Delivering Superior Shopping Experiences Via Video

Consumer Insights and Retail Execution

the e-tailing group

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I. A LETTER FROM THE AUTHOR

Video has captured our imaginations and statistics show that consumer usage is increasing at an astonishing rate. Cisco has estimated video adoption will rapidly increase reaching 90% of Internet traffic by 2013. eMarketer concurs with such growth predictions, indicating that by 2015 US online video viewers will represent 60% of the general population and 76% of Internet users.

Listening to the Consumer

While much has been written about consumption patterns, only minimal fodder has been shared about video's potential for impacting retail shopping experiences. Given that scenario, the e-tailing group sought to understand the consumer perspective and rationale regarding their embrace of video with sponsorship from Invodo, a full service eCommerce video solution. We believe we are the first to jointly conduct a major consumer insight survey on this topic, where online 1,000 consumers explore onsite experiences, cross-channel usage and social embrace along with the myriad of devices that enable video access including smartphones and tablets. Through this research, we move beyond the numbers and delve into the behavioral details of video consumption.

An understanding of where and how consumers gravitate to video sets the tone for merchants to explore its potential role for their businesses. These insights will help retailers make smarter investments; capturing consumer attention through compelling experiences that both inform and inspire shoppers.

This research exposed a myriad of information which we have encapsulated into five top insights. First and foremost, the enthusiasm consumers feel for video establishes its integral role for retailers. Secondly, the ability to function as a multi-faceted tool to inform and sell reinforces what many retailers, who have long embraced video, already experience. A third, myth-busting finding is that quality matters where today's discerning customer recognizes and gravitates to professional execution.

Throughout this white paper, we include a series of examples to bring video utilization to life. The product page warrants significant attention, highlighting video's ability to articulate features and functionality by identifying core components through education, demonstration and engagement. There are onsite opportunities beyond the product page and our survey results suggest additional locations where consumers embrace video. On the home page, branding opportunities dominate while the category page offers a chance to explain complex purchases for novices; giving customers the confidence to convert online or via store shopping visits. Once we cover our onsite bases, a review of video beyond the site reveals interest in email, social channels and mobile with tablets surging in importance given their desirable browse capabilities.

Monitoring the Onsite Landscape

In general, retailers' use of online video continues to increase with 73% of US sites using video on company sites as well as YouTube and Facebook. The e-tailing group has been monitoring video usage across retail sites as part of our Mystery Shopping Study for over 10 years. Annually we evaluate 100 sites (EG100) to benchmark a range of merchandising elements and the trajectory of video we have observed certainly reflects its growing importance to the retail community.

Year	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Video Penetration	83%	88%	64%	62%	45%	38%	20%	8%	12%	17%	11%

Limited deployment was seen until 2006 when 38% of the EG100 sites employed video. By 2011 our study found 83% sites offering video, now positioned as a universal tool for retailers, similar to onsite search, rich media and personalization. Video was present in all 15 consumer product categories shopped, serving as an across-the-board asset.

In 2011, for the first time we also analyzed each company's marketing and merchandising experiences on Facebook. Of the 98% with a Facebook page, 72% employ video to enhance the selling experience in this social environment. While best-in-class execution was led by luxury brands, other categories also capitalized on this evolving phenomenon including autos, consumer electronics, music/DVDs/videos, toys/video games and computer hardware/software.

Seizing Merchant Selling Opportunities via Video

It is our recommendation that all merchants conduct an evaluation of the role video can play in their business. Understanding internal considerations and ensuring that your business is well positioned to take advantage of video sets the stage for success. From there a look at video styles that can support those efforts and the execution required, along with performance demands to tackle are wise next steps.

The research speaks to the power of video to differentiate your brand. It can uniquely expose the categories and products you sell and ultimately capture your customers' attention, driving both conversion and the bottom line.

Stay Tuned!

Lauren Freedman

[1] eMarketer, 2011

Survey Objectives

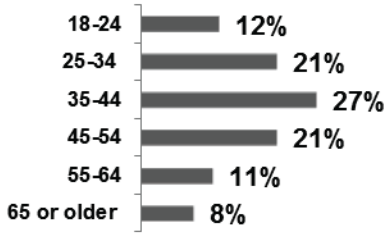
Video technology is being utilized by retailers and brand manufacturers to inform, entertain, educate and aid in selling product. The goal of this survey is to understand current product video consumption habits and the role such videos play in consumers' cross-channel browse and buy behavior.

Survey Methodology

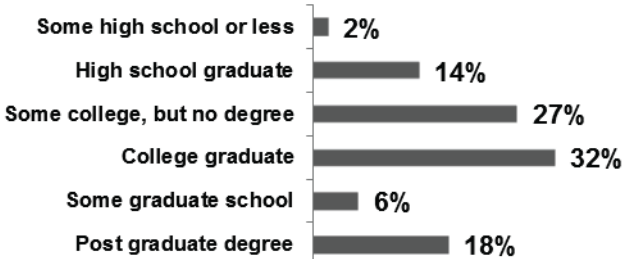
In November, 2011 an online survey was fielded to 1,039 consumers (50% female/50% male). Respondents were qualified as having watched product videos on retail or brand manufacturer websites.

Survey Demographics

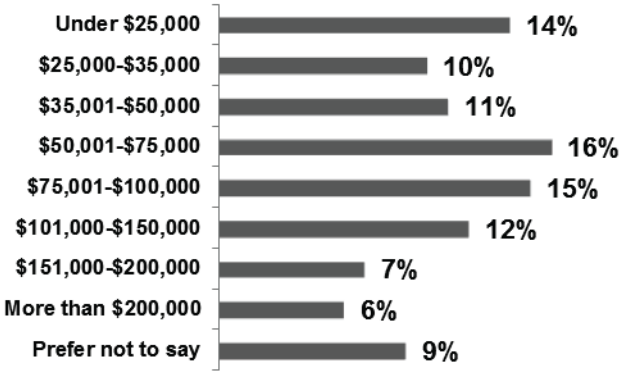
In what age range do you fall?



What is the highest level of education that you have completed to date?



Which of the following best represents your combined annual household income from all sources before taxes?



Topline Findings

A. Onsite

- Video viewership is significant on retail and brand manufacturer sites, and is seen across a range of categories and prominent onsite locations
- Videos that educate and demonstrate are given the greatest attention with consumers watching multiple times prior to purchasing
- Product complexity and a desire to learn about a first-time category purchase propels shoppers to revisit videos multiple times
- Video's ability to aid decision-making via demonstration and effective simulation serves as a confidence builder for shoppers before buying
- Viewing product videos boosts confidence, engagement and purchase intent along with subsequent loyalty toward websites
- Consumers appreciate high quality video production where professionally-generated videos receive greater engagement and are more reliable for purchase decisions

B. Beyond the Site

- Video viewership extends beyond the site where email, social and mobile devices all receive interest among consumers
- Shoppers' growing interest in social results in video viewership within these newer channels
- Increased smartphone ownership means more video consumption though focus is not always on shopping because the small screen experience is not yet perceived as ideal
- Tablets may provide the greatest mobile potential as penetration grows and propensity to watch videos is higher than via smartphones

IV: THE CONSUMER SPEAKS: FIVE TOP VIDEO INSIGHTS

Our research revealed five key takeaways from the "customer" perspective. In this section each premise will be introduced followed by supporting research data, culminating with a visual showcase that brings the concept to life through industry best practices.

