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Lindstädt-Dreusicke, Nadine; Theobald, Elke; Budzinski, Oliver; Noskova, Victoria

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# Offline versus Online Video Advertising Spending Behavior – A Detailed Report of an Empirical Study among Marketing Experts in Germany

Nadine Lindstädt-Dreusicke, Elke Theobald, Oliver Budzinski, Victoriia Noskova

Pforzheim University, Pforzheim University, Ilmenau University of Technology, Ilmenau University of  
Technology

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## Zusammenfassung

*Die Studie untersucht das Werbespending-Verhalten von Werbetreibenden für Bewegtbildwerbung in klassischen und digitalen Werbekanälen. Der Schwerpunkt bisheriger Veröffentlichungen zu Video-Werbeplatzierungen liegt in den zyklisch erscheinenden Analysen zum aktuellen und geplanten Werbespending-Verhalten der Werbetreibenden. Die Ergebnisse der vorliegenden Studie hingegen erschließen die Einstellungen und präferierte Nutzung verschiedener Werbekanäle für die Platzierung von Bewegtbildwerbung. Die Ergebnisse zeigen, dass mehr Werbetreibende Bewegtbildwerbung auf digitalen Plattformen nutzen als im klassischen Fernsehen. Dabei haben insbesondere die Social-Media-Kanäle (z.B. Instagram, Facebook) eine große Bedeutung, gefolgt von der eigenen Website und digitalen Videoportalen wie YouTube oder Vimeo. Bei den Kommunikationszielen und den Motiven für die Kanalwahl zeigen sich deutliche Unterschiede beim Einsatz von digitalen Plattformen und der Nutzung von traditionellem TV. Grundsätzlich schätzen TV-Werbetreibende (= Einsatz von unter anderem klassischem TV für Bewegtbildwerbung) und digitale Werbetreibende (= ausschließliche Nutzung digitaler Bewegtbildkanäle für Platzierungen) die Effizienz und Bedeutung der Online- und Offline-Kanäle unterschiedlich ein, was letztendlich zu einer differenzierten Relevanzeinschätzung der Online- und Offline-Werbekanäle führt. Hieraus leitet der Artikel schließlich Managementimplikationen für Medienunternehmen ab.*

**Keywords:** Bewegtbildwerbung, Videowerbung, klassisches TV, lineares TV, Video-Plattformen, Werbebudget

## Summary

*The study examines the advertising spending behavior of advertisers for video advertising on traditional and digital advertising channels. The focus of previous publications on video advertising placements is on the periodical analyses of advertisers' current and planned advertising spending behavior. The results of this study, in contrast, give insights into the attitudes and preferred uses of various advertising channels for video ad placement. The results show that more advertisers use video advertising on digital platforms than on traditional television. Social media channels (e.g., Instagram, Facebook) are particularly important, followed by the company's own website and digital video portals (e.g., YouTube, Vimeo). In terms of communication objectives and the motives for channel selection, there are clear differences in the use of digital platforms and the use of traditional TV. Basically, TV advertisers (= use of, among other things, traditional TV for video advertising) and digital advertisers (= exclusive use of digital channels for video placements) assess the efficiency and importance of online and offline channels differently, which ultimately leads to a differentiated relevance assessment of online and offline advertising channels. Based on these findings the article derives managerial implications for media companies.*

**Keywords:** Video advertising, digital video platforms, traditional TV, advertising spending behavior

## Introduction

Video platform markets have been and still are experiencing great dynamics. Video-on-Demand (VoD) – both advertising financed (AVoD, such as YouTube) as well as paid-for-by-users financed models (PVoD, such as Netflix) – have shown tremendous growth in usage and consumption over the years. Generally, there seems to be a movement away from linear towards non-linear platforms – particularly driven by the younger consumers, whereas the older age groups oftentimes stick with linear services – which is observable not only in Germany but in various other countries as well (inter alia, Beisch et al., 2019; Egger & Gerhard, 2019; Richter, 2019; Audience Project, 2020; Hein, 2021). In addition to this, the usage of streaming accelerated dramatically during the lockdown times of the corona pandemic (Audience Project, 2020) – and since it is part of a technological shift, a large part will not switch back after the pandemic. This development makes it attractive for new platforms to enter the VoD market, including international players like Disney and Apple (both services launched at the end of 2019) as well as players such as Viaplay, HBO Max and Peacock with plans to enter the European/German market. Additionally, traditional players in the television field are expanding their activities into the digital area such as in Germany RTL+ (formertimes TVNow by the RTL Group) or the platform Joyn by ProSiebenSat.1 and Discovery.

