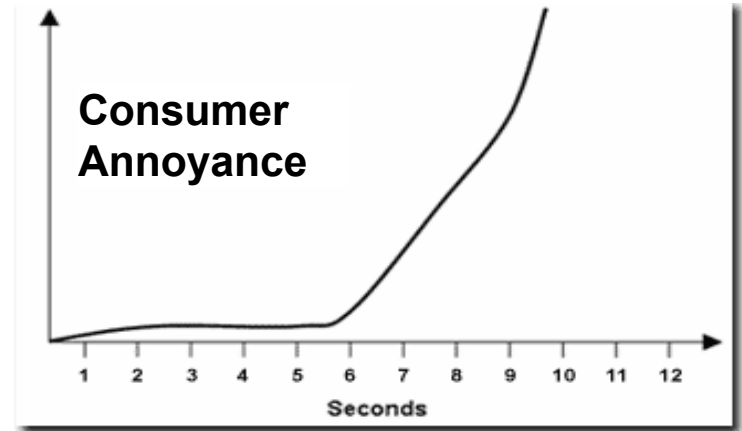
Pre-roll ad on NBC.com's "Heroes"

- **Online video as a % of total online ad spend will grow from 2.6% in 2006 to 11.5% in 2010 (source: eMarketer)**
- **Video is a familiar creative format and long-favored mass medium for big brand advertisers and their ad agencies**
- **Video ads command higher CPMs (\$20-\$40) vs. text & banner ads (\$3-\$10)**

User generated content sites face monetization issues

- Revenues currently come from:

- Banner ads
- Google AdSense
- Sponsored content
- Video ads



Source: Microsoft Digital Advertising Solutions

- Length: customers tolerate 5-7 seconds

ads 15 seconds or less generally more effective

- Lack of premium content desired by advertisers
- Illegal content
- Delivering relevant ads thru targeting becomes difficult

Content Delivery Problems

- Browsing
 - Too many niche sites on the web
 - Too many “channels” on video portals
- Searching
 - User must know what he/she is looking for
 - Doesn't setup well for “refreshing” content – i.e. news, sports, etc.
 - Discrepancy between most relevant and most timely results

Search Examples



[tiger woods](#)

00:03

Tiger Woods

Tags: [Tiger](#) [woods](#)

Added: 5 months ago in Category: [Sports](#)

From: [tiger1701](#)

Views: 45,114

★ ★ ★ ☆ ☆

15 ratings



[Tiger Woods](#)

04:53

Some of the Greatest Shots by Tiger Woods

Tags: [Tiger](#) [Woods](#)

Added: 2 months ago in Category: [Sports](#)

From: [mohammad19](#)

Views: 38,324

★ ★ ★ ★ ☆

68 ratings



[Tiger Woods](#)

00:35

Tiger Woods

Tags: [Tiger](#) [Woods](#)

Added: 1 month ago in Category: [Sports](#)

From: [ketfui](#)

Views: 6,169

★ ★ ☆ ☆ ☆

5 ratings



[tiger woods](#)

00:29

tiger woods tricks

Tags: [tiger](#) [woods](#) [tricks](#)

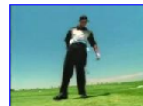
Added: 7 months ago in Category: [Comedy](#)

From: [bigwilly0523](#)

Views: 46,994

★ ★ ★ ★ ☆

62 ratings



[tiger woods trick](#)

See what **tiger** can do

Nike - 29 sec - Jan 19, 2006

★★★★☆ (183 ratings)



[Tiger Woods's "RAINY DAY"](#)

Golf champion **Tiger Woods** explains why rainy days are his favorite days of the week... only it never seems to rain where he lives.

My Life, My Card - 30 sec - Mar 6, 2006

★★★★☆ (40 ratings)



[Young Tiger Woods](#)

Tiger Woods when he was 2 years old!

36 sec - Aug 29, 2006

★★★★☆ (23 ratings)



[Tiger Woods' swing in slow motion](#)

Check out this new **Tiger Woods** video. It shows **Tiger's** swing in extreme slow motion, filmed by a Phantom v5 digital camera which is usually used to film ...

