

## Facebook Plans to Launch Video Ads in Newsfeeds this Summer

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Facebook is pitching ad agencies during the annual, upfront market period to promote the launch of its new video ad units, due to appear sometime this June or July.

### Overview

1. Speculation is still emerging around the technical format of the ads, but most sources agree that they will appear in a user's newsfeed and play automatically on mute. If users unmute, the video restarts. On Facebook's desktop version, the video dimensions could expand beyond the regular news feed surface to the side rails.
2. Facebook wants to sell the ads in four daily "slots," each with differing demographics, which target women over 30; women under 30; men over 30; and men over 30. Brands on Facebook's Client Council are rumored to be the first in line to test these new ads this summer and they include: American Express, Unilever, Ford, Diageo, Nestlé and Coca-Cola. Digital media companies are also vying for a piece of Facebook's new ads, including Yahoo and AOL.
3. Facebook will initially guarantee that each user sees only one to three ads per day, which appeals to brands looking for maximum exposure. Ads will be limited to 15 seconds of runtime.
4. The ads will cost around \$20 per thousand views, slightly less than the broadcast average of \$29 for a television commercial. This equates to an asking price of upwards to a million dollars a day, and supposing Facebook somehow fills all four of its daily slots, the company could bring in approximately 4MM dollars daily.

### Key Takeaways

1. Facebook's foray into visual ads signals an attempt to corner a portion of the TV commercial market and benefit from the growth of online video advertising. Experts worry, however, that the high rates will act as a price barrier to many brands, and that the invasive nature of the ads might initiate a harmful backlash from Facebook users.