A large part of the VoD research so far has particularly focused on the user side, looking at consumption figures for different types of video platforms, its developments as well as users' shifts from linear (e.g., traditional television) towards non-linear video platforms à la YouTube and Netflix (inter alia, Egger & Gerhard, 2019; Lindstädt-Dreusicke & Budzinski, 2020; Audience Project, 2020; Budzinski et al., 2021).

Comparatively little research so far addressed the advertising[1] side with a focus on offline (e.g., television) vs. online (video) advertising, deriving insights particularly for media companies. In some business models (e.g., free commercial TV, AVoD), advertising represents the major revenue source. This article contributes to filling this research gap by reporting the results of a survey among marketers asking them about the development of and changes in video advertising behavior (for final questions addressed see Chapter Empirical Study). In line with platform economics (inter alia, Anderson &

Jullien, 2015; Crawford, 2015), changes on the user side cause effects on the second market side – the advertisers. Thus, due to the user's shift towards online video platforms, advertisers have an incentive to follow their target group ("follow eyeballs"). In addition to this, advertising on online platforms enjoys some advantages over traditional television, e.g., better targeting opportunities (inter alia, Silk et al., 2001; Evans, 2009; Bergemann & Bonatti, 2011), lower targeting costs (Goldfarb, 2014), performance-based payment models (inter alia, Silk et al., 2001; Bergemann & Bonatti, 2011), and enhanced opportunities for interaction with the target group (Nagar, 2009). Both developments threaten the television industry and its traditional revenue model. Certain decreases in advertising spending for television media in contrast to increases in digital media can already be observed (Günther, 2018; Nötting, 2019; Zenith, 2019; Shieber, 2020; Handley, 2020; Statista, 2021a, 2021b).

## Identification of research gap

When looking more specifically at the research that puts the advertising side in focus when analyzing video markets, two different types of research can be identified: firstly, (commercial) studies, mainly published by media agencies, and, secondly, academic literature. Both strings of literature will be overviewed in the following.

Commercial studies published by media agencies (inter alia, Dentsu Aegis, Zenith, MAGNA, WARC) focus predominantly on indicating actual figures and forecasts on advertising spending for different media channels, based on historical data sets and surveys about planned budget allocation of their customers. **Table 1** gives an overview of relevant commercial studies about advertising spending. These studies, however, are not exploring the objectives, motives, and attitudes of the advertisers behind the planned budget allocation.

The perception and attitudes of advertisers towards digital video advertising, however, are addressed by the IAB[2] studies (IAB 2020; IAB 2021). The sample of IAB 2020 contains only 23 advertisers (next to 85 agencies and 74 publishers). For digital video ads they identified brand building (58 %), competitive advantage (50 %) and better targeting / personalization mechanisms (50 %) as key drivers. Furthermore, the advertisers unsurprisingly want to drive sales and

improve ad effectiveness. The advertisers prefer to measure reach, clicks and frequency for the controlling of the digital ad spend. After the IAB 2020 study, publishers already reacted to this demand of advertisers and offered more video ad inventory to address the ad spend in 2020. In 2018, less than 20 % of the inventory was for digital video advertising, whereas in 2020 already 29 % of their revenue came from digital video advertising. The 2021 attitude study (IAB 2021) focuses on the attitudes toward programmatic advertising - so the results of this study are not relevant for the research questions (see in more detail in section Empirical Study) about the spending behavior for video advertising.

The literature in academic research focuses on addressing the effectiveness of advertising placements in different media channels on a quantitative basis with the analysis of saturation, substitution, or complementary effects (inter alia, Silk et al., 2001; Frank, 2008 (however, not considering online advertising); Suklan & Žabkar, 2013; Goldfarb & Tucker, 2011). Many studies analyze advertising spend versus revenue/sales effects after the campaigns (e.g., Pfeiffer & Zimbauer, 2010; Goerg et al., 2017; Shaikh et al., 2019).

