



Digital Video Advertising Strategies

Grow your Brand
with Online Videos

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Preface

Due to technological innovations and a dynamic business environment, the marketing industry is continuously changing. Advertising formats available via online media include static images (e.g. GIFs and JPGs) and video formats (e.g. 3D vs 360-degree videos) with interactive functions. Online video viewing has become increasingly popular. YouTube, which has 10 billion views, is the largest online video site. With the evolution of technology, such as 360-degree video technology, virtual reality (VR), mixed reality (MR), artificial intelligence, blockchain technology, high-definition video (HD), Dolby surround sound, a new approach to marketing has emerged. Online marketing efforts are a popular topic in the modern era, as marketers tend to focus more on digital channels. Hence, this book sheds light on the practical implications of digital video advertising based on the different video formats.

By enhancing the consumer experience with immersive, interactive, and visually engaging content created by advertising formats, such as VR, augmented reality (AR), MR, and 3D and 2D videos, advertising formats play a crucial role in enhancing the consumer experience through capturing attention, building emotional connections, and creating more memorable and personalised experiences. The idea of this book is to provide an understanding on practical implications of digital video advertising based on the different video formats. This book provides insights on various visual arrangement strategies for different digital video formats including 3D, 2D, gamification, VR, and AR.

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Sincerely
Dr Nirma Jayawardena

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Part 1

Overview on Different Video Formats

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Chapter 1

Introduction to Digital Video Advertising: Innovative Industry Trends

Abstract

This chapter aims to provide an overview of digital video advertising with particular reference to video formats and strategies. This chapter discusses digital video advertising formats such as 3D, 2D, virtual reality (VR), augmented reality (AR), mixed reality (MR), and gamification elements. This section mainly focusses on innovative industry trends, including various applications of different video versions to advertise products. This represents a significant contribution to the marketing sector. This chapter thus offers a thorough overview of the impact of digital media on marketing and advertising. The use of digital technology to develop and carry out marketing and advertising plans will be explained to readers through this chapter. Thus, the authors listed the most significant digital media and advertising strategies, defined them, and described how to incorporate them into conventional marketing and advertising campaigns.

1. Introduction

Advertising is no longer confined to traditional channels in the digital era (Jayawardena, 2022). The swift advancement of technology has transformed global operations (Smith et al., 2012). The internet has significantly transformed user behaviour and media consumption (Jayawardena, Behl, Thaichon, et al., 2022). This alteration has compelled marketers to monitor and adjust to the evolving marketing channels (Behl, Jayawardena, Ishizaka, et al., 2022; Hudders et al., 2021). The internet and mobile commerce have significantly transformed customer lifestyles and business interactions in a very brief period (Jayawardena, Behl, Ross, et al., 2022). In 2020, marketers projected that 'videos' would be a significant marketing technique (Chaffey & Smith, 2022). Due to technical advancements and a tumultuous corporate climate, the marketing profession is constantly evolving. The versatility of

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online media has provided advertisers with a variety of advertising format options, including static images (e.g. GIF and JPG formats) and video formats (e.g. 3D vs 360-degree video formats) with interactive capabilities (Spaulding, 2016).

Contemporary marketers prioritise digital channels, whereas online marketing operations remain a significant subject of discourse (Jayawardena, 2022). Technological advancements, including 360-degree video, AR, MR, artificial intelligence (AI), blockchain, high-definition video, Dolby surround sound, and 3D, have emerged as innovative strategies in marketing (Wong, Wahab, et al., 2022). Businesses currently possess remarkable new opportunities to engage with their clients and enhance their brands unprecedentedly due to electronic tools and technologies (Jayawardena, Behl, Thaichon, et al., 2022). Online video viewing has grown increasingly prevalent (Chaffey & Smith, 2022; Wong, Tan, et al., 2022). YouTube is the most popular platform for online videos, with 10 billion views (Thomas et al., 2021). The advancements in 360-degree video technology, AR, VR, MR, AI, blockchain technology, high-definition video, Dolby surround sound, and 3D have generated a new marketing strategy (Jayawardena, 2022).

2. Different Video Advertising Formats

This section will discuss various advertising formats, including 2D, 3D, AR, VR, MR, AI, and gamification-based advertising.

