

January 2014

## Analyzing the ROI of Video Marketing

Best-in-Class content marketers (as defined in the sidebar on Page 2) plan to increase content marketing related program spend by an average of 22% (compared with 6.5% for Laggards) and content development budgets by 21% (compared with 3.8% for Laggards) over the next 12 months. Aberdeen Group's research suggests that video is a significant and growing part of the content marketing media mix. Based on data collected in May and December 2013 as part of Aberdeen's Content Marketing and Management research, this Analyst Insight explores key trends in video content marketing, looking at both the adoption of video by the Best-in-Class, as well as the performance of companies incorporating video into their content mix. Best-in-Class firms are not only more likely to incorporate video into the content mix, companies using video are more effective in content marketing and report better performance in several key metrics.

### Why Video?

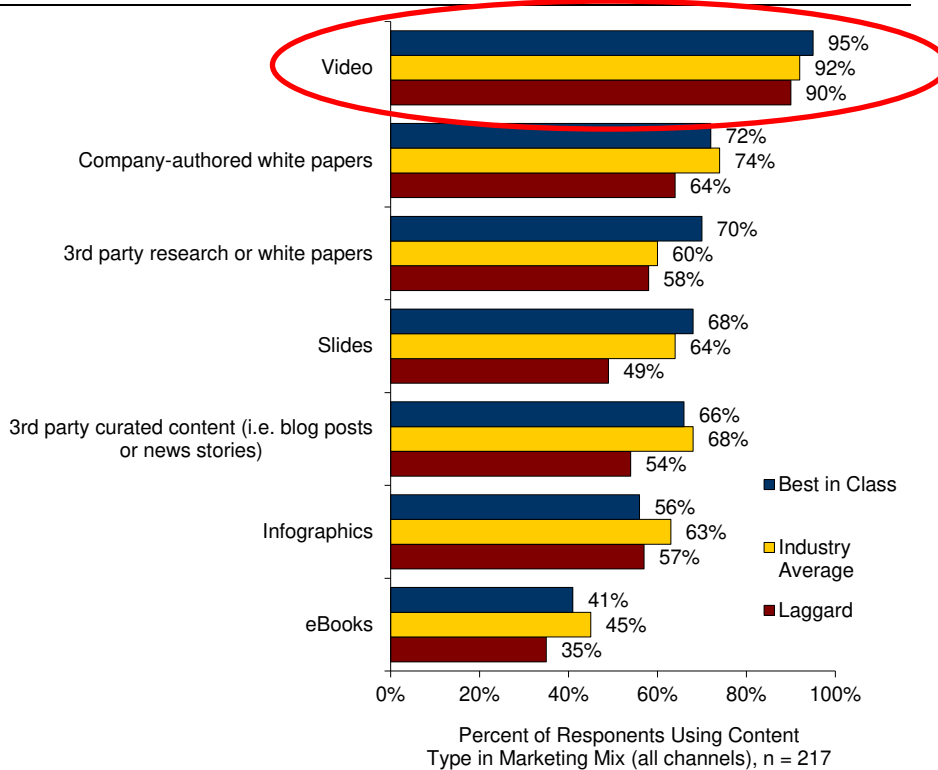
Before we get into the data, let's consider the basic question: How can firms use video to successfully influence buyers in the *Hidden Sales Cycle* that defines the new buyer's journey? The answer may be found in that old expression: "facts tell, but stories sell." Perhaps more than any other media in the modern content marketer's arsenal, video is inherently a story-telling medium (at least when done well). In Aberdeen's November 2012 report *Video and Collaboration in the Sales Cycle: Fighting the Forgetting Curve*, we noted that video helps both marketing and sales cut through the clutter with a differentiated voice, thereby increasing both information retention and the perception of the quality of the message it delivers. With so many companies now adopting content marketing, competition for buyers' attention may be more important than competition for their capital. Impressively, as seen in Figure 1, Best-in-Class companies are more likely to use video in their content marketing mix than any other media.