So far, comparatively little research (Logan, 2011; Lim et al. 2015; Goerg, 2017; Allom et al., 2018; Shaikh et al., 2019) directly focused on a comparison of television vs. digital video advertising. However, in order to have a similar basis for comparison, the advertising types ideally should be similar (i.e., comparing audiovisual advertising types online and offline seems better than comparing textual advertising with audiovisual advertising). Shaikh et al. (2019) deal with a comparison of digital video advertising and television advertising. Since companies have shifted investments from television towards digital video advertising the authors analyze the effectiveness and efficiency of both forms of advertising based on a longitudinal analysis (for a national restaurant chain and a national food and beverage brand). The findings indicate that although digital video advertising is more efficient and effective for both cases, increasing such investments, however, should be well-considered due to quick saturation effects (i.e., overspending on digital video advertising), thus, decreasing efficiency effects. Also, the reach is lower (i.e., narrower and more targeted) than with television advertising.

Lim et al. (2015) study the synergy effects of video advertising, particularly between linear (i.e., television)

and non-linear (i.e., internet, mobile TV) media platforms on overall advertising effectiveness. The authors find that repetitive ads in multiple media (with different screen sizes) showed larger effects (e.g., regarding perceived ad, message and brand credibility, purchasing intention) than repetition on single media types.

Allom et al. (2018) study the cost-effectiveness of single usage and combinations of television and online media (i.e., video and banner ads) in order to derive recommendations on buying decisions. Therefore, the paper builds on a case of a smoking cessation campaign. The results show the most cost-effective outcome to reach the communication goal with pure online display usage, followed by a combination of online display and video ads and then the combination of online video and television. Pure television advertising, by contrast, was found to be the least cost-effective measure.

Logan (2011) addresses streaming and traditional television and looks at the opportunities for advertisers to increase the efficiency of TV advertising through online streaming platforms (such as Hulu). Based on an empirical analysis among users – particularly determining their degree of involvement as well as evaluating differences in advertising perception and avoidance among the two media types – the author finds that advertising on online streaming platforms was viewed more likely than on traditional television, though the former is regarded as being more intrusive. However, due to the online streaming platforms' low(er) reach, compared to television, this platform does not yet qualify as a sole media type for advertisers. Instead, a combination of online and television seems advisable.

Goerg et al. (2017) study the conditions under which television advertising campaigns should be accompanied by YouTube advertising for increasing joint reach and, thus, give guidance on the optimal allocation of advertising spending. Draganska et al. (2014) conduct a comparison between television and internet advertising regarding their effectiveness with a focus on brand-building effects. Though video advertising was not the sole focus it was included as one form of internet advertising (next to internet banner and rich media). The article accounted for differences in preexisting brand knowledge between television and online formats. Thereby, the preexisting brand knowledge of TV and online video viewers was already similar. Once adjusted for the preexisting

differences, also banner and rich media advertising performance was found to be indistinguishable from television (next to video online).

Stewart et al. (2019), by drawing on concepts applied to television commercials, empirically study on the effectiveness of digital video advertising revealing that it is similarly effective as television advertising – i.e., it is particularly effective with low involvement and hedonic products. Also, the article shows that consumers' used device (e.g., laptop, smartphone, tablet) influences the effectiveness of digital video advertising.

The different literature streams show that research so far focused either on the advertisers'/marketers' side with managerial implications on how and where to optimally (regarding effectiveness and efficiency) distribute advertising spending or on a more strategic perspective on substitution vs. complementation effects of different advertising types. To the best knowledge of the authors, no research so far has put media companies in the center of attention deriving managerial implications for them on how to best address their advertisers across their different media outlets (e.g., television, online) in a highly dynamic market environment. However, media companies are challenged in manifold ways by changing consumption and investment patterns of both users and advertisers, potentially generating threats to their existing revenue models. The literature review also shows that, so far, the decision motives of advertisers for the placement of video advertising have not been intensively researched yet. The reactions on the IAB (2020) study, however, reveal the relevance of such motives for the publishers (see above). Consequently, it seems interesting to take a closer look at the advertising side in order to analyze shifts in video advertising from traditional offline to online channels as well as within the online ecosystem.