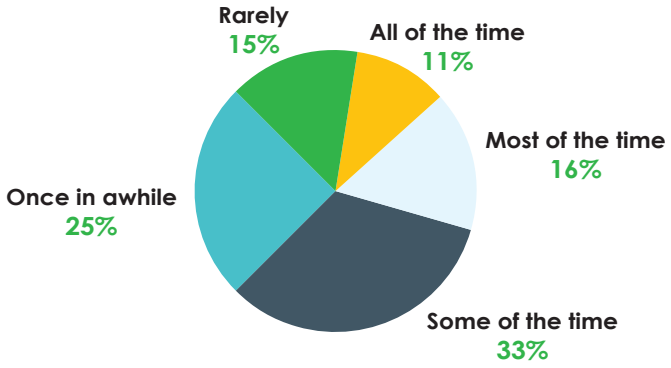
Insight #1: Consumers Set the Pace: They Want, Expect and Watch Video Across Retail Browse and Buy Experiences

Video encounters for retail shoppers began on websites and it is from that vantage point that our research also launched. A look at the frequency and repetition of viewership gives us insight into usage and adoption among the consumer base. Taking a look at category consumption ensures that its embrace is not restricted to a few early-adopting categories but instead serves as a universally deployed tactic, relevant for almost any category.

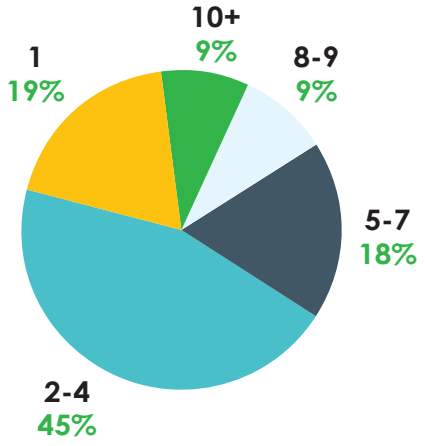
Video Factoid:
Consumers watch product videos 60% of the time they are encountered on websites

(All/Most/Some of the Time)

When you encounter product videos on retail or brand manufacturer websites, how often do you watch them?



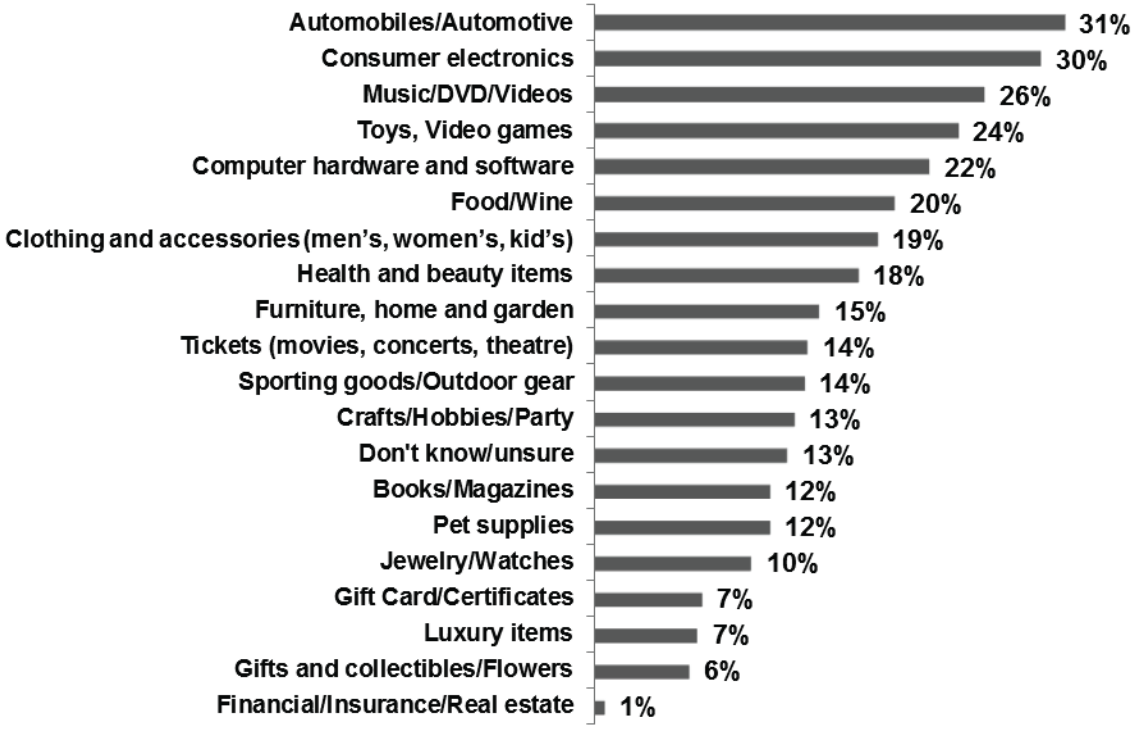
Over the past 3 months, how many product videos have you watched on retail or brand manufacturer websites?



Video Factoid:
In the past three months 36% have watched five or more product videos on websites

Video consumption sees across-the-board appeal. Top categories where video has been watched include autos, consumer electronics, music/DVD/videos, toys/video games and computer hardware/software.

In which of the following categories have you watched product videos online over the past 3 months? Check all that apply.

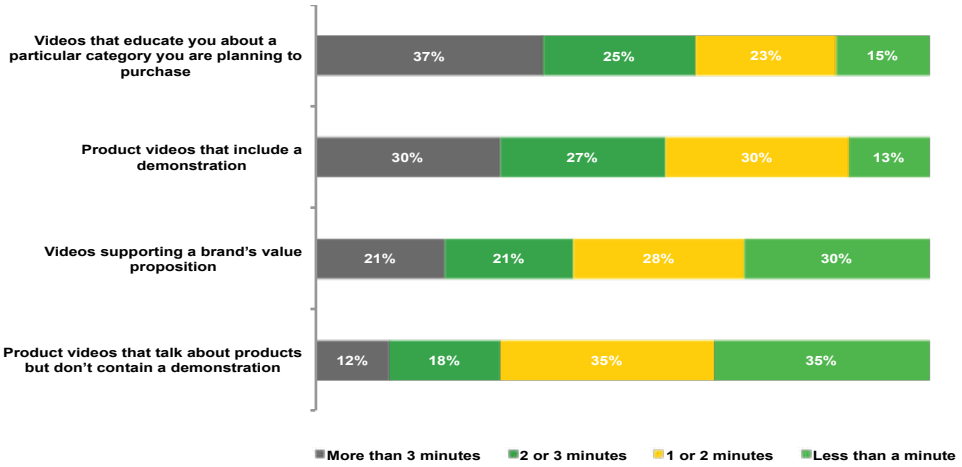


Insight #2: Video Plays a Multi-Faceted Role and is Ideal for Building Consumer Confidence Given Its Effectiveness in Aiding Decision-Making

The power of video can clearly be seen from the first graph below. Its ability to inspire consumers often begins with a brand's value proposition. Luxury brands have long taken advantage of this tool to engage cross-channel shoppers with behind-the-scenes footage of photo shoots and runway shows that connect customers to the companies they covet.