One factor that may contribute to the rapid adoption of video is the reduction of cost barriers. It wasn't that long ago that producing high-quality video content required high-end camera and sound equipment, as well as perhaps a specialized studio or employment of a production company with access to state-of-the-art video editing and effects technology. These help to be sure, but sophisticated video capture and editing capabilities can be had for relatively modest cost, meaning that many freelancers and regional agencies can provide excellent, professional-quality video content without breaking the content development budget.

### Analyst Insight

Aberdeen's Insights provide the analyst perspective of the research as drawn from an aggregated view of research surveys, interviews, and data analysis.

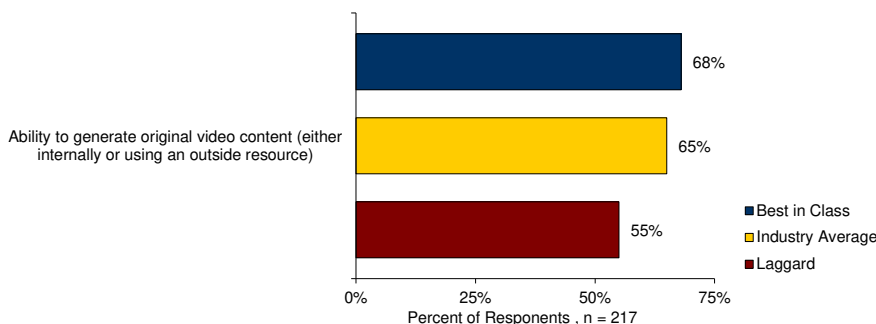
**Figure 1: Video-First Marketing Trend**



Source: Aberdeen Group, December 2013

While this is interesting, and Best-in-Class firms are more likely to use video content, they're only slightly more likely than Industry Average and Laggard companies to do so; this suggests that video adoption alone doesn't generated competitive differentiation. Instead we must look at how companies use video in marketing to reach their goals. Figure 2 shows that the adoption gap widens when we look at the ability for firms to generate *original* video content, with Best-in-Class companies 24% more likely than Laggards to do so (68% vs. 55%).

**Figure 2: Original Video Content Adoption**



Source: Aberdeen Group, December 2013

**Defining the Content Marketing and Management Best-in-Class**

Aberdeen used four key performance criteria to distinguish the Best-in-Class (top 20% of aggregate performers) from the Industry Average (middle 50%) and Laggards (bottom 30%). Best-in-Class firms achieved the following performance metrics:

- ✓ 7.6% average website conversion rate, compared with 4.5% for Industry Average and 2.6% for Laggards
- ✓ 23% year-over-year increase in unique website traffic versus 8.8% increase for Industry Average and 4.0% decline for Laggards
- ✓ 17% year-over-year growth in marketing's contribution to revenue compared with 5.6% growth for Industry Average and 4.1% decline for Laggard firms
- ✓ 20% growth in company revenue, vs. 6.8% for Industry Average and 4.5% decline in revenue for Laggard companies

## Setting up for Video Success

Let's consider how companies approach the development of video content. In Aberdeen's September 2012 report [\*Lights, Camera, Call-to-Action: Trends in Video Marketing\*](#) we highlighted the fact that high-performing companies used *both* professional-quality and do-it-yourself style video content depending on the situational use-case. The current study shows that 68% of companies developing video use in-house production capabilities, while 44% outsource video production to an agency or freelancer. Since this totals more than 100%, we know that many firms blend in-house and third-party services to develop video assets. This is consistent with broader trends in content development: 55% of firms primarily develop and manage content using internal resources that are supported by external services; while 34% of companies completely develop and manage content internally (12% of companies primarily or completely outsource content development). Regardless of the means of production, developing video marketing competencies will help video become less of a "special event" and a more regular part of the content marketing calendar.

## Driving Content Quality with Video

Ninety-one percent (91%) of companies we surveyed ranked the value of "producing high quality content" a 4 (valuable) or 5 (very valuable) on a 1–5 scale, the highest for any content marketing capability on the list. However, only 67% of companies ranked their execution ability for this at a similar 4 or 5 on a 1–5 scale. Companies developing video also rank producing high-quality content in similar esteem (93% rate it a 4 or 5), but their level of execution is generally higher than companies not creating original video content. Seventy-three percent (73%) of companies developing original video content rank execution as 4 or 5 on that 1–5 scale, compared with just 50% of other companies (those without the ability to create original video content). The takeaway here is that adoption of video-development capabilities seems to have a positive impact on closing the quality content execution gap. Creating video content often requires more work than other content types, and this extra effort pays off in terms of content quality.

