



video commerce report

A study of video's impact on average order value, conversions & revenue

Today's consumer expects video.

Video's ability to engage and convert shoppers makes it a necessary weapon in the modern e-commerce arsenal. E-commerce video, when deployed effectively, is proven to drive revenue, site conversion rate, and shopper engagement.

Why Video?

Video brings products and services to life. The medium focuses a shopper's attention in a way that static images or text cannot. It evokes curiosity, confidence, and - in some cases - amusement. Video builds trust through the power of storytelling.

E-commerce merchants and consumer brands seeking to create an authentic connection with consumers can rely on video - as long as it's deployed effectively. In many cases, using in-house experts as product 'storytellers' can draw viewers into a shopping experience, heightening loyalty. Retailers predominantly dependent on driving revenue from a bricks-and-mortar infrastructure are wise to employ video as a tool to bridge the gap between the offline and online retail experience and drive key overall performance metrics.

The benefits of video are clear.

While video can drive overall performance, it's how video is used that makes all the difference between a successful video program and one that falls short.

During the second quarter of 2014, Liveclicker collected survey results from 26 of its VideoCommerce clients, representing some of the largest e-commerce operators in the U.S. and Europe. Merchants responded to fundamental questions C-Level executives ask, from 'How does video impact site conversions?' to 'What is the appropriate amount of video content to feature on my site?' and 'What is the incremental revenue impact of growing a video program'?

Liveclicker then analyzed 44 video programs and more than 12.5 million quarterly video plays from its VideoCommerce client base. What follows are the results of those findings.

Sample participating merchants



Video increases average order value (AOV)

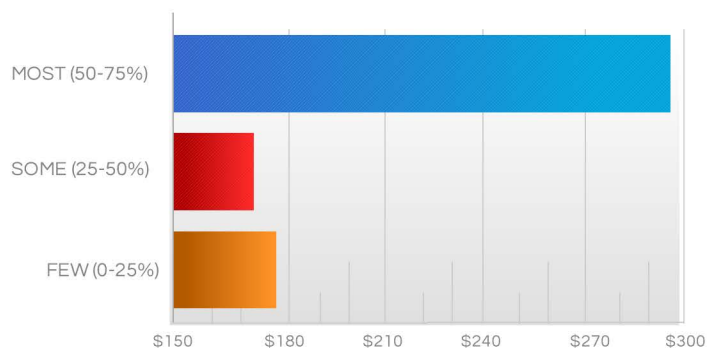
Watched video equals more money spent.

Liveclicker found that the AOV for shoppers that watched video on a product page was at least 50 percent higher than a site's overall AOV for 57 percent of retailers. There was no negative effect for the other 43 percent.

More product video placement equals higher AOV.

Survey respondents that reported video was present on more than half of product pages generated an AOV 68% higher than respondents who reported hosting video on less than a quarter of pages.

Sites featuring video on the majority of product pages experienced a 68% improvement in AOV vs. sites with video on only a few pages.



Video Increases Conversion Rates

88 percent of survey respondents reported an increase in conversions when video was added to product pages.

Of those, 35 percent reported an 'extreme' increase in conversion when product pages featuring video were compared to the site average. For retailers featuring video on more than half of site pages, the average reported increase in conversion rate compared to site average was 91 percent.

More Product Video Placement Equals Higher AOV.

For companies who deployed video on the majority of (50-75 percent) product pages, AOV was nearly \$300, while companies that deployed few videos on product pages (0-25 percent) realized an AOV of just \$177.32.

68%

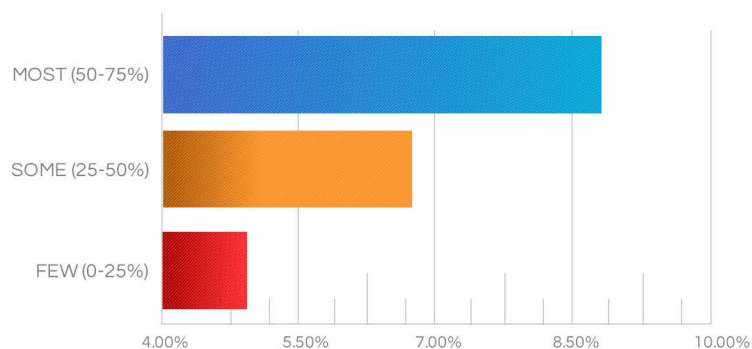
The vast majority of sites featuring video on the majority of product pages experienced a 68% improvement in AOV vs. sites with video on only a few pages.