Nike - 1 min - Jul 17, 2006

★★★★☆ (387 ratings)

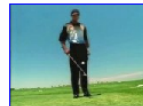


[Tiger Woods - Ball trick](#)

Tiger showing his golfing skills

Nike - 29 sec - Jan 10, 2006

★★★★☆ (22 ratings)



[Tiger woods AD](#)

The truth is revealed...

Zizo - 1 min - Mar 31, 2006

★★★★☆ (5 ratings)



[Tiger Woods who?](#)

A Stroke that would impress even **Tiger Woods!**

Rex - 4 sec - Feb 28, 2006

★★★★☆ (19 ratings)



[Tiger Woods Slow Motion TV Spot](#)

Tiger Woods Slow Motion TV Spot

1 min - Aug 9, 2006

★★★★☆ (9 ratings)

Solution: Recommendation Engines

- Recommend clips based on a user's interest and previous actions
- Basic process:
 - Obtain user data implicitly or explicitly
 - Recommend video clips of interest
- 47.9% of Amazon book sales come from books above the 40,000th rank
- 60% of Netflix's rentals are from recommendations

Recommendations with Targeted Advertising

- Filter content to create a personalized channel for each user
 - Helps solve information overload
- Personalize video content, personalize advertisements
- No company has implemented such a system

Summary

- Online video will usher in new advertising models
- User experience, reduction in search effort, and quality of content are key to audience capture & monetization for online video sites
- Further reading



Wired Magazine

Dec 2006 Issue

www.wired.com



Back-Up

Key eMarketer Numbers – Online Video Advertising

\$2 billion	US online video ad spending in 2009, up from \$410 million in 2006
89.0%	Annual growth rate for US online video ad spending in 2007
11.5%	US online video ad spending's share of total online ad spending in 2010
3.3%	US online video ad spending as a percent of total TV ad spending in 2010, up from 0.6% in 2006
65.2%	US Internet users as a percent of people in US TV households in 2007
\$6.90	Average annual US online video ad spending per user in 2008
\$278.44	Average annual US television ad spending per viewer in 2008

Source: eMarketer, October 2006

Top 10 Online Video Properties

Top 10 Online Video Properties among US Internet Users, Ranked by Streams Initiated, August 2006 (millions and % share)

	Streams initiated	% share
1. Fox Interactive*	1,404	20.1%
2. Yahoo! sites	823	11.8%
3. YouTube	688	9.9%
4. Viacom Digital	284	4.1%
5. Time Warner Network	238	3.4%
6. Microsoft sites	186	2.7%
7. Google sites	102	1.5%
8. eBaums World	53	0.8%
9. Comcast Corporation	45	0.7%
10. Real.com Network	44	0.6%
Total Internet	6,980	100.0%

Note: home, work and university locations; streams are attributed to the property that provides the stream (for example, the YouTube data include streams that occurred on their Web property and on other properties where YouTube provided those streams); number of unique streamers at top 10 sites is greater than total Internet figure because of overlap among visitors; number of streams initiated at top 10 sites is less than total Internet figure because of streams initiated at other sites"; *as of August 2006 data, MySpace.com is being included as part of the Fox Interactive property

Source: comScore Media Metrix, October 2006

077759

www.eMarketer.com

Top 10 Online Video Properties among US Internet Users, Ranked by Unique Streamers, August 2006 (thousands and % reach)

	Unique streamers	% reach
1. Yahoo! sites	39,881	23.0%
2. Fox Interactive*	39,528	22.8%
3. YouTube	35,531	20.5%
4. Time Warner Network	23,770	13.7%
5. Microsoft sites	16,894	9.7%
6. Viacom Digital	13,697	7.9%
7. Google sites	11,654	6.7%
8. MLB	6,227	3.6%
9. eBaums World	6,187	3.6%
10. Sony Online	4,746	2.7%
Total Internet	110,266	63.6%

