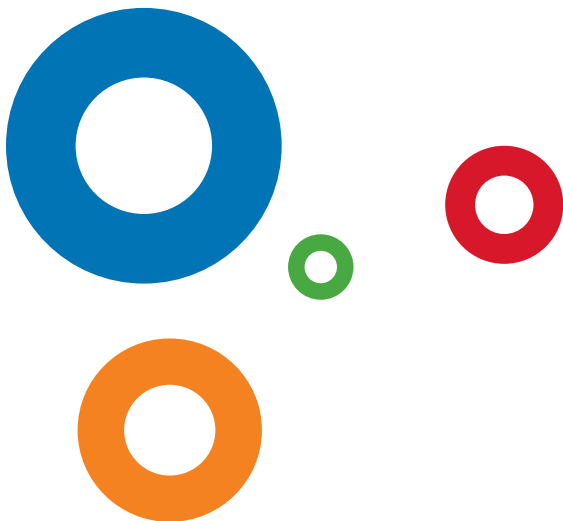


BrightRoll Canada Video Advertising Report

October | 2011



I. Introduction

Over the last several years, a surge in consumer interest and advances in technology have made Video nearly ubiquitous across the Web, and a crucial part of the everyday Online experience. Canadian consumers are global leaders in Video consumption, with over 20.2 hours of Video content consumed per month/Video viewer. In fact, according to August 2011 estimates by comScore Canada, 90% of the Canadian Internet audience, or a full 22.3 million Canadians, watch Online Video on a monthly basis; consuming an average of 279 Videos each, for an astounding 6.2 billion total Videos viewed/month.

This growth of Online Video viewership in Canada, coupled with scalable Video Advertising solutions, has now given advertisers a powerful way to connect with their target audiences through a medium that brings marketing messages to life through its combination of sight, sound and motion.

And yet, while there are plenty of reasons to feel optimistic about the future of Video advertising in Canada, there remains a significant gap between consumer adoption and advertiser spending in the Video channel. According to IAB Canada's 2010 Internet Revenue Survey, Video ad spending totaled just \$37million in Canada, and accounted for just 2% of total Online ad revenues. A similar disparity is being echoed globally, with 86% of the USA's Web population and 81% of the UK's Web population consuming Online Video

monthly, and only 2% of spend being directed to Video in these areas as well.

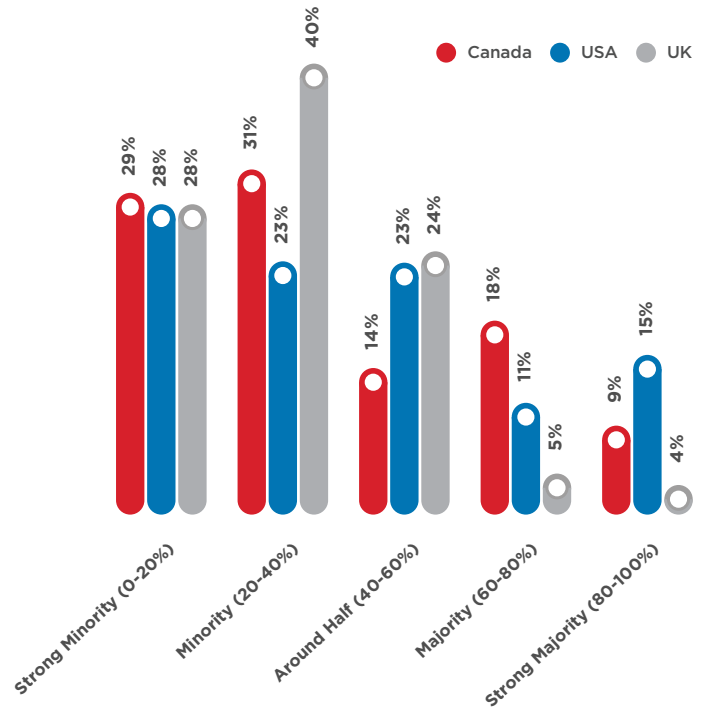
For the past three years, BrightRoll has been able to empower the U.S. Online Video industry with key insights from their annual Online Video Advertising Report. This year, BrightRoll released the study in the UK, and have teamed up with IAB Canada to bring similar insights to Canada. The goal is to provide an objective look at the industry and to uncover trends and key learnings that will help it grow and flourish globally. The results of our 2011 Canadian Video Advertising Report are based on a survey of more than 100 decision-makers and media buyers at leading advertising agencies across Canada, and provide a unique look into this dynamic space.