91%

Over a third of survey respondents experienced a 91% increase in conversion simply by adding video.

Livclicker clients with video on a majority of product pages realized a 79 percent higher conversion rate (at 9 percent) than clients that had few product page videos (0-25 percent) and a 31 percent higher conversion rate than clients with some product page videos (25-50 percent).

Percent of Product Pages with Video v Conversion Rate



Retailers with video on most product pages realized a 79 percent higher conversion rate than ones with few videos.

Conclusion

The data show that companies that use more product video are more successful at increasing AOV and conversions. It's a better bet to use video than it is to go without.

Finding #1

The More Active* the Video Library, the Higher the Revenue

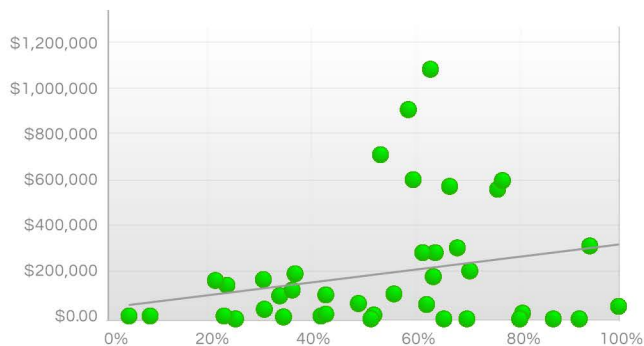
*iveclicker defines a video to be "active" if it has been played in the last 30 days.

62 percent of the survey group's videos were considered active. Keeping videos active is not only important, it's also lucrative.

Surveyed clients showed an average monthly revenue increase of **\$13,092.84** for every percentage point increase in active videos above the mean.

For each one percent increase in active videos, average monthly revenue increased by more than \$13,000.

Percent Active vs. Revenue



Best Practices

Video Galleries and Broad Distribution Drive Plays and Revenues

Create and Maintain a Video Gallery.

One way to ensure that videos remain active is to push them to off-site locations, like a video gallery site. A video gallery site contains all of a company's videos in an easy-to-navigate layout.

The main purpose of these galleries is to keep video viewing activity within a retailer's own domain, as opposed to YouTube. This experience enables a more consistent experience for shoppers and eases transition to a retailer's primary shopping site via features such as interactive links and contextual product information.



Maintaining an up-to-date video library is not only important.
It's also lucrative.



For each one percent increase in active videos, average monthly revenue increased by more than

\$13,000.

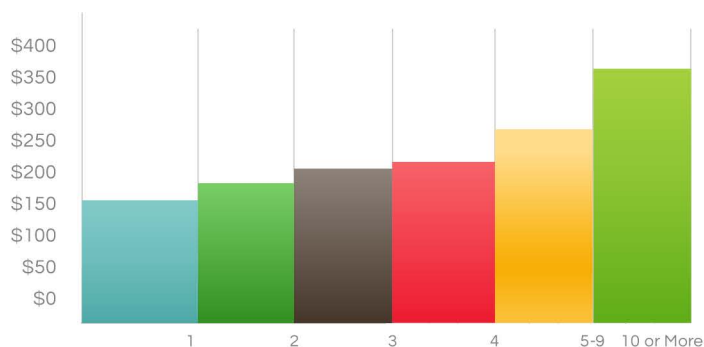
Distribute Videos Broadly

In addition to maintaining a video gallery site, retailers should keep video content active by distributing to channels such as Facebook, Twitter, YouTube, your company's affiliate network, and any blogs your brand is associated with.

Of the surveyed group, each additional distribution channel increased plays by 21,160 per quarter - and more plays led to more revenue. Each additional channel generated an average of \$50,513.47 in quarterly revenue.

Finding #2: More Videos Watched Per Shopper Translates to Higher AOV

Shoppers that watched 10 or more videos spent an average of \$348.52 compared to \$159.19 for those that watched just one video. 119% more.



Shoppers who watched 10 or more videos spend 119 percent more than shoppers who watched just one video.