Consumers take the greatest interest in videos that educate them as part of the buying cycle. Industry research indicates favorable reaction and resulting conversion increases where traditional product videos describe core features and benefits.

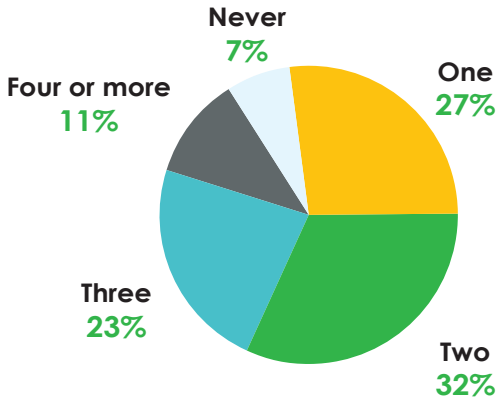
How much time will you typically spend watching the following types of videos on a retail or manufacturer website?



Video Factoid:
One-in-three consumers spend more than three minutes watching product videos that educate or demonstrate.

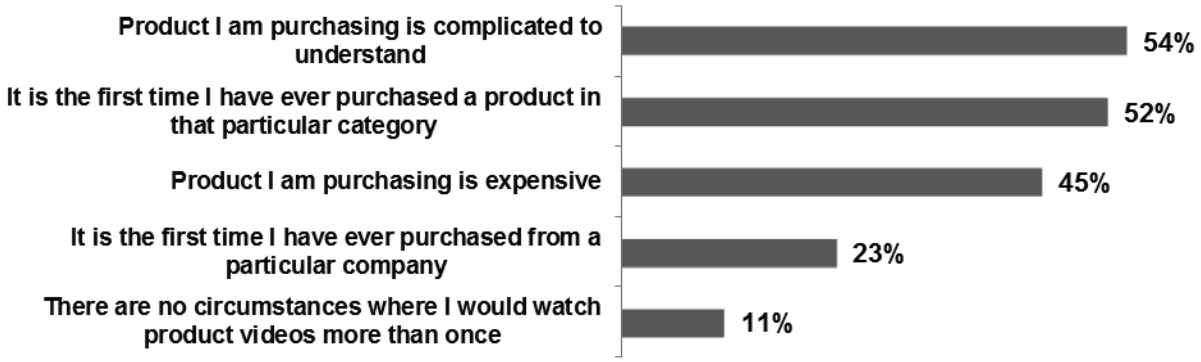
Video Factoid:
Consumers will invest time to inform themselves with 66% reporting that they watch videos on information-intensive products at least two or more times. In order for consumers to allocate precious time they must certainly see benefits and likely want to reinforce initial knowledge gained.

For information-intensive products or those categories where product education is important how many times would you typically view a product video prior to making your final purchase?



A merchant's investment in video pays off as these multiple views mean consumers will be armed with information and ready to shop.

Some products are more complex than others and we want to understand under what specific circumstances you might watch a product video more than once. Check all that apply.



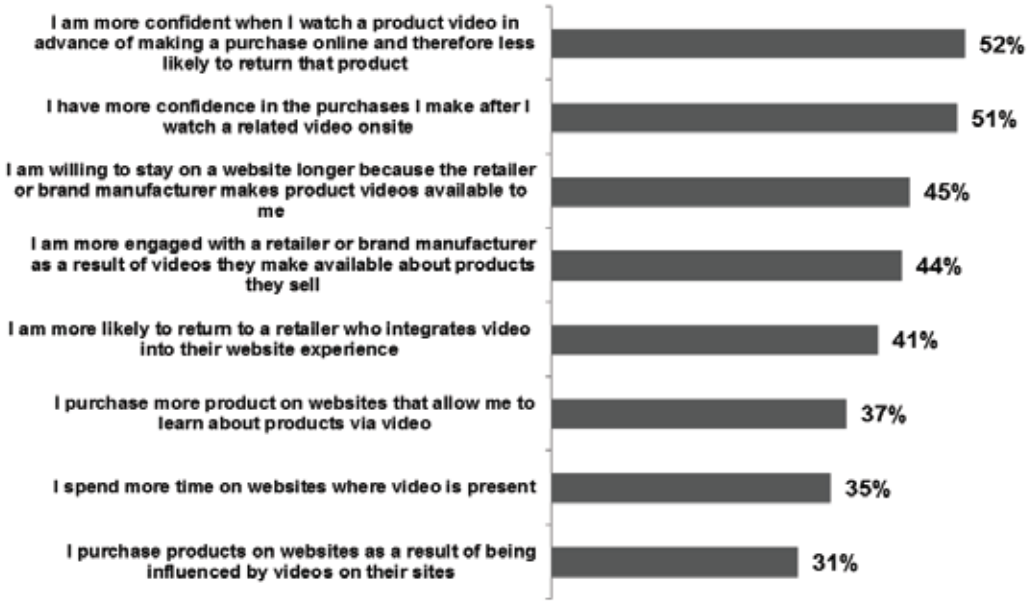
Products that are complicated to understand see the greatest attraction to videos (54%). Repeat exposure facilitates further understanding while a first-time purchase in a category (52%) also warrants watching. More expensive purchases (45%), where consumers may perceive greater risk, are another reason cited for viewership.

Video's real advantage is in bringing products to life. Its ability to demonstrate features extends explanations beyond static words or stationary images, according to respondents who report a 63% strongly/somewhat agreement rating. An excellent category example cited is in consumer electronics where a demonstration of a computer, tablet or smartphone proves extremely beneficial.

Imagining themselves using the product is valuable for 61% of shoppers and often the first step taken prior to making the actual purchase. Services also benefit from video where one-in-two shoppers gain greater understanding after viewing of a video.