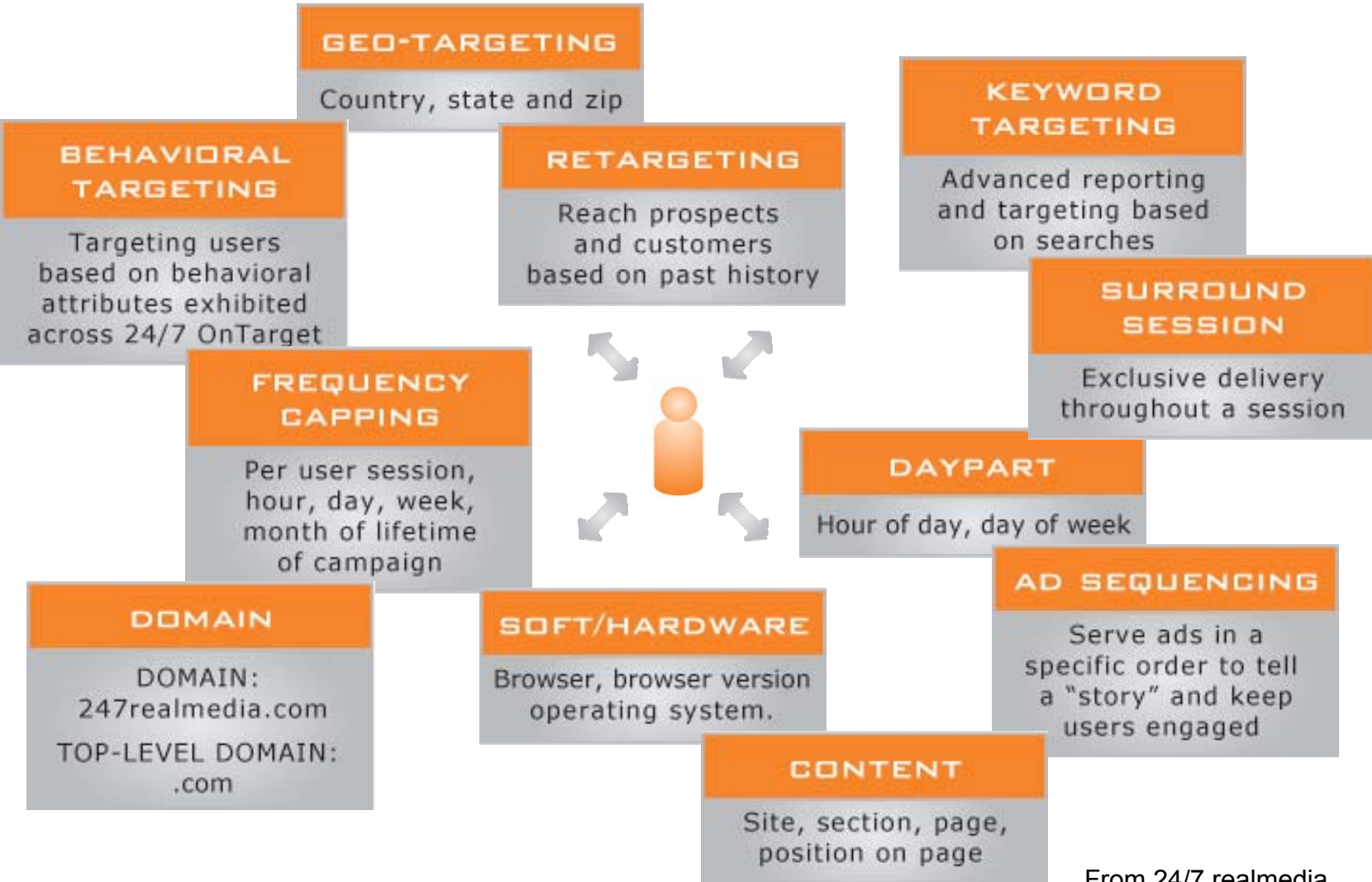
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Source: comScore Media Metrix, October 2006

077760

www.eMarketer.com

Ways of Targeting Online Ads



From 24/7 realmedia

Sample Online Advertising Workflow (DART for Publishers – used by YouTube)