2.1. The 3D and 2D Video Advertisements

In 2D, frames describe the sequence, while 3D offers greater depth and a more realistic appearance (Chen et al., 2020). In 2D, a single image is viewed from one angle at a time (Berki, 2018). In contrast, 3D is a more sophisticated digital world. Two-dimensional animation is frequently employed in television commercials, movies, video games, and films. Three-dimensional advertising entails the creation of realistic 3D product representations that customers may interact with in the same manner as they would with the actual thing (Berki, 2018).

AR advertising is frequently used with 3D advertising to provide an immersive user experience by placing the product in the user's real-world environment (Breve & Dodel, 2021; Feng et al., 2019). Several organisations utilise 2D animation to increase brand awareness and present their products and services since it is a tried-and-true format (Breve & Dodel, 2021). The finest 2D animation videos enlighten, entertain, engage, and persuade the viewer by employing vivid colours, dynamic character movement, and memorable messaging (Breve & Dodel, 2021).

When considering 3D video advertisements, several researchers identified recent market trends that indicate 3D commercials are gaining popularity for all the right reasons. They provide a fascinating customer experience that engages customers on a deeper level (Feng et al., 2019; Jayawardena, Behl, Ross, et al., 2022), hence expanding the sales funnel, boosting conversion rates, and increasing business income with the highest potential return on investment (Breve & Dodel, 2021; Jayawardena, 2022).

Highly adaptable 3D animation technologies allow users to construct a virtual world that facilitates better explanations and clarifies the complex corporate world

(Jayawardena, 2022), for example, famous 3D video advertisements such as Nokia Fashion House TV and Michelin China, Games & Toys, and Expedia (Breve & Dodel, 2021; Feng et al., 2019). Most professional and amateur filmmakers actively adopt this new medium for transformative storytelling (Broeck et al., 2017). The first industry experiment, which compared 360-degree and standard video versions, was conducted by Google, and it confirmed that 360-degree videos had a higher click-through rate with a higher engagement ratio (Feng et al., 2019). Despite this phenomenal progress in 3D video creation, the current understanding of 360-degree and standard video version-related comparisons is limited (Feng et al., 2019).

3. What Role Is VR Playing in Advertising?

Communication effectiveness study is shifting from advertising's forms, substance, and consumer contact to its reception and social and cultural implications (Jayawardena, Behl, Ross, et al., 2022). With the rise of virtual experiences, advertisers can reach a much broader audience and resonate with them emotionally (Jayawardena et al., 2023). The VR videos are videos captured using specialised omnidirectional cameras that enable recording in all 360 degrees simultaneously (Behl et al., 2023; Behl, Jayawardena, Pereira, et al., 2022). In the final video, the user can freely navigate the entire area. In contrast to ordinary videos, VR videos deliver an immersive, interactive experience (Feng et al., 2019; Mabrook & Singer, 2019).

Marketing academics and practitioners are always interested in advertising effectiveness (Feng et al., 2019). AR advertisements integrate natural and artificial aspects, whereas VR advertisements do not (Jayawardena et al., 2023). Instead, customers can consume information in immersive virtual environments from anywhere (Jayawardena et al., 2023). Gucci created a VR movie for its 2017 holiday and gift-giving campaign (Shin et al., 2022). Luxury and future-focussed firms have embraced VR advertising since the mid-2010s to connect with clients emotionally and provide visually rich experiences that traditional media cannot (Shin et al., 2022).

The cognitive dimension of advertising efficacy measures thought processing, awareness, and unaided or assisted recall (Iranmanesh et al., 2022). The conative component measures customer behaviour based on purchase intention or history (Bart et al., 2014; Reinhard & Messner, 2009). Many empirical studies have used the hierarchy-of-effects model based on persuasion and information processing theories (Teichert et al., 2018). The model by Lavidge and Steiner (1961) offers three stages of consumer psychological responses to advertising: cognitive, affective, and conative. VR will be used to provide immersive advertising experiences in addition to physical and digital platforms (Feng et al., 2019). VR advertisements let users interact with content in a 3D simulation without interruptions (Feng et al., 2019). Emotional-based attitudes and ad-elicited feelings are widely used to measure advertising effectiveness (Leung et al., 2020).

Hence, the role of VR advertising can be categorised into four main parts: emotional effects, higher engagement, unified VR experience with Metaverse, and affordable and accessible VR devices (see Fig. 1).