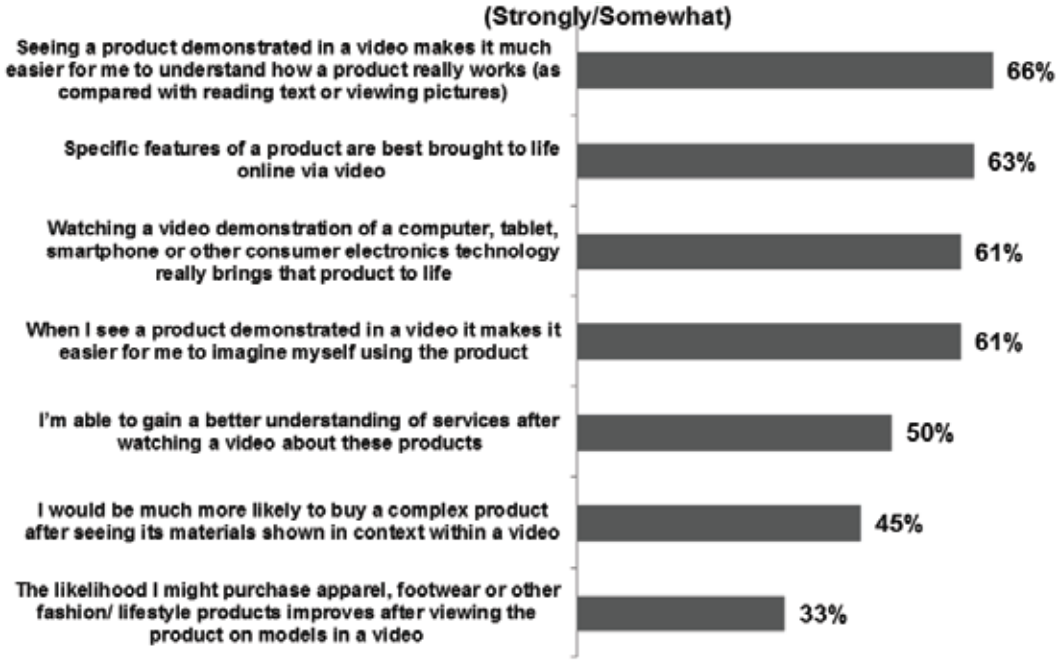
Please note you level of agreement or disagreement with the following statements relative to videos being shown on retailer or brand manufacturer websites.

(Strongly/Somewhat Agree)



Viewing product videos boosts confidence, engagement, loyalty and purchase intent on websites.

Making decisions about products can be complicated so we'd like to understand your sentiment regarding video's role in making product selections. Please note your level of agreement or disagreement with each of the following statements.



Video Factoid:

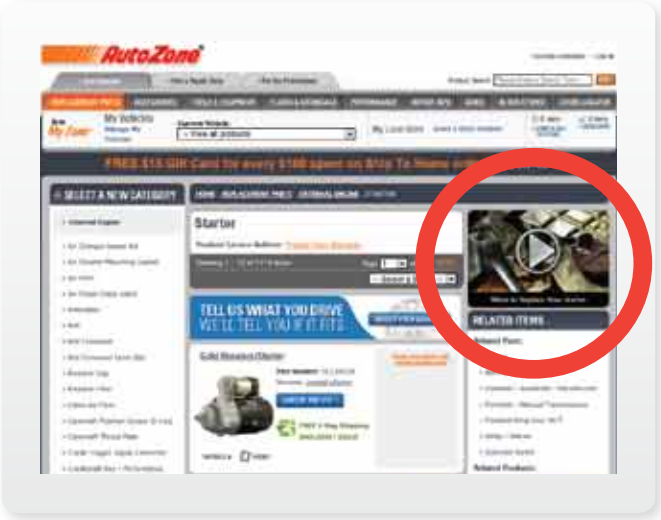
Videos help place consumers in a "ready to buy" state. Consumers report that they:

- Have more confidence in potential purchases (51%)
- Are less likely to return those products (52%)
- Spend more time on the site with elevated engagement (45%)

Additionally, it is refreshing to report that retention and loyalty are factors among 41% of retail video viewers.

Onsite Showcase

The following showcase across distinct categories and locations represents a variety of ways that video insights and demonstrations bring product to life.



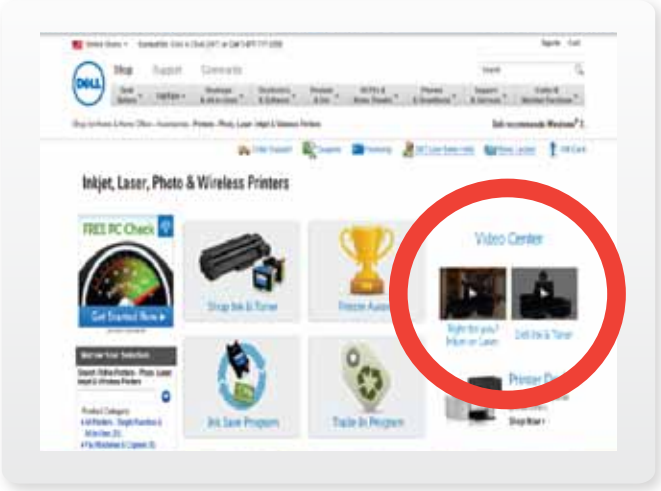
Merchant: AutoZone

Location: Category Page

Approach: Guide for when to replace your starter

Contents:

- Basic procedures demonstrated
- Bad starter indicators reinforced with text overlays
- Retail tie-in with free in-store testing recommendation
- Onsite web instruction references



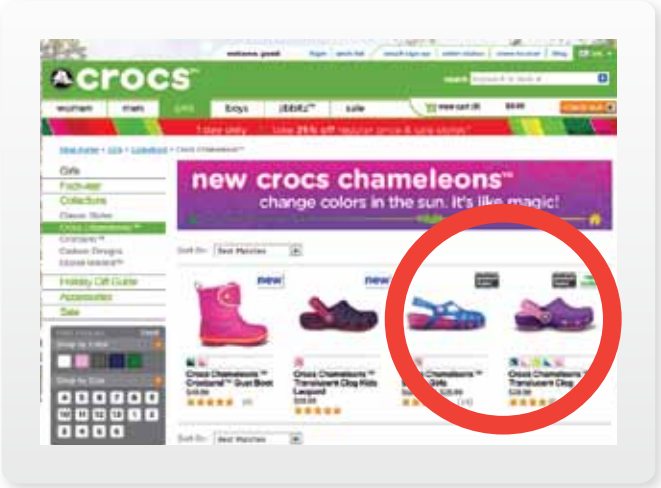
Merchant: Dell

Location: Category Page

Approach: Inkjet or laser printer selection process

Contents:

- When to use which printer type and why
- Feature review
- Onsite feature iconography highlighted
- Verbal and reference to ink selector tools



Merchant: Crocs

Location: Search Results

Approach: Product features video

Contents:

- Product demonstration of color changing technology
- Product features and benefits
- Product upsells

Merchant: Belk

Location: Brand Boutique

Approach: 10 Step makeup lesson

Contents:

- Live model demonstration with personal touch and tips

Merchant: L.L. Bean

Location: Centralized Hub

Approach: L.L. Bean experts, customers and product testers explore their favorite new and classic products

