

Lies, Damned Lies...

The unpredictable world of online marketing & web analytics

October 08, 2008

Online Advertising Business 101, Part V – Rich Media



Welcome back to my [Online Advertising Business 101](#) series. In my previous posts in this series, I've painted a somewhat simplified picture of the major players in the online advertising market, and how they interact; and we've looked at some of the technology that these folks use, specifically ad serving technology for advertisers and publishers.

This post looks at a significant, but hard to define, aspect of online advertising: “rich media”. I'll attempt to explain how rich media fits into the overall picture, but also why it kind of doesn't. You see, whilst some of the more mainstream parts of the online advertising world are starting to settle down a little, with familiar patterns of interaction emerging, and some fairly well-established standards, out at the bleeding edge of rich media, things are still evolving quickly. So the rich media ad industry operates as a kind of overlay with mainstream online advertising, with its own set of specialized vendors, and its own set of rules.

What is Rich Media?

“Rich Media” is an umbrella term for ads which are more interactive, or use sound and/or video to get their point across.

The following are all examples of rich media ads:

- An expandable banner with embedded video
- An ‘advergame’ (a mini-game embedded inside an ad unit)
- A video ad served before, after or during a video clip
- A ‘page takeover’ ad (an ad which covers the page it's on, or interacts with that page or the other ads on it in some way)

Another more demotic way of defining rich media is “fancy Flash and video ads”. That sums it up to a reasonable degree of accuracy – there are funky ads built in Flash, and then there are video ads, either delivered through their own dedicated Flash units (in which case, they look a lot like regular Flash ads to ad servers and publishers), or embedded into the stream of a video clip. And it's also reasonably accurate to say that in-stream video is the more challenging to get done, for a variety of reasons (which I list below).

Although rich media currently makes up only a fraction of the ads delivered on the Internet, these ads are the best-paying for publishers, and their share of online display ad spend is set to grow to around 50% in 2009, according to [Jupiter](#), with video being the biggest contributor to this growth. In fact, video is often broken out in such predictions as its own media category – so this post could have been entitled “Rich Media and Video”.

Rich media's very attraction – the fact that it's something other than bog-standard banners, buttons & links – is also its main challenge. Each fancy new rich media idea from an agency brings with it its own set of implementation challenges. So a whole industry has grown up around bridging the gap between publishers – who want a simple life, by and large – and advertisers & agencies who want to push back the boundaries of what is possible with online advertising.

Rich Media Vendors

Because of the specialized nature of rich media advertising, and the fact that there are few to no standards in the rich media world, a collection of specialist companies – known as Rich Media Vendors (RMVs) – has sprung up to help advertisers & agencies get these kinds of ads onto publisher sites.

An (incomplete) list of some of the more common rich media vendors is as follows:

- [Atlas Rich Media](#) (now part of Microsoft)
- [DoubleClick Rich Media](#) (now part of Google)
- [Yahoo! Rich Media](#)
- [Eyeblander](#)
- [EyeWonder](#)
- [Pointroll](#)
- [Interpolls](#)
- [Rovion](#)
- [Unicast](#)
- [CheckM8](#)

These vendors provide a combination of technology and services. Much of the technology side comprises proprietary ad templates and delivery and measurement technology, whilst the services focus on authoring ads and help with the [ad trafficking](#).

Because of the vertically-integrated nature of the RMV's services, they need to interface on the [one hand with advertisers' creative agencies](#), and on the [other hand with the publishers](#) (and, increasingly, networks) that will be running the ads. So a good RMV will be on the "approved" list of lots of agencies and publishers/networks.

What do they do?

The challenges of getting a rich-media campaign up and running are as follows:

- [Creating the actual ads themselves](#) (the creative)
- [Trafficking the ads](#) (getting them actually placed onto publisher sites)
- [Managing and serving the creatives themselves](#), and [measuring delivery](#) and response

Creating the ads

Creating a good rich media ad requires a lot of skill – even a simple expanding ad requires knowledge of Flash and JavaScript, together with decent graphic design & copywriting skills. Creating video ads is a whole different ball of wax, especially if you're aiming for something more compelling than just repurposing your 30-second TV ad for the web. The small screen-sizes available and things like bandwidth considerations further complicate matters.