## Tracking Video Content Effectiveness

Marketers are obsessed with metrics (and that's a good thing), and content marketing is no exception. Metrics are critical to understanding the level of engagement with particular content assets, both to evaluate the content marketing version of "return on assets," but, perhaps more importantly, to understand what that engagement means about the buying intentions of the prospect. Video offers several unique benefits in this respect. The first is that video has a temporal element, allowing the marketer to not only capture binary viewing metrics (i.e., how many times the video was played), but to also track the duration of the play. In aggregate, this can provide valuable feedback regarding an asset's effectiveness (videos that are watched all the way through are clearly more compelling than those that are quickly switched off). This data is also powerful in the specific when used in the

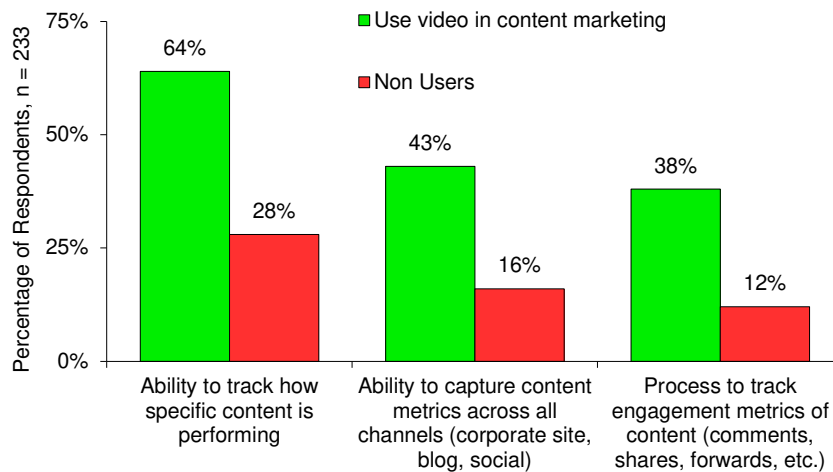
### Content Marketing Fast Facts

- √ An average 60% of marketing leads are generated through direct / outbound marketing, 40% through digital / inbound channels
- √ In the last 12 months, Best-in-Class companies increased content marketing-based leads by 18%, compared with 10% for the Industry Average and 8.7% for Laggard companies
- √ 51% of companies report that leads from content marketing are of higher quality, while 39% report they're about the same; just 11% of firms report that content marketing-driven leads are lower in quality

context of visitor or lead scoring, using the duration of view to signal interest.

The second benefit is the portability of video, which can be distributed across multiple channels, yet still maintain integrity in terms of tracking metrics. Generally speaking, assets like PDFs and infographics lack the ability to report viewership metrics when syndicated. We see this reflected in the superior ability of video users to capture content metrics across all channels, which is achieved by 43% of video users compared with 16% of non-users (Figure 3). This may be because the increased investment in video by these firms builds in an incentive to closely track metrics and thus their return on investment (ROI), but also ties back to the nature of video as a hosted and thus centrally tracked medium (i.e., even when a video is syndicated, it's generally played within a viewer, allowing metrics to be aggregated).

**Figure 3: Video Enhances Content Analytics**

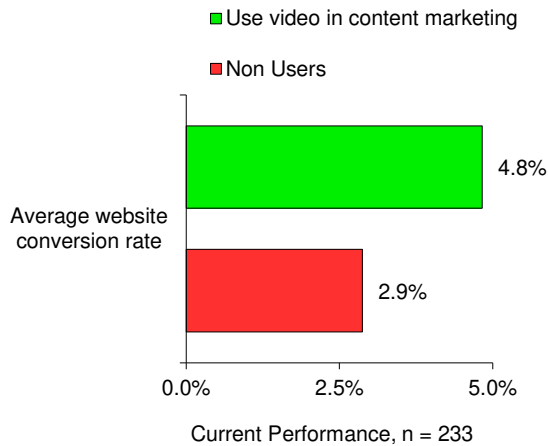


Source: Aberdeen Group, December 2013

### **Video Marketing ROI**

Speaking of ROI, how can we measure the impact of video in the content marketing mix? One important metric for content marketing is website conversion, the alchemy of converting interest in content into a sellable contact. Here we see significant differences, as illustrated in Figure 4, with an average website conversion rate of 4.8% for video content users, compared with 2.9% for non-using firms. In the world of digital marketing, these conversion rate differences are significant, which will be expanded on below.