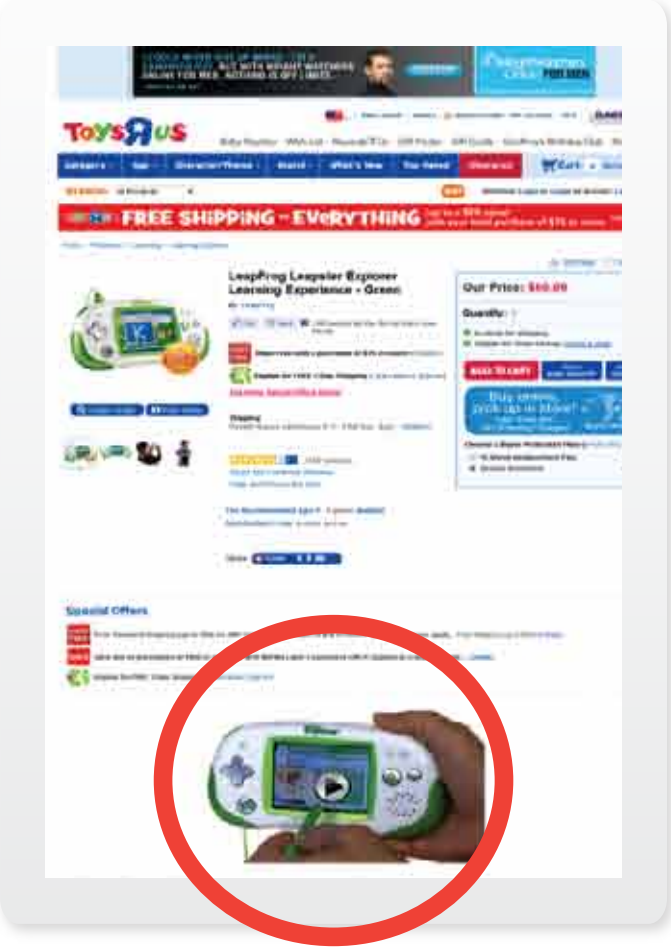
Merchant: Kendall Jackson

Location: Product Page

Approach: Wine education

Contents:

- Vineyard onsite visuals
- How we make the wine exploration
- Art of winemaking shared
- Vineyard expert narration



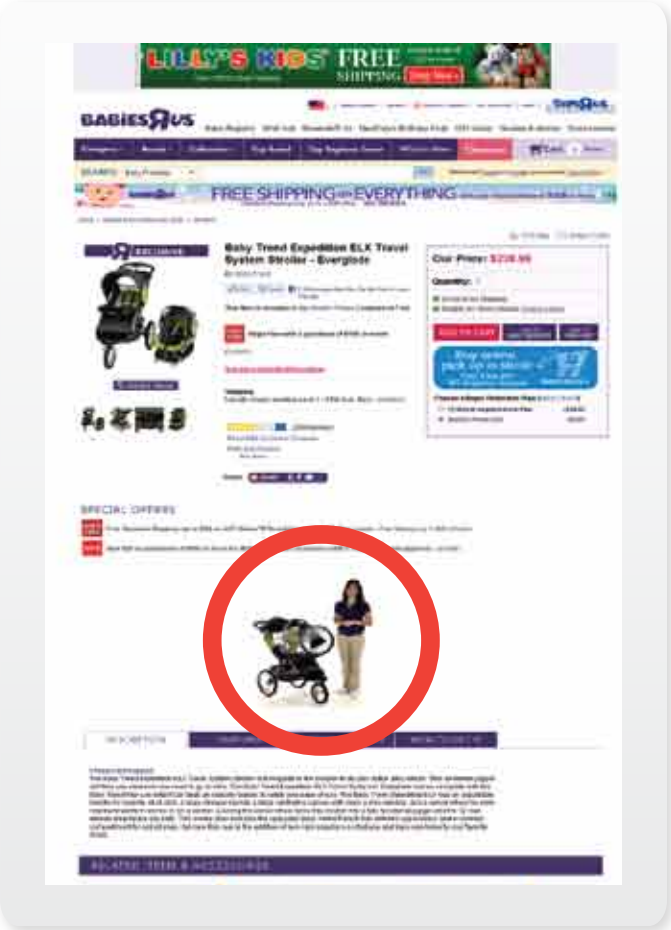
Merchant: Toys R Us

Location: Product Page

Approach: Visual simulation of product

Contents:

- Quick system review
- How-to-use demonstration
- What's included
- Learning benefits



Merchant: Babies R Us

Location: Product Page

Approach: Demonstration

Contents:

- Features and usability
- Highlighted safety elements
- Child weight and capacity
- Ease of use demonstration

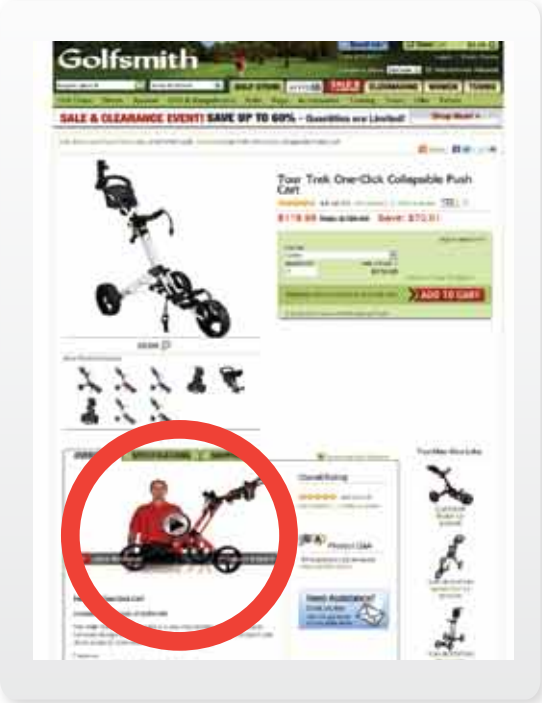
Merchant: Moosejaw

Location: Product Page

Approach: Irreverent review of jacket with "decent product video" call out

Contents:

- Fabric details
- Styling
- Where to wear suggestions



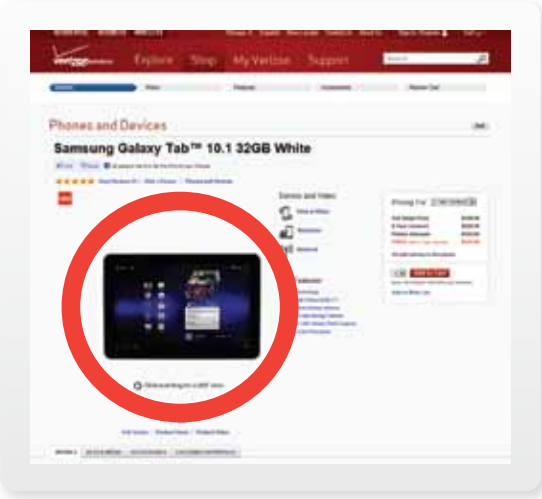
Merchant: Golfsmith

Location: Product Page

Approach: Demonstration

Contents:

- Why buy introduction
- Features review
- Specifications



Merchant: Verizon

Location: Product Page

Approach: Manufacturer product experience

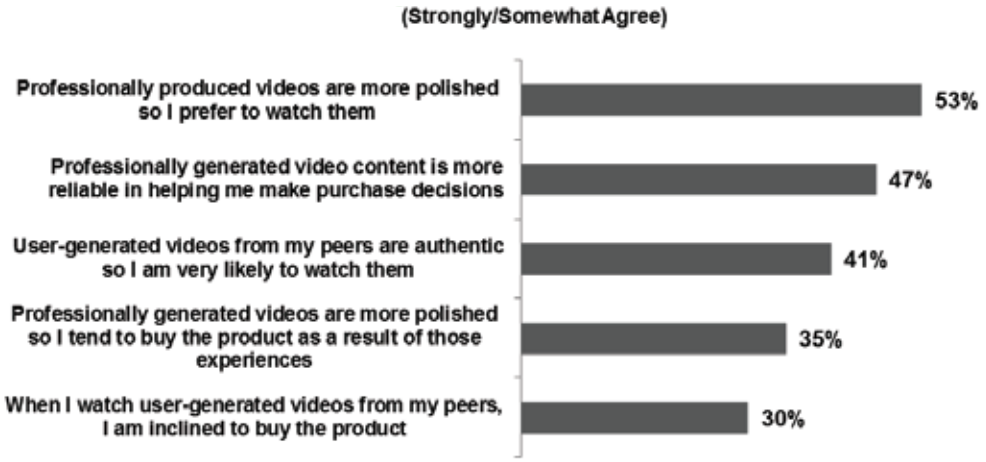
Contents:

- Performance elements
- Features and functionality
- Product in play to simulate usage

Insight #3: Video Quality Matters

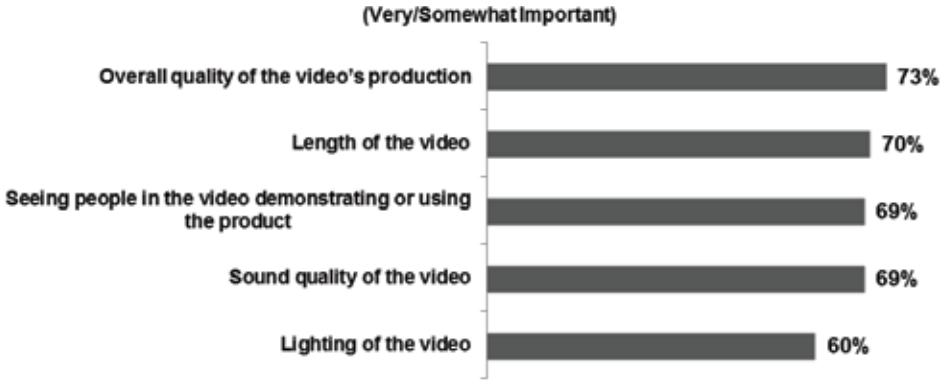
Conventional wisdom suggests that today's time-starved shoppers would prefer shorter segments. Despite fickle attention spans, the desire to learn and educate themselves prevails. They willingly spend time on information/education product demonstrations and simulations where key features are conveyed. Video quality through polished, professional execution is preferred with 53% of surveyed consumers desiring to watch such presentations. Additionally, videos of high quality are seen as more reliable in purchase decisions (47%). Despite the dominance of social media in the headlines, consumers express a preference for professional and edited videos over user-generated efforts when they are making decisions.

Retailers may include professionally prouced video and/or incorporate user-generated content from your peers on their websites. Please share your level of agreement with each statement.



Video Factoid:
The quality of product video production is very/somewhat important to at least two out-of-three consumers who cite all of the elements that comprise a professional video as somewhat to very important. Moreover, 60% of these shoppers report that overall quality tops the list for a desirable video experience.

Thinking about the range of videos that you can watch to learn about products, how important is each of the following elements relative to your likelihood to watch that video and potentially purchase that product?



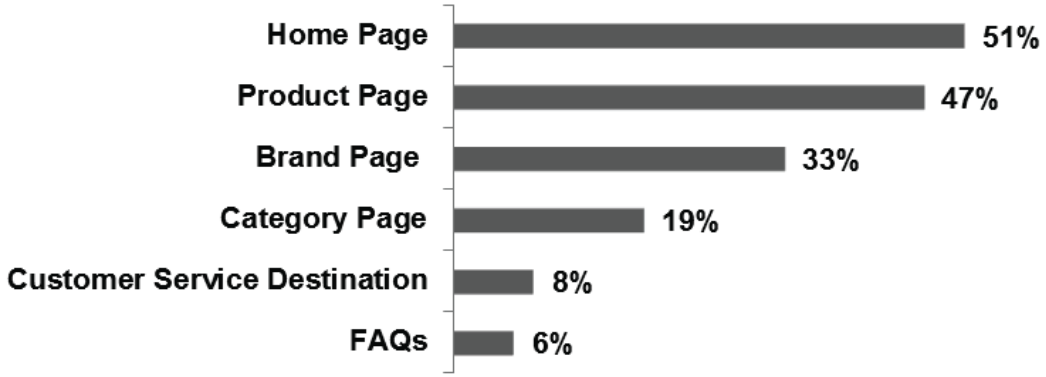
Insight #4: While the Product Page Receives the Greatest Attention Many Locations Merit Video Integration

Video Factoid:
The home page (51%) and product page (47%) see highest viewership of videos.

Video Locations See Broad Embrace Across Key Pages

Retailers continually make choices about where features are populated on the site and consumer viewership suggests all of these locations are warranted.

On which of the following onsite web pages have you watched a video over the past 3 months? Check all that apply.