Thus, the following empirical study aims to contribute to addressing these identified research gaps by

- (i) focusing on the advertising side by describing changes in advertising spending behavior in order to better understand marketers' motives regarding the allocation of their advertising budget,
- (ii) putting the advertising focus particularly on the concrete comparison of television vs. digital video advertising, and

(iii) deriving managerial implications, specifically for media managers in order to give recommendations on how to design video platforms – online and offline – attracting both users and advertisers.

## **Empirical study**

### *Research Questions*

Based on the overview of literature and the (rare) empirical findings about the advertisers' behavior, the following research questions were formulated to address the advertiser's attitudes and perspectives:

RQ 1. How important is video advertising for marketers and which channels do they prefer for placements?

RQ 2. Are there differences between marketers, experienced in traditional linear TV placements and marketers with digital only placements regarding the perceived importance and usage of the channels?

RQ 3. What are the actual changes in spending behavior and what is the projection?

RQ 4. Do advertisers have different communication objectives for different channels?

RQ 5. Which KPIs are relevant to measure the performance of the video platforms?

### *Measures and Sample*

To address the research questions, a quantitative online survey was conducted among marketing experts (B2C+B2B) in February 2020 in Germany. To develop the questionnaire, two qualitative interviews were executed about actual topics, trends and placement preferences of digital video advertising with media managers in advertising companies prior to the survey. The identified items formed the basis for the questionnaire. The survey among the marketing professionals is based on several blocks with multiple questions referring to the RQs. In most cases, Likert scale was used to find out an extent to which the item is relevant/effective/etc. In addition, there were questions where respondents selected and ranked most important items.

The questions covered the following topics:

- actual and future importance and planned use of

- media channels for video advertising placements;
- actual and planned shifts in the media budget for video advertising placements;
  - actual and planned formats for video advertising;
  - advertising objectives pursued with the presence on various media channels;
  - motives for placements on media channels;
  - advertising effectiveness of video advertising on the media channels;
  - KPIs to measure success;
  - use and importance of owned media channels for video advertising;
  - bargaining power of video platforms and advertisers.

The online survey was spread in the organization OWM (Organisation Werbungtreibende im Markenverband), the most important German Advertisers Association (OWM 2021). The target group focuses on people holding key positions in marketing and communication. In addition to this, the survey was distributed among different marketing clubs in Germany as well as the business networks (i.e., Xing, LinkedIn).

The final sample consists of 65 respondents (completed questionnaires) located in Germany. Among them 40 marketing managers (61.5 %) and 25 communications/media managers (38.5%). The majority work in companies, a few in media agencies (7.7 %). The media budget varies from under one million Euro per year (27.7 %) to above 16 million Euro (26.2 %). The number of employees ranging from under 500 (41.5 %) to above 5.000 (27.7 %). Most companies focus on B2C markets (47.7 %), 16.9% on B2B and 35.4 % target both groups.

## Results

### *Importance of video advertising: Higher penetration on digital platforms*

The important role of video advertising can be approved in this survey: 84.6 % of the respondents agree that video advertising has a very high importance or is even indispensable for their companies (Top2; n=65). However, differences are visible in the channels used. Video advertising in linear TV is used by the majority of companies (61.0 %; n=59), whereas 39.0 % do not use it at all. By contrast, almost all companies put emphasis on digital platforms with stationary devices (98.4 %; n=64) and mobile devices (100.0 %; n=65). So, video advertising shows a higher penetration being distributed on digital platforms.

*Importance of communication channels: social media, company's website and digital video portals are the winner.*

Regarding the importance of communication channels, social media channels (e.g., Facebook, Instagram; Top2=84.4 %; n=64), the company's own website (Top2=79.7 %; n=64) and digital video portals (e.g., YouTube, Clipfish, MyVideo, Twitch; Top2=66.2 %; n=65) are assessed as the most important communication channels for video advertising. On the contrary, video advertising has less importance on portals of email providers (e.g., Web.de, GMX, T-Online; Bottom2=71.0 %; n=62), on public TV channels (e.g., ARD, ZDF; Bottom2=74.2 %; n=62), on pay-TV (e.g., Sky; Bottom2=75.0 %; n=64) as well as in the cinema (Bottom2=78.1 %; n=64). Among all platforms, YouTube (Top2=76.6 %; n=64), Facebook (Top2=75.4 %; n=65) and Instagram (Top2=72.3 %; n=65) were rated by far as the most relevant ones.