[The RMV will work with the advertiser's agency to code up the ads they need](#) – the agency may provide a relatively complete ad that has already been coded using the RMV's template, or the RMV will take some raw creative – say, a video – and code it in their template.

Trafficking the ads

This is the really fun part. [The complexity of trafficking a rich media ad is dependent on the kind of ad it is](#). For ads which are more or less "fancy banners" (i.e. IAB standard-sized units with interactive capabilities or video), the ad can often be served through the advertiser's and publisher's respective servers just like a static ad, making trafficking relatively simple. As these kinds of ads grow more sophisticated, however – expanding over the page, for example, or needing to interact with the page (such as the [recent Apple ads on NYTimes.com](#), which talk to one another), special work needs to be done by the publisher to insert the ads onto the page.

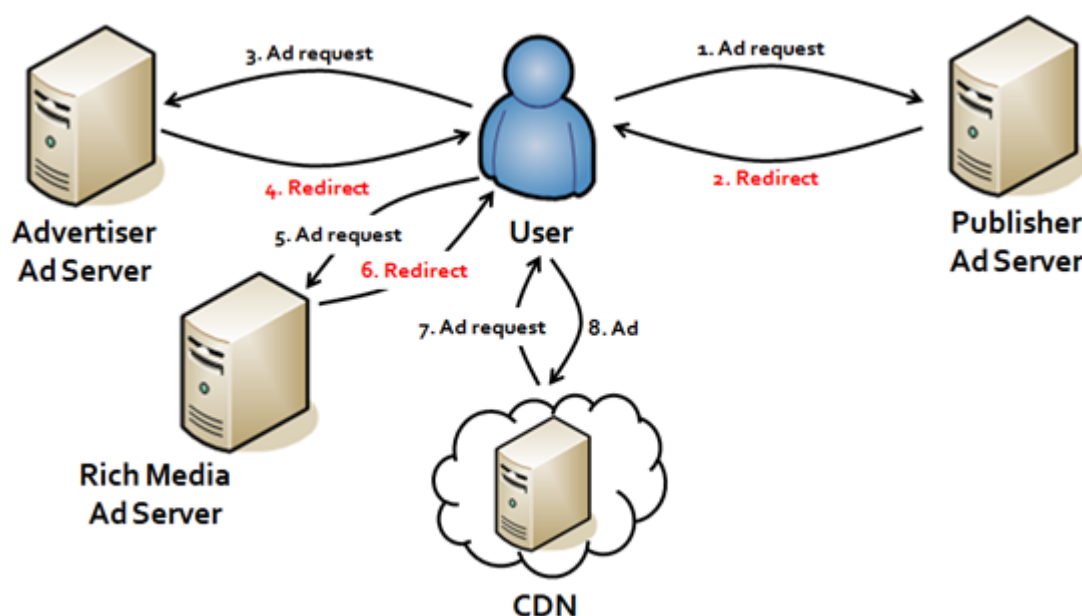
This picture becomes even more complicated when you consider in-stream video ads. The burgeoning crop of online video sites (YouTube, MSN Video, Hulu, YuMe, Vimeo, Veoh, Joost, Google Video, DailyMotion, Blinx and [more than 200 others](#)) all have slightly different players (though many are Flash-based) which use an array of different video sizes and encoding formats. So anyone looking to serve video ads has to be able to [transcode](#) their video into the various required formats and work with the video sites to insert these ads into the video stream.

Furthermore, many online video sites are now enabling new kinds of ads within their players, such as overlay ads; our own adCenter Labs is even looking at video hyperlinks – making parts of the video itself clickable. RMVs have to keep up with all these developments.