II. Past Progress, Future Promise

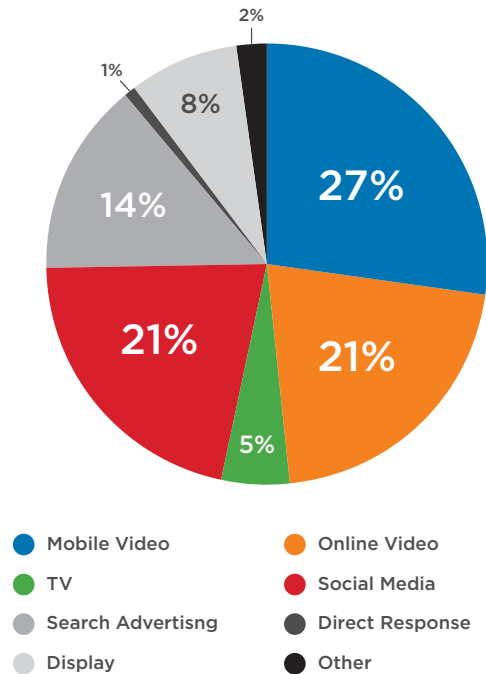
Canadian advertisers are beginning to respond to growing consumer adoption of Digital Video, though as mentioned before, spending still lags significantly behind audience growth. Although a strong majority of the population is consuming this medium, a strong majority of RFPs still lack a Digital Video ad component. In fact, only 8.8% of agency executives in Canada included Digital Video as a component in over 80% of their RFPs in 2010.

Nevertheless, there is good reason to be optimistic about the category's future in Canada, as buyers predict increases in Online and Mobile Video spending this year will rival or exceed spend increases in Social Media.

What percent of your RFPs included a Digital Video ad component in 2010?



Which advertising category do you expect to see the largest overall increase in media spend this year?



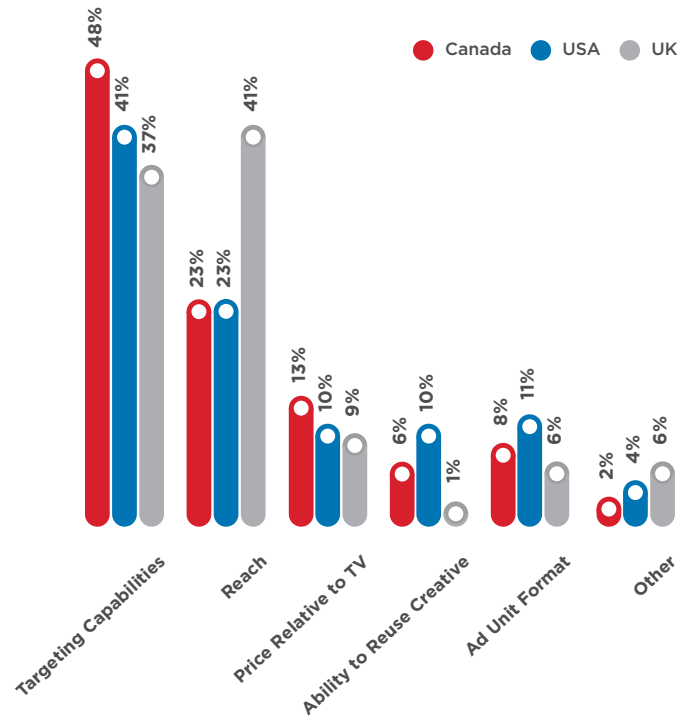
III. Capitalizing On Assets

Targeting methods, an acknowledged strength of Online advertising, have evolved significantly in recent years, giving Video advertisers the ability to optimize their campaigns to reach the specific consumers who best match their goals.

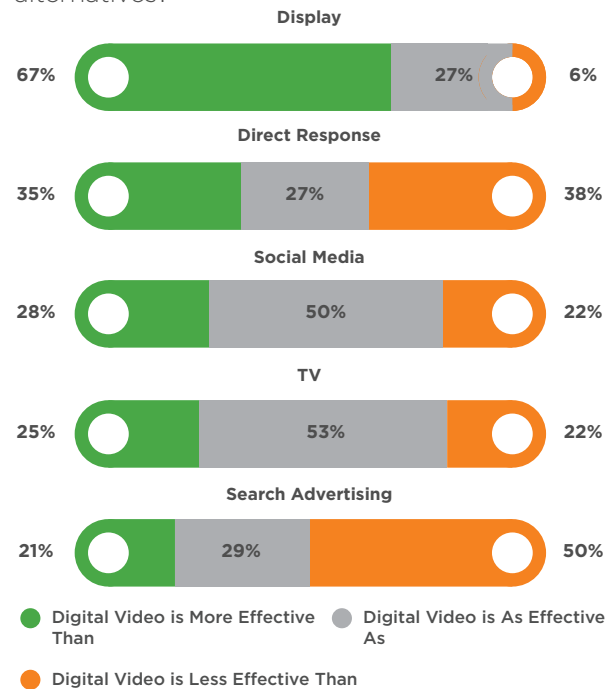
Like their counterparts in both the U.S. and the U.K., Canadian advertisers greatly value Digital Video's ability to reach a highly-defined audience. Asked which form of targeting they find most valuable for Digital Video advertising, Canadian agency executives clearly prefer demographic (32%) and behavioral (31%) targeting, followed by contextual at a distant third (13%), with deep geographical (8%) and content targeting (8%) rounding out the responses.