### *TV advertisers vs. digital advertisers: Dissension for classic media, consensus for digital media*

In order to gain broader knowledge, the sample was split into two groups. The first group consists of TV advertisers (n1=36), who actively use video advertisement on linear television in addition to video advertising on digital platforms. The second group is formed by digital advertisers (n2=23), who waive traditional (linear) television. Comparing these two groups with the Mann-Whitney-U-test, they differ predominantly in their assessment of the importance of classic (linear) television. Digital advertisers give private television (e.g., ProSieben, RTL; U =91.000, n1=36, n2=23, p<.05, r=.689), public television (e.g., ARD, ZDF; U=156.500, n1=34, n2=22, p<.05, r=.533) and pay-TV (e.g., Sky; U=163.500, n1=36, n2=22, p<.05, r=.536) significantly less relevance and importance than TV advertisers. However, no huge differences between these two groups of advertisers can be identified concerning the assessment of digital platforms such as social media channels, digital video portals or the corporate website.

### *TV advertisers use significantly more digital platforms from private TV providers*

TV advertisers use significantly more often digital platforms from private television providers (e.g., rtl.de, prosieben.de; U =169.500, n1=35, n2=23, p<.05, r=.509) as well as advertising-financed video-on-demand platforms from traditional television providers

(e.g., Joyn, TV Now (now RTL+);  $U=133.000$ ,  $n_1=35$ ,  $n_2=22$ ,  $p<.05$ ,  $r=.578$ ) for video advertising.

An additional finding is that the TV advertisers work significantly more often together with media agencies ( $U=234.000$ ,  $n_1=35$ ,  $n_2=23$ ,  $p<.05$ ,  $r=.375$ ). Also, TV advertisers in this sample are more likely to be located in companies with higher media budgets and addressing B2C target groups, such as the FMCG industry.

#### *More media budget for video advertising today and tomorrow; digital platforms are the winner*

According to the marketing and communication experts' estimations, the media budget has increased or even highly increased in the past five years (Top2=62.9 %;  $n=62$ ) and this tendency will continue in the next five years (Top2=73.8 %;  $n=61$ ). [3] Additionally, the shift of spending with regard to channels was evaluated on a scale from 1=strongly reduced to 5=strongly expanded in the past five years. Spending shifted particularly away from private (e.g., ProSieben, RTL; Bottom2=53.3 %;  $n=45$ ) and public television (e.g., ARD, ZDF; Bottom2=62.8 %;  $n=43$ ) to digital platforms. Especially spending in channels with major importance (see mentioned earlier) increased in the past five years: i.e., social media (e.g., Facebook, Instagram; Top2=80.0 %;  $n=60$ ), digital video portals (e.g., YouTube, Clipfish, MyVideo, Twitch; Top2=73.6 %;  $n=53$ ) and placements on companies own websites (Top2=67.9 %;  $n=56$ ).

#### *Advertising goals: Coverage and brand / product awareness in all media channels as top priorities*

When asked to rank the main goals of video advertising for the channels linear television, digital platforms and digital out of home, all respondents ranked high coverage and brand / product awareness in the top five goals. Compared to linear television and digital out of home, digital platforms attract marketers especially for addressing a younger target group, higher personalization opportunities and interaction with the audience ( $n=63$ ). Traditional (linear) television scored especially high in conveying emotions, sales promotion and addressing an older audience ( $n=60$ ). Focusing on digital out of home, addressing the consumers in their individual environment, gaining new target groups as well as sales promotion are the main advertising goals ( $n=51$ ). Regarding owned channels, 68.8 % of the participants actively use the corporate website or mobile applications (apps) to distribute their video

content. 9.4 % plan to make use of it in the future ( $n=64$ ). The main purposes of using owned channels are to strengthen the brand and corporate image, but also the freedom of content creation and distribution, employer branding and the possibilities of engagement ( $n=48$ ).