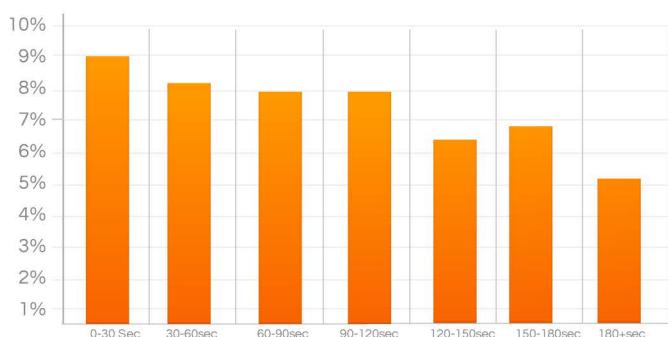
To keep your company's video gallery fresh, rotate featured videos to even out exposure.

The Right Location, Relevant Content, and Appropriate Length are Keys to Success

- **Make Video Easy to Find.** The easiest way to increase onsite plays is to make video callouts simple and obvious. Don't bury the video button!
- **Offer Related Videos.** Complimentary content is a great way to keep shoppers watching. Make other videos available that are relevant to the content just watched. Stay away from general content by utilizing video technology capable of displaying contextually relevant content.
- **Keep Videos Short.** Since the valuable and very short attention spans of shoppers are often wasted on long introductions and unnecessary information, make sure videos are not too lengthy, a common mistake of many e-commerce retailers.

The conversion rate of shoppers who viewed videos less than 30 seconds in length was 89 percent higher than the conversion rate of shoppers who viewed videos longer than 180 seconds. Likewise, shoppers who viewed sub-30 second videos converted 33 percent more often those watching videos between 60 and 180 seconds in length. Therefore, the general best practice for e-commerce retailers to follow is 'shorter is better'.

Video Length vs. Conversion Rate



Average conversion rates for product videos that were less than 30 seconds were 89 percent higher than product videos that were longer than 180 seconds.



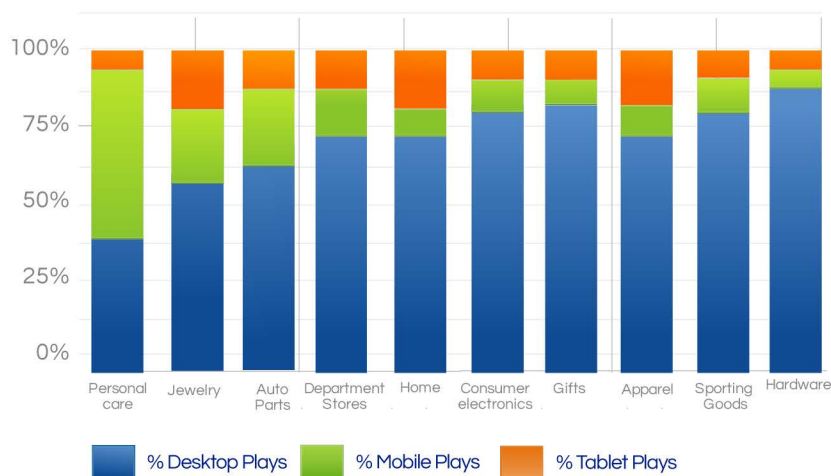
Shorter product videos consistently performed better than longer videos when viewed through the lens of conversion rate.

Caveat:

Products that are complex or have a very high price point often benefit from a longer video.

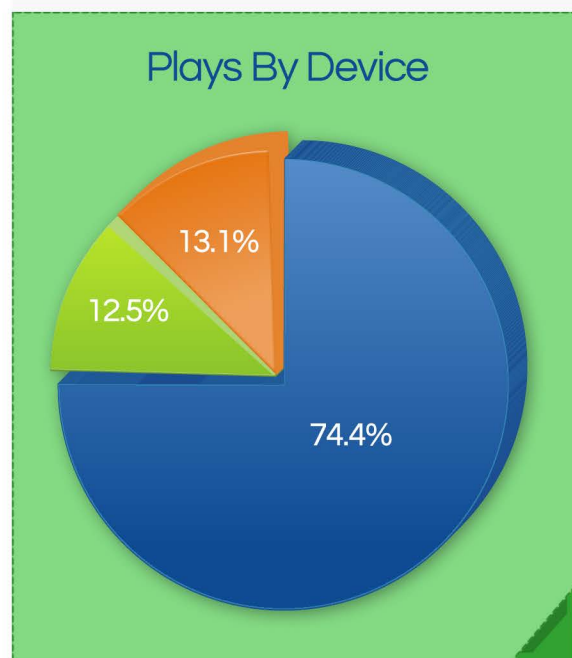
Finding #3: Mobile Adoption Impacts Video Success

In 2013, mobile devices made up about 19 percent of e-commerce video plays recorded by Liveclicker's VideoCommerce solution. Analysis shows that smartphones and tablets accounted for more than 25 percent of total video plays during Q2 2014, demonstrating that mobile device usage is on the rise. As mobile devices become easier to shop with, they will make up a greater part of the e-commerce market, so it is important to deliver an optimized video experience on these devices.