Unsurprisingly, no standards exist for the way in which these richer kinds of ads are implemented, so publishers that want to host rich media or video ads end up working directly with a handful of Rich Media vendors (here's the list that AOL supports, for example) to define a set of formats that they will support. The RMVs end up acting as a kind of gateway to the publisher, ensuring that some kind of consistency and reliability is maintained.

Delivering & tracking the ads

Many rich media vendors (for example, Eyeblaster) will also take a hand in actually delivering the ad, providing their own campaign management and ad serving technology. In situations where this is the case, the advertiser can either use the RMV's ad management system in parallel with any other ad server they already use (such as DFA, or Atlas Enterprise), or they can use their "primary" ad server to manage the campaign and then hand off the ad calls to the rich media ad server when necessary, as in the diagram below:



A third scenario is that the advertiser adopts the RMV's ad server as their principal third-party ad serving solution – this, unsurprisingly, is the tack recommended by the RMVs themselves.

One other key reason that RMVs provide their own technology is that this makes it easier for them to offer detailed and relevant metrics about ad delivery and interaction. Because rich media is designed to be interacted with without leaving the ad (anything from a simple whack-a-mole-type interaction to something like spec'ing a new car), measuring rich media (and therefore charging for it) is a very different proposition to measuring static display or text ads, where the click (and, to a lesser extent, subsequent conversion behavior) is king.

You'll be getting a little bored by now of hearing me say that there are no standards for rich media measurement, but they are pretty thin on the ground. Impressions is a fairly useless metric if the unit in question is a 'peel-back' overlay – the kind where you have to mouse-over to see any of the ad copy at all – or where the ad is a 15-second pre-roll.

Likewise, there's a world of difference between an ad where a single click signs the user up for an e-mail newsletter and an advergame where the user may click hundreds of times on the ad in an effort to whack that pesky mole.

So another function that RMVs (and the creative agencies they work with) perform is to demonstrate and quantify the value of the work they have done to their clients – coming up with engagement metrics that can be defended in front of the CMO.

Where next?

The vertically-integrated nature of the rich media 'industry' is sure to change over the next few years, as the industry looks to grow out past its home base of deep-pocketed advertisers and large, sophisticated publishers. Smaller advertisers will want to be able to create richer ads, and to be able to serve ads into richer environments. Similarly, smaller publishers would like to be able to benefit from the higher eCPMs of rich media ads. Larger advertisers, on the other hand, would like to be able to serve their fancy rich media ads across a broader range of sites.

In order to enable these scenarios, **advertisers need access to systems that enable them to create or upload one set of creative and have free choice of a wide range of sites to advertise on** – without having to implement the creative separately on each site. And publishers need to be able to create standardized rich media ad units which can form the supply side of this larger, more liquid market.

There are some moves afoot to bring about this kind of world. **Google AdSense** now **supports video ads** (enabling publishers to have video ads appear on their site), and **AdWords text ads** will **appear as overlay ads** on **YouTube videos**, enabling AdWords advertisers to appear in this context. We're doing the same with our **Silverlight Streaming for Windows Live** service. And **some RMVs are turning their publisher base into specialized ad networks** – **VideoEgg's** network being a good example – whilst **traditional ad networks** such as **Advertising.com** are **branching out into video**.

Industry growth won't get past a certain point, however, without more agreement on standards. The **IAB** is pretty active in this space (though, bless it, it does move rather slowly), having agreed a set of **rich media ad guidelines** this year, and there is also a useful set of **measurement guidelines** available (with some nice diagrams on tracking & serving). But a set of widely-agreed measurement standards seems a little further off for the time being.


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Comments



jshannonj said...

Seriously, one of the best series of posts I have read on the subject. Anyone entering into online advertising and marketing should read this...be they in sales, adops, management anything.

Thank you for the thoroughness.

[Reply October 24, 2008 at 07:21 PM](#)



replica watches said...

I tried running Google adwords with my site and they pretty much blacklisted my website for posting such information. I had a page rank 5 and it's lowered now to a PR 3.

Go figure,

Keep posting

Mike

[Reply November 19, 2008 at 12:25 PM](#)

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