#### *Pre-roll is the most crucial advertising format*

Regarding the advertising formats with digital video ads, the pre-roll video ad on desktop as well as on mobile devices (Top2=67.2%;  $n=58$ ) is seen as the most important advertising format. Discrepancy is particular apparent for the ad format traditional TV-spots – respondents either strongly support or reject the importance (Top2=43.3 %; Bottom2=55.0 %;  $n=60$ ). Video advertising can (so far) not be placed on PVoD-platforms like Netflix or Amazon Prime. Here, advertisers show presence through sponsoring (39.3 %;  $n=56$ ), special placements (26.5 %;  $n=49$ ) or product placement (24.6 %;  $n=57$ ) or they plan to use these formats in the future (sponsorship 16.3 %; special placements 16.3 %, product placement 15.8 %). Thus, on VoD platforms advertisers are using special formats they are already familiar with from linear TV as special placements.

#### *Effectiveness of channels: Digital platforms at the forefront*

Digital platforms are the most effective advertising channel for video content for the participants (Top2=77.4 %;  $n=62$ ), followed by traditional TV channels (Top2=75 %;  $n=40$ ), the own website (Top2=63.9 %;  $n=61$ ) or owned mobile apps (Top2=63.8 %;  $n=47$ ). Only respondents using traditional television as advertising channel evaluate TV channels as highly effective. Digital advertisers rate the effectiveness of their own website higher than advertisers on traditional television. This could lead to further research on factors causing difference. Is perceived importance depending on the sales channels (eCommerce vs. POS), the target group, or the maturity of the website? Will these be reflected in KPIs? Currently, regarding the evaluation of effectiveness of used channels the following can be reported: the KPIs cost-per-lead, cost-per-view, cost-per-click as well as the view-through-rate are ranked with the highest importance regarding online channels ( $n=63$ ), whereas the net reach and cost-per-mille play the most relevant role in the offline environment ( $n=60$ ). This result is in contradiction to the findings of the IAB (2020), there reach, click and frequency are



used the most for the controlling of the ad spend in the digital environment. Thus, there is scope for further detailed research about the preferred metrics for digital video advertising.

#### *How to deal with media channels*

Most of the companies work in cooperation with media agencies at least on a regular basis (77.8 %; n=63). However, formats like Google AdWords and YouTube are also often handled by the company itself (Google AdWords: 43.8 %; YouTube: 54.7 %; n=64). This is in line with the findings of IAB (2020). In the opinion of the respondents, online intermediaries such as the Google display network have significantly more market / bargaining power than previous offline brokers such as media agencies (Top2=63.8 %; n=47).

#### **Conclusion & implications**

The study reports the results of a survey among marketers in Germany. The manifold results provide interesting insights for a better understanding of developments in the video advertising market as well as on assessments by the marketers. Thus, managerial implications can be derived for media companies offering video content and financing themselves through advertising revenues. The findings can help in (better) designing online and offline video channels that are attractive to both users and advertisers and thereby also respond to the changing needs of advertisers.

The study reveals that in the sample more advertisers place their video ads on online platforms than on television channels (see the results on higher penetration on digital platforms). If this observation is correct and the change to more digital placements continues, then the rules of media selling in the future are likely to be dominated by digital mechanisms. Traditional media companies (like in Germany RTL, ProSiebenSat1) still focus predominantly on selling the TV placements – here they are strong and unique. One way to reach new advertisers can be a change of this perspective for media companies: they can try to sell the placement on television channels as an additional benefit (bundle) for advertisers on their digital platforms. This could enlarge their advertiser base and be a great opportunity to show new customers the performance of traditional TV commercials. To do so, it may be necessary to adapt the digital formats and mechanism of digital video advertising for traditional TV, for example with shorter TV spots, targeting

mechanisms via IP TV and focus on call to action in combination with performance-based pricing and measurement. Even if the future belongs to digital platforms, traditional TV is still very important for reaching certain target groups (e.g., older age groups) and building up reach in a short time (see also Shaikh et al. (2019) for saturation effects of ad placements on digital platforms only). So, bundles of placements on online platforms and on traditional TV may still be a winning combination. Obviously, by design, the study cannot provide evidence for the success of such bundling strategies, though.

Digital advertisers do not seem to believe in the effectiveness of traditional TV commercials. One communication objective for media managers should be to address this mind set for digital advertisers and to communicate the added value of video advertising on traditional TV channels in addition to digital video advertising, supported among others by the saturation effects for digital only placements.