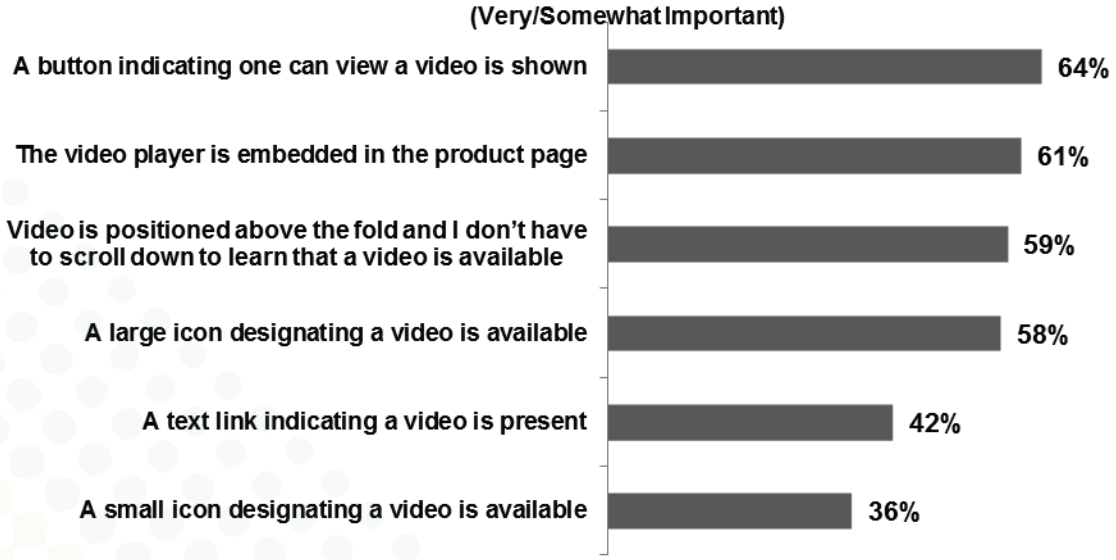


Merchant utilization of video by location, as seen in our 4Q11 Annual Mystery Shopping (based on the EG100), adds another perspective for consideration. The product page serves as the #1 location for merchant video utilization and given that 83 out of 100 sites offer video, the product page sees almost universal penetration. Brand boutiques (44%) are important for those merchants selling branded product, particularly when manufacturers are making substantial investment in video assets, sharing and syndicating them with retail partners. Centralized hubs are new to our measurement this year. We are already seeing over half of all merchants who currently have video aggregate them into a “destination” environment that allows for easy access and promotion. Category pages serve as excellent education locations with one-in-three consumers taking advantage of them. On a side note 2/3rds of these websites are also featuring video across an array of other locations including branding pages, gift centers, theme areas and customer service.

SITE LOCATION	2011 EG100 Site Penetration	SITE BASE
Product Page	69%	83 sites
Brand Boutique	44%	72 sites
Centralized Hub	43%	83 sites
Category Page	36%	83 sites
Home Page	19%	83 sites

It is important to clearly designate video's presence on the product page. Those retailers that position and highlight the availability of video will likely garner greater attention as is suggested in the graph below. Consumer preference (very/somewhat important) is for a button that indicates a video can be seen (64%), an embedded video player (61%) that is above the fold (59%) and has a large icon noting its presence (58%). Each contributes to an enhanced experience that ultimately supports the merchant's goal of selling more product.

What is the best way to make you aware that a video is available on a product page? Please share how important each element would be in your video awareness.



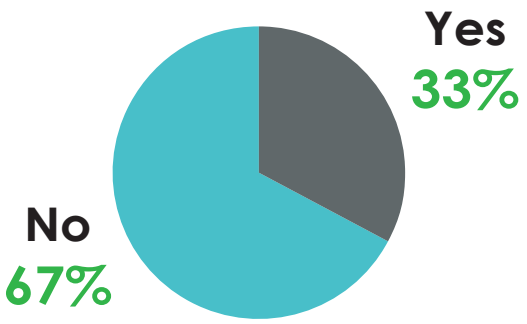
Insight #5: Beyond the Site Experiences Receive Substantial Consumer Attention

There are many opportunities to extend the value of one's video library. Ideally, marketers should target shoppers in all the places they spend time. Beyond these site destinations, we will focus on email, social networks and mobile apps/mobile Web.

1) Email	Email continues to play an important role in inspiring and encouraging shoppers to consider products while also serving to support post-purchase.
2) Social Media	Google Sites, driven primarily by video viewing at YouTube.com, ranked as the top online video content property in October 2011 with 161 million unique viewers and a record high of 20.9 billion videos viewed. Facebook ranked second with 59.8 million viewers and over 346 million videos viewed.
3) Mobile	Mobile is exploding with smartphone penetration reaching 38% of mobile users and 29% of the population in 2011. Purchasing and the resulting revenues are following suit with sales via mobile devices, such as smart phones and tablets, forecast to grow 40% per year for the next five years. Escalation is inevitable if popular projections such as, "by 2015 more than three-in-five mobile users and almost half the total US population will be using the mobile internet," come to fruition.

Video Factoid:
In the past three months, one-third of consumers viewed a product video by clicking through an email.

In the past 3 months have you viewed a product video by clicking within an email you received?



[2] Comcast, 2011
[3] eMarketer,2011
[4] Forrester Research, 2011
[5] eMarketer, 2011

The e-tailing group has been tracking video embedded in email in conjunction with our mystery shopping efforts. A range of email examples are highlighted below:

Video Story Line:

Whirlpool Outlet demonstrates a simple solution to a common storage problem with video

Video Story Line:

Fashion designer, Vince's, video exclusive on "The Art of Layering" is found on their Shopbop brand boutique, bringing the lookbook to life

Video Story Line:

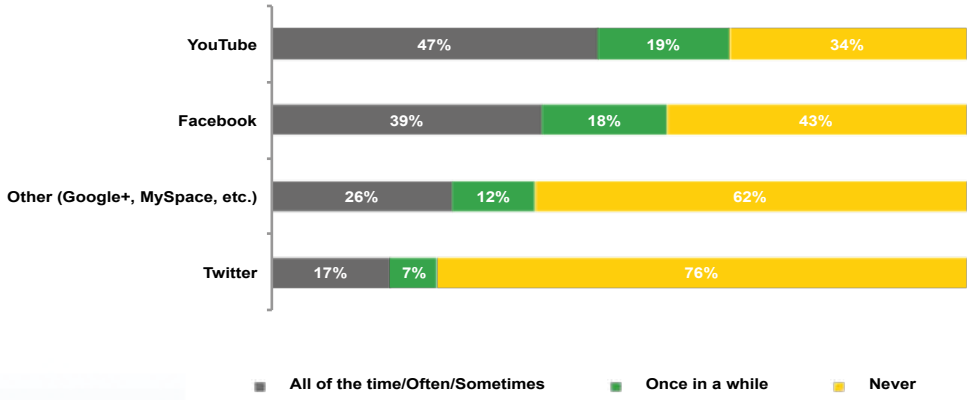
Williams-Sonoma, one of the earliest to embrace video, incorporates a "learn more" video coupled with a limited-time-only gift card offer with the purchase of the Cuisinart Electric Rotisserie

Social Dynamics

To appreciate the impact of social media it is important to gain a sense of how much time consumers are spending on social networking sites. YouTube announced in May 2011 that more than 48 hours of video are uploaded to the site every minute (up 37% from six months ago and 100% over 2010). Growth, in both the numbers of merchants and the views they generate on YouTube, has taken off in recent years with chains including Best Buy and Wal-Mart creating multiple video channels.