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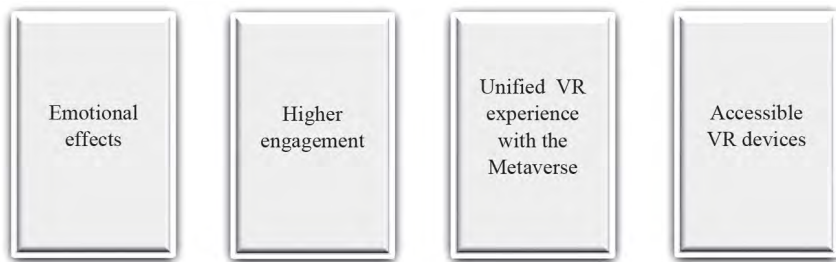


Fig. 1. The Focus on VR Advertising. *Source:* Developed by authors.

As per Fig. 1, the four main parts of VR advertising can be further explained as follows:

Emotional effects – Besides being immersive, interactive, and lifelike, VR advertisements may help companies connect emotionally with their customers (Leung et al., 2020). Neuroscience methods provide deeper insight into the unconscious emotional processes affecting customer advertising responses (Jayawardena et al., 2023). A room-scale VR environment can facilitate the understanding and measurement of the emotional responses of individuals, which could be applied to health care and well-being (Reinhard & Messner, 2009). Using these methods, emotions can be identified and measured. Detecting emotional states would, therefore, require more than contextual information (such as whether the emotional response was friendly or threatening) and psychophysiological measures of tension).

Researchers and developers need more effective methods for assessing the affective state of a user during a virtual experience despite recent advances (Leung et al., 2020). Recognising the user's emotional state could not only aid in the improvement of human–computer interaction or avatar-to-avatar interaction in VR, but it could also be used as an additional input to enable interaction with content and adaptive control (Halbig & Latoschik, 2021). In addition, from a market-research perspective, knowing whether the user felt positively or negatively during an experience could provide valuable information regarding the content's impact and the user's preference (Jayawardena et al., 2023).

Higher engagement – Moreover, VR video formats can disclose stories interactively, allowing for greater audience engagement (Jayawardena et al., 2023). One of the primary reasons why 360-degree videos or VR videos are an effective communication tool is their capacity to provide the complete picture and context of what is occurring in the surrounding area (Siemens et al., 2015). Google, in partnership with Columbia Sportswear, created a marketing campaign revolving around two US Olympic skiers enjoying an epic season in Chile using both a 360-degree video advertisement and a standard video advertisement to determine if spherical video advertisements generate greater viewer engagement than standard video advertisements (Jayawardena, 2022). This experiment demonstrated that 360-degree videos engage users more than traditional videos.

Metaverse-based interactive advertising – Advertising can be defined in many ways (e.g. Kim, 2021; Leckenby & Li, 2000), but the common elements are (1) mediated,

(2) directed at a defined receiver, (3) activated by a defined sponsor, and (4) induced with persuasive intent. [Kerr and Richards \(2021\)](#) define advertising as ‘paid, owned, and earned communication, activated by an identifiable brand and intended to alter cognition, affect, or behaviour, now or in the future’ (p. 190).

Several leading technology companies are taking advantage of the Metaverse trend. For example, Nvidia Omniverse, Facebook Horizon, and Microsoft’s enterprise Metaverse lead this area ([Ling & Laksitamas, 2022](#)). Contemporary users of the Metaverse engage via logging in and interacting with friends, family, and peers, during which they encounter brands via advertising and sponsored content ([Dwivedi et al., 2022](#)). The Metaverse is a continuous, 3D virtual environment where consumers engage while exposed to brand-specific content and sales strategies ([Dwivedi et al., 2022](#)). The Metaverse is referred to as Web 3.0 or the Spatial Web, and there is currently no agreement on its definition or description due to its intricacy ([Tlili et al., 2023](#)), which has the potential to alter human engagement with the digital realm radically ([Dwivedi et al., 2022](#)).

Accessible VR devices – Companies such as Nike and Adidas have already launched several sneaker non-fungible tokens (NFTs) that can be used in VR ([Jayawardena et al., 2023](#)). Additionally, VR can provide customers with another way to interact with brands. This is particularly true for brands with loyal customers ([Jayawardena et al., 2023](#)). VR allows companies to sell 3D replicas of real-world products as NFTs, legally the buyer’s property, but also serve as permanent brand advertising.