Since the study reveals the main advertising objectives of the advertisers for the different channels (see results section), it allows media companies to target these main advertising objectives in their communication with advertisers. For digital media, this is addressing a younger target group, higher personalization opportunities and interaction with the audience, whereas for traditional television, it is the ability to convey emotions, sales promotion and addressing an older, but well-settled audience. Focusing on these combinations of advertisers' objectives and channel-advantages is likely to offer good opportunities for media managers to increase deals with advertisers in the short-run. However, exactly for this reason, competition intensity among media companies may be particularly high if this strategy is chosen. Therefore, developing and communicating the underrepresented objectives that are technically achievable by a given channel (as for example ads with call-to-action on traditional TV for interaction with the audience) but not fully used in the perception of the marketing experts may be a profitable medium-run strategy facing lower competition intensity.

The preferred video advertising format in the study is the pre-roll-ad for desktop and mobile devices. In line with the results the advertising format was able to record the highest advertising revenues among all online formats in the second half of 2021 (OVK, 2021). Media managers could make their assets more attractive by offering more placement opportunities for

pre-roll-ads, but this is a double-edged sword. Pre-rolls temporarily block users from the video content, inducing irritation and triggering ad avoidance (Campbell et al., 2017). According to a survey by the Audience Project, already 48 % of users in Germany used an adblocker in 2020 (Werliin, 2020). So, to not harm their media assets, media managers should adapt the results from research about acceptance factors for pre-rolls, avoiding users from skipping pre-roll, like for instance no loud sound, not commanding viewer's attention, etc. (Campbell et al., 2017). By doing so, online channels could be designed in a way that attracts both users and advertisers. As such, the results of the study – that advertisers predominantly stick to pre-roll-ads so far – show that these relevant insights have not comprehensively made the transition into online advertising practice yet and less disturbing formats remain underrepresented. A study by Criteo (2021), questioning 9.000 video users worldwide on their advertising preferences, reveals that video advertising in general is the preferred online advertising format. Specifically, the most preferred online video ad format is the postroll ad, followed by the preroll ad; furthermore, the respondents regard the skippability of ads as important. However, both Werliin (2020) and Criteo (2021) also reveal that the relevance of ads matters and therefore influences the use of adblocker and if skipping ads. These insights are interesting in two ways: first of all, media companies could also consider offering postroll formats to their advertisers. Secondly, media companies could work together more closely with advertisers on providing relevant ads (i.e., further elaborating on the ad preferences of their consumers), in order to avoid skipping ads or using an adblocker in the first run.

### Limitations

The results of the empirical study are limited by the small number of 65 participants with a perspective only for the German advertising market. In the sample 62 participants are from the advertising side, 3 from the media industry. On the one hand, compared to similar studies, for example IAB 2020 with only 23 advertisers in the sample, the study performs comparatively well, given how difficult it is to address media managers with surveys. On the other hand, a larger number of advertisers and a wider spread would offer more and more reliable insights. Furthermore, the study is limited to Germany, so that it would be very interesting to conduct other national or international studies and compare them to the results.

As always with surveys, biases in the answers may distort the results. Given the nature of the questions this does not lead to systematic biases in the results. Eventually, while this paper reports in detail the results of the empirical study, the data also allows for a more analytical empirical approach, albeit limited to few of the rich set of issues addressed here. A further study (Budzinski et al. 2022) provides an analytical exploitation of the data.

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- This chapter is related to our paper on “From Offline to Online – An empirical analysis of video advertising spending behavior in Germany”. While this chapter provides a detailed reporting of the full results of our empirical study, the other paper addresses selected aspects of the study and apply more analytical and more advanced methods for a deeper analysis.
- [1] In the following both terms “advertising“ and “ad“ will be used synonymous.
- [2] IAB=Internet Advertising Bureau, <https://www.iab.com>. The IAB is an international advertising business organization for digital advertising.
- [3] This prediction was made pre-pandemic so that it should be taken with caution. The corona pandemic is likely to have altered such predictions in a considerable way.