Best Practices Mobile Needs Specific Focus & Attention

- Don't take a "One Size Fits All" approach. With the growing number of smartphones and tablets used by shoppers of all ages to access the Internet – and the fact that Americans are spending more time looking at their mobile devices than at a television – ensure that videos are ready for the small screen. Meet the shopper where they are and optimize that experience. Being an omni-channel retailer is about recognizing where the consumer wants to interact and adapting the experience to them, not cramming one experience into every channel in the same way.



- Offer and highlight videos on mobile sites. Many organizations make the mistake of stripping mobile product pages down to just image and text descriptions. Video works just as effectively when consumed on a mobile device. Make sure your company's mobile site draws a lot of attention to your videos. Just as an "Add to Cart" button should be the easiest thing to find on a mobile page, so, too, should video play buttons.
- Don't Forget About Mobile Apps. The same advice applies to video in a brand's mobile apps. An effective e-commerce strategy engages shoppers where they are. Not showing video within your app limits its e-commerce effectiveness and costs sales.
- Address the Differences Between Tablets and Smartphones. Keep in mind that people interact with tablets and smartphones in different ways. A tablet can act much more like a desktop or laptop. A full-featured HTML5 video player can be used as part of a tablet shopping experience. In a phone environment, the screen is smaller and the native player is almost always used by default. When mobile video uses a mobile device's native player, the functionality is often stripped out, leaving content to speak for itself.

Conclusion

It's clear that video has the ability to bolster consumers' online shopping experiences, translating to stronger engagement with - and revenues for - e-commerce businesses. With the findings of Liveclicker's research and analysis, e-commerce businesses are well equipped to craft and implement a video program designed for success.

By taking into account the recommendations provided by this research, including keeping videos active, increasing the number of videos watched and maximizing the mobile channel, brands can outflank the competition and drive success through a highly impactful, revenue-generating video program.

VideoCommerce by Liveclicker helps today's top brands - from production through conversion - generate the most ROI from video. It allows marketers and merchandisers to manage their entire video library from a unified service, distribute content across sites and channels with a single click, and dramatically improve results with the industry's most sophisticated video analytics engine - all with the backing of a dedicated team of video pros.

The company helps clients such as Costco, Bed Bath and Beyond, Petco, eBags, Canadian Tire, Best Buy, 1-800-Flowers, Under Armour and OnlineShoes.com drive higher consumer engagement and conversion.

Learn how you can make your video program more successful with Liveclicker. Call (408) 335-6202 to schedule a demo, or visit videocommerce.com for more information

Case Study



In 2006, Blinds.com started using online video to address concerns consumers had about measuring and installation.

Over time, the company found it increasingly difficult to update and change video content due to the growing complexity of the site. Manual changes were becoming extremely time-consuming for its design staff.

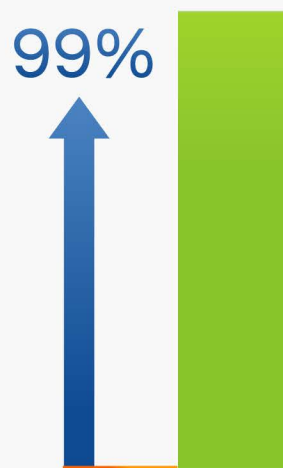
Blinds.com selected Liveclicker's VideoCommerce solution as a dedicated platform for automated management of video content. In addition to enabling easy changes to videos, Liveclicker also allowed Blinds.com to measure video effectiveness based on average viewing time.

Blinds.com went from spending days – or even weeks – entering hundreds of IDs for products one at a time, to uploading code for its videos in minutes. VideoCommerce has saved Blinds.com significant time and created greater efficiency for posting and updating videos. In addition, it has created a vehicle for tracking customer feedback to its videos.

As a result of leveraging VideoCommerce, Blinds.com achieved the following results comparing Q1 2013 to Q1 2014:

- Video engagement rate increased by 99%
- Revenue increased by 92%
- Orders increased by 68%
- Conversion rate increased by 70%

As a result of leveraging VideoCommerce



Video engagement rate increased by 99%

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