These tools provide Digital Video with an advantage over competing channels as echoed by agency response to this question. In fact, agencies and their clients in Canada reported Digital Video to be more effective than TV, Social Media, and standard Internet Display advertising. As targeting tools and technologies become more widely available and implemented, we expect to see continued increase in Digital Video spending as a result.

Which aspect of Online Video do your clients view as most valuable?



In your experience, how effective is Digital Video advertising, when compared to the following alternatives?



IV. Validating The Investment Into Digital Video

In order for Digital Video ad spend to catch up with consumer adoption, industry stakeholders should focus on identifying and improving in key areas that are a barrier to ad spending at this time.

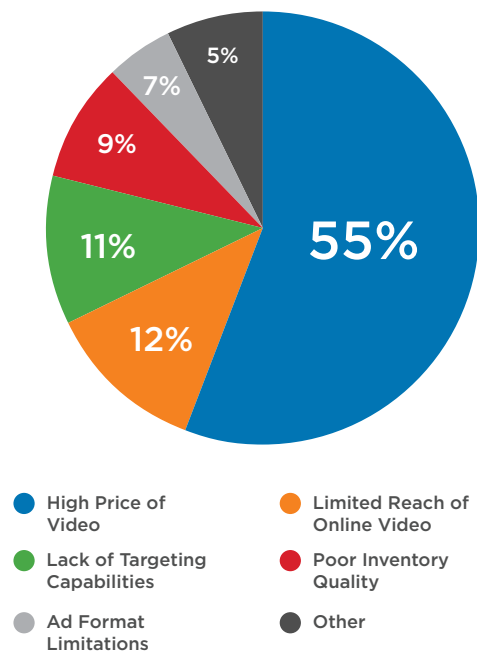
Price continues to be a prohibitive factor, as indicated by more than half of respondents. Reach and the lack of targeting capabilities on an industry-wide basis are two more areas of concern that may prove limiting. Conversely, the growth of inventory across quality publishers coupled with the availability of more advanced targeting tools will help alleviate these concerns, leading to increased spending across the category. Moreover, as additional research emerges to demonstrate the category's ROI, advertisers will be better equipped to validate their decision to move budgets Online.

When asked "What tools would help increase your Digital Video ad spend?" a majority of respondents felt that better campaign measurement tools (65%), research around the need for/or comparability of Video GRPs compared to TV GRPs (55%), and research on proven ROI (54%) would be most beneficial.

Only a minority, or 27% of agency respondents to this survey have begun to conduct research of their own in these areas.

As additional research emerges to demonstrate the category's ROI, advertisers will be better equipped to validate their decision to move budgets Online...

In your view, what factor is most limiting to the growth of Digital Video advertising today?

