

## The Auto Bailout And Online Video Advertising

By Eric Franchi Tuesday, December 15, 2008



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AS I WRITE THIS ARTICLE on Thursday morning, Dec. 11, the headlines are that the House passed a \$14 billion government rescue plan for the Big 3 automakers. [Update: the bill was later rejected by the Senate, but we are still looking at the possibility that the Big 3 will continue to exist and try to work through their problems, while avoiding bankruptcy.]

The auto industry has not only been a fixture in our hearts and minds for nearly 100 years, but also in the economy. According to Michigan Governor Jennifer Granholm, it supports one out of every 10 U.S. jobs. Closer to home for those of us in the ad industry, the Big 3 accounted for 3.3% of measured U.S. ad spending and roughly 6% of the revenues for the top four agency holding companies. One could be forgiven for watching this saga unfold closely.

Those are some of the reasons why the entire online world went abuzz when General Motors' CEO, Rick Wagoner, said that part of G.M.'s strategy toward a more efficient model would include a "substantial" shift of its \$500 million budget to online advertising. Online's efficiency and effectiveness versus other media is already well known. But think about the potential opportunity this creates: if the other automakers survive and follow suit, the online industry could have a much stronger 2009 compared to the flat to slightly up year that most are projecting, out of nowhere. And in a recession!

In my opinion, online video is the ultimate brand/response tool for automotive advertising. Combining sight, sound and motion with the ability to customize vehicle options and set dealer appointments make for an unbeatable combination. However, while we in the industry debate how to build a predictive video behavioral targeting engine and how to standardize serving platforms, we may miss out on the opportunity presented to us by this potential seismic budget shift. Here are three things that will help online video take a quantum leap forward:

**Innovation in premium content:** Premium video is tailor-made for automotive advertising. Hulu is poised to have a great 2008 with estimated revenues of \$70 million, and it's predicted to triple that in 2009. But Hulu alone can't, and shouldn't, be the premium video destination. There is a huge opportunity here for entertainment properties or a similar aggregator/destination site to gain market share.

**Creative leadership:** We should hold ourselves to a higher standard than running repurposed TV spots. Develop creative that informs, interests and encourages action. Hot-spot, product-place, and engage the user. The creative side is the most neglected but potentially strongest opportunity in online video today.

**Research and analytics:** Nothing like the end-to-end platforms built for search and display - which measure factors like reach, frequency and ad effectiveness - exist for video. We need to develop such products to justify higher CPMs and grab dollars from TV.

There you have it: three ideas that will go a long way in helping online video get its fair share of Big 3 2009 advertising dollars and help advance the medium. Ladies and gentlemen, start your engines.