4. The AR Advertisements

Nevertheless, a comprehensive strategy for AR is absent ([Meißner et al., 2019](#); [Rauschnabel et al., 2022](#)). Moreover, AR marketing is ‘the strategic integration of AR experiences, alone or in combination with other media or brand-related cues, to achieve overarching marketing objectives by creating value for the brand, its stakeholders, and society as a whole while considering ethical implications’ ([Rauschnabel et al., 2022](#), p. 1141). It is a technology-driven, adaptive process by which companies engage with their customers and partners to generate, convey, provide, and maintain value collaboratively to benefit all stakeholders ([Jayawardena et al., 2023](#)). According to [Jayawardena et al. \(2023\)](#), several academics and professionals have used these phrases inconsistently ([Jayawardena, Behl, Thaichon, et al., 2022](#)). Concepts and boundaries are so vague ([Farshid et al., 2018](#)). According to the xreality model, XR (extended reality) is an oversight term with two substreams: AR and VR. Currently, AR and VR are grouped ([Farshid et al., 2018](#); [Jayawardena et al., 2023](#)). This paradigm combines AR, VR, XR, MR, and assisted reality. Some frameworks ignore some facets of reality (like assisted reality) (e.g. [Milgram & Kishino, 1994](#)). As digital information and communication technologies have advanced across various domains, including marketing research, digital marketing has evolved ([Alcañiz et al., 2019](#)). Both VR and AR exhibit substantial differences within the XR framework ([Rauschnabel et al., 2022](#)).

In marketing, AR lets companies provide distinctive and engaging digital experiences and interact with customers in an unforgettable manner ([Mishra &](#)

Jayawardena, 2024). These are some of the companies that have lately developed AR-based experiences, together with their successes. Among the examples are Walmart inventory control, Snap – City Painter; ASOS – ‘See My Fit; Machine A – virtual concept store (Mobile users could explore the new collections of designers by scanning QR codes embedded on posters and billboards located throughout London); Pull & Bear – video game’ (Mishra & Jayawardena, 2024). Although it does hint at how AR could enhance the e-commerce experience by constructing virtual stores for consumers to browse and buy in an immersive fashion, these examples mainly concentrate on awareness and engagement since there is no related shopping functionality.

5. The MR Advertisements

New realities are primarily discussed in terms of AR or VR, ignoring the most exciting kind of VR for most organisations (Korani & Tao, 2022). MR combines real-world and computer-generated constructions. Hybrid reality (sometimes called MR) is a fusion of the real world with the virtual world and the possible (Ham et al., 2023). Thus, blended realities let us perceive non-existent objects and scenarios (Ham et al., 2023). Firms are already using MR for prototyping and design (Farshid et al., 2018; Mishra & Jayawardena, 2024).

The most prominent example of a real-world MR application is holograms (Jayawardena et al., 2023). A hologram of John Hamm has been created by MR startup 8i for the Sundance Film Festival, and a hologram of Buzz Aldrin has been created for the South by Southwest Conference (Dwivedi et al., 2022). Musicians, brands, and celebrities are expected to find many more applications for the Holo app in the future (Dwivedi et al., 2022). Even smartphone can create 3D animations using the Holo app (Ham et al., 2023; Jayawardena, Behl, Ross, et al., 2022). MR applications can assist students in learning by allowing them to interact with virtual objects. Using 3D projections and simulations, students can be instructed remotely using 3D predictions and simulations. It has been reported that Case Western Reserve University in Ohio used the Microsoft HoloLens to teach anatomy to its students (Hanna et al., 2018). Microsoft HoloLens on event stages is also a widespread use of MR technology in marketing campaigns (Hanna et al., 2018). Marketing and promotional activities using MR include Instagram and Snapchat filters, virtual makeup applications, and virtual furniture fittings (Ham et al., 2023; Jayawardena, Behl, Ross, et al., 2022). For marketing and information delivery, MR is an effective tool for highlighting the essence of the natural world and promoting a digital environment (Korani & Tao, 2022).

6. The Gamification-based Advertising

In gamification marketing, game design elements are used to attract and retain customers (Hamari & Lehdonvirta, 2010). By offering elements of competition or reward, gamified marketing drives consumers to act (Hamari et al., 2014).