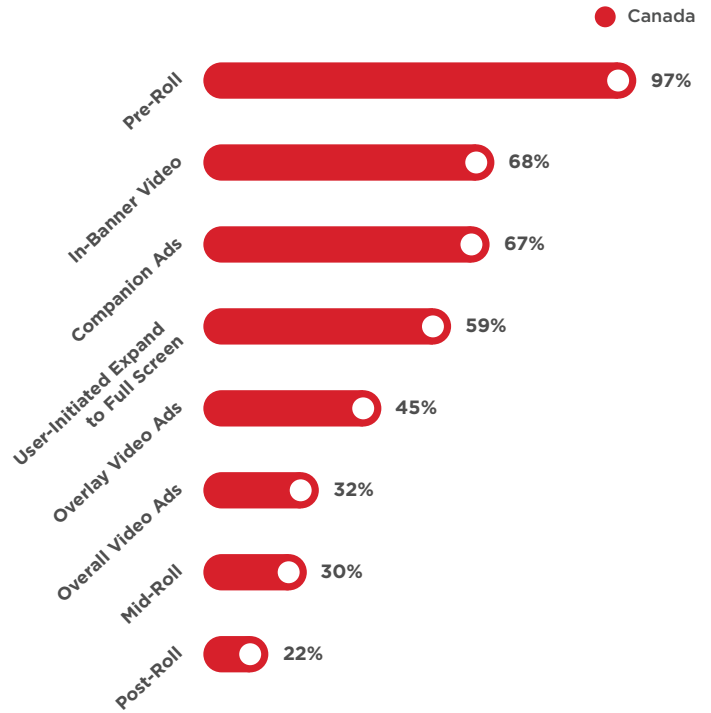


V. Endless Possibilities Across Platforms

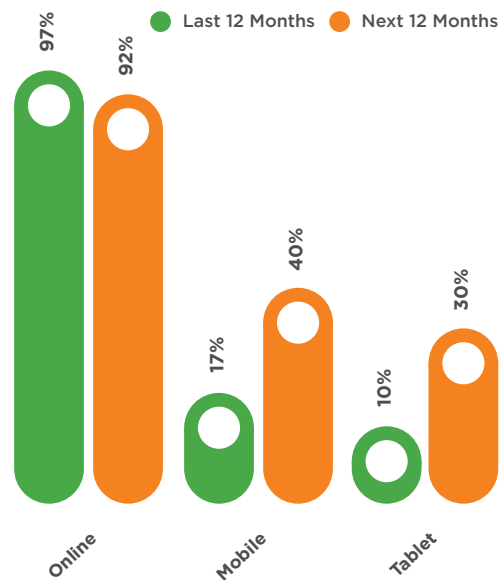
Pre-Roll remains the most dominant Video ad unit utilized for advertising purposes among Canadian agencies. An overwhelming 97% of respondents indicated that they've used Pre-Roll in their Digital Video media plans during the past 12 months. Pre-Roll was followed by In-Banner Video (68%) and Companion ads (67%).

Pre-Roll proved to be the dominant unit across both Mobile and Tablet inventory as well. Seventeen percent of respondents indicated they had used Pre-Roll on Mobile campaigns in the last year, with 40% of respondents predicting continued use of this ad unit in the next year. Similarly, 10% indicated they had used Pre-Roll on Tablet campaigns in the last year, while 30% predict they will adopt this format in the next twelve months.

What types of Digital Video ad units have you used in your media plans within the last 12 months?



Digital Video ad units used in media plans within the last/ next 12 months across platforms: Pre-Roll



VI. Setting Standards

Industry standardization will be an important driver of increased ad spend in Digital Video. IABs and the publisher Members they represent across the globe are rapidly adopting VAST (Video Ad Serving Template) and VPAID (Video Player Ad Interface Design) standards to make implementation and tracking of Digital Video ad campaigns easier for agencies and their clients, yet 77% of agency executives surveyed for this study had yet to hear of VAST/VPAID. As industry stakeholders across the world work to establish standards to expedite Digital Video advertising maturation, it's clear from the results of the BrightRoll/IAB Canada report, that much work remains to be done to build awareness of the benefits of adopting these new standards in the Canadian market.

“ “

77%

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BrightRoll and IAB Canada hope to arm advertisers and agencies with the confidence necessary to dive into the Digital Video advertising market in Canada...



VII. Conclusion

What makes Digital Video advertising in Canada so enticing? Start with a country full of tech-savvy consumers, throw in unparalleled broadband access, add a heapful of increases in available Online and Mobile Video content, and top it off with targeting to audiences at scale – and you have a recipe for advertiser success!

As Canada's appetite for Digital Video advertising continues to grow, BrightRoll and IAB Canada are dedicated to providing the industry with critical insights and thought-provoking analysis that will allow marketers to make sound decisions when it comes to investing in this format.

BrightRoll and IAB Canada hope that the insights contained within this first co-report will arm advertisers and agencies with the confidence necessary to dive into Digital Video today!

Need more research and insights into best practices for planning and buying Digital Video? Reach out to your BrightRoll Canada and IAB Canada contacts today!

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About BrightRoll

With more than 150 million monthly unique viewers worldwide, BrightRoll is the world's largest and most trusted Video ad network and the leading provider of Online Video advertising services. The BrightRoll Network has access to billions of Video impressions per month enabling advertisers to execute smart Online Video campaigns across a massive pool of Web and Mobile Video inventory. BrightRoll's proprietary buying technology, combined with its full site disclosure, detailed performance reports and flexible targeting provide brands and agencies with the reach, frequency and scalability needed to achieve their campaign goals. BrightRoll is a privately held, venture-backed company headquartered in San Francisco, California, with European headquarters in London.

For more information visit www.brightroll.com

About IAB Canada

IAB Canada (www.iabcanada.com), is the national voice and de facto thought leader of the Canadian Digital marketing and advertising industry, and is a not-for-profit association representing Canada's most well-known and respected Advertisers, Agencies, Media Companies, Mobile and VideoGame Marketers + Developers, Measurement Companies, Service Providers, Educational Institutions and Government Associations operating within the space.

