

SYDNEY, Oct. 22, 2013 /PRNewswire/ -- Australia's online video market is being driven by the growing popularity of mobile devices and tablets and boosted by the preference of younger consumer age groups towards online video channels as a direct substitute for traditional TV.

Frost & Sullivan predicts expenditure on online video advertising to grow strongly at a CAGR of 31% over the next five years, increasing from \$133 million in 2013 to \$513 million in 2018.

Frost & Sullivan's latest report, **Australian Online Video Market 2013** finds that in 2013, 87% of consumers watched TV shows and/or movies on a TV screen at least once a month; a decline from 94% in 2012. Meanwhile, the frequency of consumer viewing on tablets and smartphones increased from 20% in 2012 to 24% in 2013. 27% of smartphone users watch user generated content on sites such as YouTube on most days, while 60% do so at least once a month.

Phil Harpur, Senior Research Manager, Australia & New Zealand ICT Practice, Frost & Sullivan said, "Larger and higher resolution smartphone screens has improved the viewer experience significantly, whilst monthly data cap limits offered by mobile operators have risen significantly."

Video content produced in HTML5, which is platform independent and works seamlessly across all devices, overcomes barriers to watching some forms of video content via online channels on certain devices.

"Live and sporting events and news will be a key driver in taking the online video experience to a mainstream audience. For example, watching live news on devices while commuting on a train, is becoming more common and offers a real substitute to the TV lounge room viewing,"

Harpur elaborated.

Smartphones and tablet users typically multi-task across different devices and platforms as these mobile devices can be connected with and integrated into the overall viewing experience. "48% of tablet owners also use their tablet whilst they watch traditional TV, always or most of the time," Harpur stated.

A fundamental change in the way people are now viewing TV is occurring. Consumers can now access content through companion apps on tablets and smartphones linked to TV shows such as State of Origin Football. Companion apps draw audiences deeper into the TV experience and engage consumers more with their favourite shows.

Video content producers and production houses are increasingly releasing content directly to the consumer, rather than releasing the content only via the TV broadcasting and/or pay TV networks. This growing market trend poses a level of competitive threat to the stranglehold that the major free-to-air (FTA) broadcasters have on the consumption of video content in Australia.

There are significant opportunities for new video content production that is more aligned to advertiser driven demand. Australian portals are starting to sell more sponsored video content. Opportunities exist to produce short form branded content in categories such as lifestyle, female, grocery and fashion in formats such as advertorials and sponsorships.

Overall market awareness of online video's effectiveness increased significantly over the last 12 months. There is now less distinction between traditional TV broadcasting ad buying and online video ad buying.

"Online video advertising appeals to advertisers as it allows better audience targeting and interactivity features, and delivers more in-depth advertising than traditional TV advertising. Advertising agencies and large brands now perceive its incorporation as an essential component of the advertising mix and will continue to allocate a higher proportion of their budgets to online video advertising," explains Harpur.

As online video proves effective for the marketers, more budgets from TV will be allocated to online video in the next five years, ultimately increasing advertising rates for video publishers.

A complex online video advertising ecosystem has developed over the past three to four years, encompassing a range of different class of players including ad networks, video ad exchanges, Supply Side Platforms (SSPs) and Demand Side Platforms (DSPs). Increasing amounts of video inventory are now being made available through video ad exchanges which incorporate SSPs and DSPs in real time.

Over the last 12 months in particular, the ecosystem has become highly fragmented with less distinction between the traditional roles of a video ad platform/exchange and a video ad network. "The market for video programmatic ad buying is now relatively mature in Australia by global standards. Strong growth is occurring across all industry verticals, in particular business and finance. Two years ago Australia lagged the US market significantly," finished Harpur.

Frost & Sullivan's ***Australian Online Video Market 2013*** report forms part of the Frost & Sullivan Australian Digital Media program. All research services included in this subscription provide detailed market opportunities and industry trends evaluated following extensive interviews with market participants. Interviews with the press are available. If you are interested in more information on this study, please send an e-mail with your contact details to Donna Jeremiah, Corporate Communications, at [djeremiah@frost.com](mailto:djeremiah@frost.com).

## About Frost & Sullivan

Frost & Sullivan, the Growth Partnership Company, works in collaboration with clients to leverage visionary innovation that addresses the global challenges and related growth opportunities that will make or break today's market participants. For more than 50 years, we have been developing growth strategies for the global 1000, emerging businesses, the public sector and the investment community. Is your organization prepared for the next profound wave of industry convergence, disruptive technologies, increasing competitive intensity, Mega Trends, breakthrough best practices, changing customer dynamics and emerging economies? [Contact](#)

[us: Start the discussion](#)

**Contact:**

Donna Jeremiah Corporate Communications – Asia Pacific  
P: +61 (02) 8247 8927 F: +61 (02) 9252 8066 E: [djeremiah@frost.com](mailto:djeremiah@frost.com)

<http://www.frost.com>

SOURCE Frost & Sullivan

RELATED LINKS <http://www.frost.com>