Table 1 Commercial studies by media agencies about advertising spending

1	2	3	4	5	6	7	8
Name of the report	Publishing Institution	Geographical Focus	Covered advertising Formats	Content / Coverage	Frequency of Publication	Further Comments	Availability of report
1 International Ad Forecast <sup>1</sup>	WARC	12 key global markets: Australia, Brazil, Canada, US, China, France, Germany, India, Italy, Japan, Russia, UK	Major media, ad formats and key macroeconomic indicators	Projection of spending behavior	Quarterly	Drawn from a consensus of exclusive agency data, looks ahead 2 years	After purchase / subscription
2 Global Ad Trends <sup>2</sup>	WARC	100 markets worldwide	Overall Media Trends and Formats	Forecast of Global advertising investment by product category, media consumption, CPM development	Annual	Trends by product category / branches and regions	After purchase / subscription
3 Expenditure Report <sup>3</sup>	WARC	-	All major media and ad formats	Development of adspend and GDP	Quarterly	Data back to 1982 and projections for two years; Includes Data from Nielsen and Advertising Association	After purchase / subscription
4 Advertising Forecast <sup>4</sup>	MAGNA	70 markets, World regions: emerging markets, developed markets	All major media	Forecast of Spending behavior	Quarterly for different markets	Basis are all IPG media investments; trends in branches with relevant ad budgets	After purchase / subscription
5 Advertising Expenditure Forecasts <sup>5</sup>	Zenith	Global, covers 82 markets (countries) within the following regions: Central and Eastern Europe, Western Europe, Asia Pacific, North America, Latin America / Caribbean, Middle East and North Africa, Rest of World	Newspapers, magazines, television, radio, cinema, out-of-home, internet	Actual Advertising expenditures with forecasts economic outlook, political developments, new media opportunities	Biannual	Actual data going back to 1980 if available	After purchase
6 Online Video Forecasts 2019 <sup>6</sup>	Zenith	Global, covers 50 markets (countries) within the following regions: Central and Eastern Europe, Western Europe, Asia Pacific, North America, Latin America / Caribbean	Focus on online video	Online video expenditures as well as consumption, data 2012-2018, forecasts up to 2021; Ad expenditure figures on online video in comparison to digital and television advertising; Includes exploration on effectiveness of different advertising formats with online video in order to elaborate on complement / supplant effects for linear television		Last time published in 2019, up to then 4 times published before	After Purchase
7 This Year, Next Year, Global End-of-Year Forecast and This Year, Next Year, Global Mid-Year Forecast <sup>7</sup>	Group M	Global, among others the 8 largest markets: US, China, Japan, UK, Germany, France, South Korea, Canada	Television, digital, outdoor, cinema, print (newspapers and magazines), audio	Advertising expenditures for the different media types containing actual and forecasted figures	Biannual (Mid-Year and End-of-Year)		Download after registration
8 Ad Spend Forecast <sup>8</sup>	Dentsu Aegis	Global, covers 59 local markets within the following regions: North America, Western Europe, C&EE, Asia Pacific, Latin America	Television, radio, digital, newspapers, magazines, cinema, out-of-home	Advertising spending and forecasts (net advertising figures) for different media types	Biannual	Looking at net ad spendings	Download after registration

<sup>1</sup> See <https://www.warc.com/store/productinfo/4647>, accessed 13.01.2022  
<sup>2</sup> See <https://www.warc.com/global-ad-trends-state-of-the-industry-2020-2021>, accessed 13.01.2022  
<sup>3</sup> See <https://expenditurereport.warc.com>, accessed 13.01.2022  
<sup>4</sup> See <https://magnaglobal.com/magna-global-advertising-forecasts-june-2021>, accessed 14.01.2022  
<sup>5</sup> See <https://www.zenithmedia.com/global-intelligence/forecasts/adspend-forecast/>; <https://www.zenithmedia.com/product/advertising-expenditure-forecasts-december-2020/> accessed 14.01.2022  
<sup>6</sup> See <https://www.zenithmedia.com/product/online-video-forecasts-2019/>, accessed 14.01.2022  
<sup>7</sup> See <https://www.groupm.com/this-year-next-year-global-2021-mid-year-forecast/>; <https://www.groupm.com/this-year-next-year-global-end-of-year-forecast-2020/>, accessed 14.01.2022  
<sup>8</sup> See <https://www.dentsu.com/de/de/ad-spend-forecast-dentsu-sieht-zeichen-fur-langsame-erholung>, accessed 14.01.2022

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