**Figure 4: Video Advantage — Conversion Rate**



Source: Aberdeen Group, December 2013

The value in the difference between these metrics can be quantified in part by factoring in an average cost per marketing-generated lead, which is \$93 for companies using video compared with \$115 for those who aren't. All else being equal, this can generate a significant difference in customer acquisition costs when the number of leads required to generate revenue are factored in (an average difference of nearly \$8,000 based on conversion rates reported by respondents). But, additionally, the difference in website conversion rates means that companies using video require 37% fewer unique site visits to generate a marketing response or raw, unqualified lead (4,008 for video users vs. 6,405) based on a comparison of funnel conversion metrics. While different buyers may respond differently to video content, this is an illustration meant to provide a model for considering the economic impact of increased conversion rates through improved content marketing effectiveness via video and other means.

## Recommendations

In the age of the hidden sales cycle, your content is the first, second, and often third or more sales call. All else being equal, companies that can out-inform, out-entertain, and out-teach the competition will be the winners in this environment. In fact, buyers may come to expect a rich content experience as part of their decision journey, "discounting" vendors that don't offer it. If you aren't doing so already, the data suggests you should consider adding video to your content marketing mix in an effort to fight the forgetting curve and win the competition for attention. If you're already using video, consider how to improve your execution with the following recommendations:

- **Get original** — If content marketing is going to be a point of differentiation and competitive advantage, then you must deliver a unique voice. While adoption of video content generally can be

beneficial, the data shows that companies with the ability to develop *original* video content outperform others. This content should connect viewers with the broader theme of your content marketing efforts, where video becomes a key step in the content path.

- **Promote conversion** — Video isn't a first choice as a type of "gated" content, with just 25% of companies using it in this way, but that doesn't mean video doesn't influence conversion, as the metrics discussed above show. Use video in the context of a next action, such as previewing the contents of a long-form paper or demonstrating the functionality of a downloadable product or app.
- **Watch the watchers** — The temporal nature of video adds an additional component to metrics that can be revealing. The percentage of completion can be used to both measure the effectiveness of the content, and the interest level of the viewer. Consider incorporating this data into lead scoring.
- **Video management solutions increase quality, reduce complexity** — Consider using a video management solution to support video at scale. Aberdeen's Rich Media for Sales and Marketing research (on which [Lights, Camera, Call-to-Action](#) was based) found that video quality and ease of use / administration were the top-rated benefits of a video management solution. Dedicated video management / marketing solutions support the ability to upload and manage video content across multiple channels, both public and private, and provide comprehensive reporting and analytics across all channels. In fact, video management solution users are 90% more likely than non-users to measure how specific content performs across various channels (55% vs. 29%).

For more information on this or other research topics, please visit [www.aberdeen.com](http://www.aberdeen.com).

### Related Research

[Content Marketing ROI: Quantifying the Value of the Difference](#); June 2013

[Alchemy of Intent: Content Marketing in the Lead-to-Revenue Cycle](#); July 2013

[Publish or Perish: Content Marketing is the New PR](#); March 2013

[Content Marketing Comes of Age](#); October 2012

[Lights, Camera, Call-to-Action: Trends in Video-based Marketing](#); September 2012

[Search Management Drives Higher Conversion, Lower PPC Costs](#); August 2012

[Web Experience Management: From Content to Customer](#); June 2012

Author: Trip Kucera, Senior Research Analyst, Marketing Effectiveness & Strategy, ([trip.kucera@aberdeen.com](mailto:trip.kucera@aberdeen.com)) [LinkedIn](#) @TripKucera

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