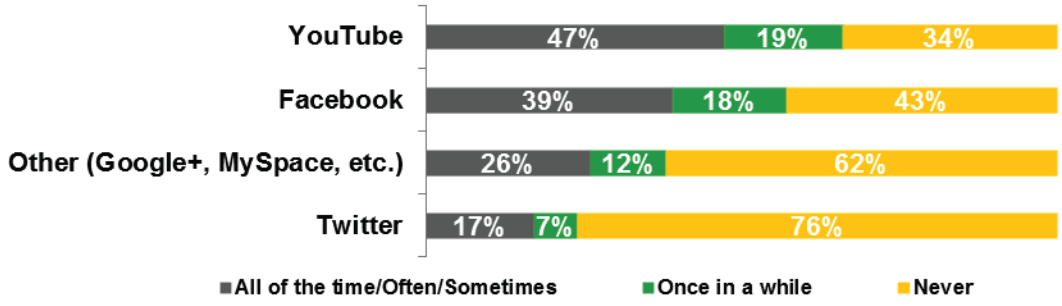
Significant time is being spent on Facebook (36%) and/or YouTube (21%). Other recent e-tailing group studies concur that consumers are spending increasing time on social channels. Our 4Q11 Mystery Shopping review of Facebook and video saw results that almost parallel website penetration with 70 of the EG100 sites featuring video. Brand-oriented approaches dominate (69%) whereas product treatments are seen on 40% of Facebook pages.

How would you describe the amount of time you spend on social networks?



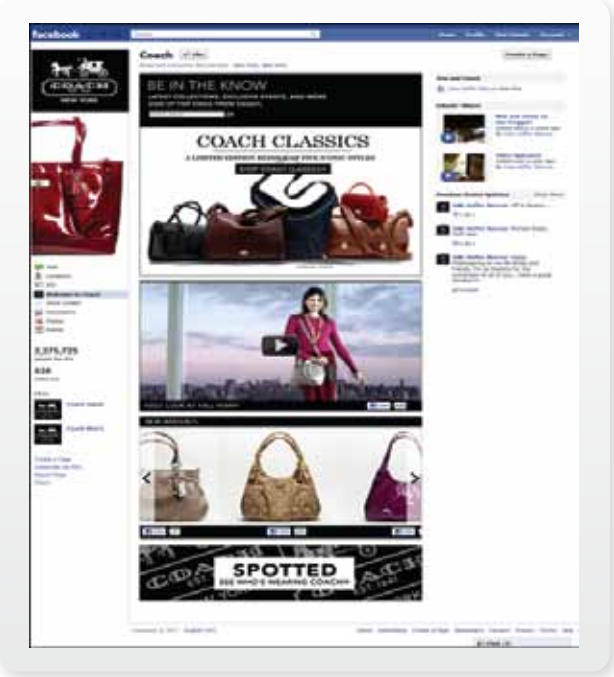
Video Factoid:
Consumer interest in product videos within social networks is strong with greatest viewership on YouTube (47%) and Facebook (39%).

How often do you view product videos within social networks?



[6] RetailWire.com, 2011

We began looking at Facebook as part of a luxury research project last summer and extended those efforts during our 4Q11 Mystery Shopping Survey. Brand manufactures have been aggressive as can be seen from the following examples where videos are in play.



Video Story Line:

Coach video reinvigorates their Coach Classics line of bags

Video Story Line:

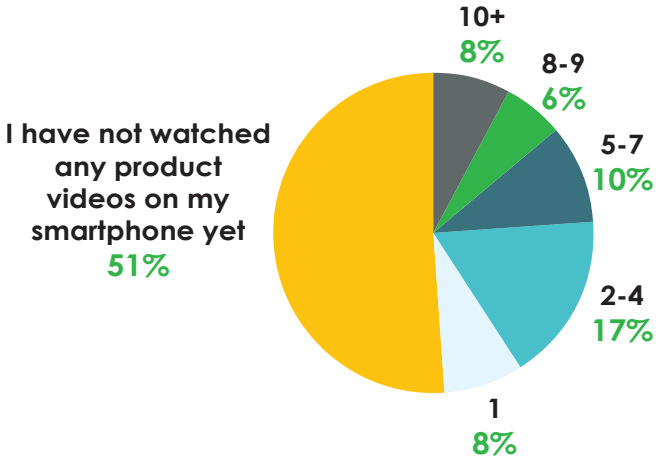
Aveda's demonstration of how to renew your look

Mobile Devices

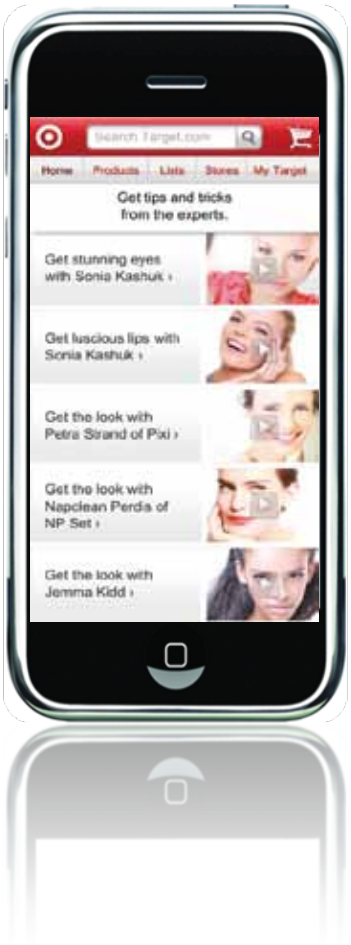
With the proliferation of smartphones and consumer interest in videos we are inspired by the strong viewership. It is also interesting to note that the majority of those who have not watched videos on their smartphones, are not shopping via the device (34%) or are unhappy with the small screen experience (31%), so accommodations may just be in order.

Video Factoid:
Among the 62% with smartphones, almost ½ (49%) have watched product videos on them in the past three months.

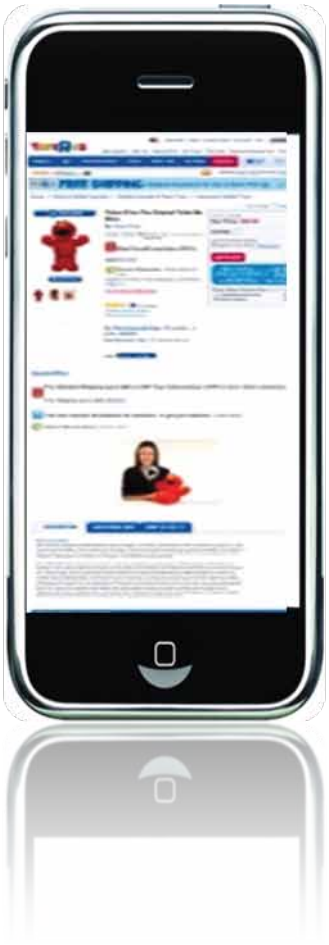
Over the past 3 months, how many product videos have you watched via a smartphone?
Smartphone owners = 62% (640 out of 1,039 respondents)



The beauty category shines in this Target example where tips and tricks from the experts are put forth.

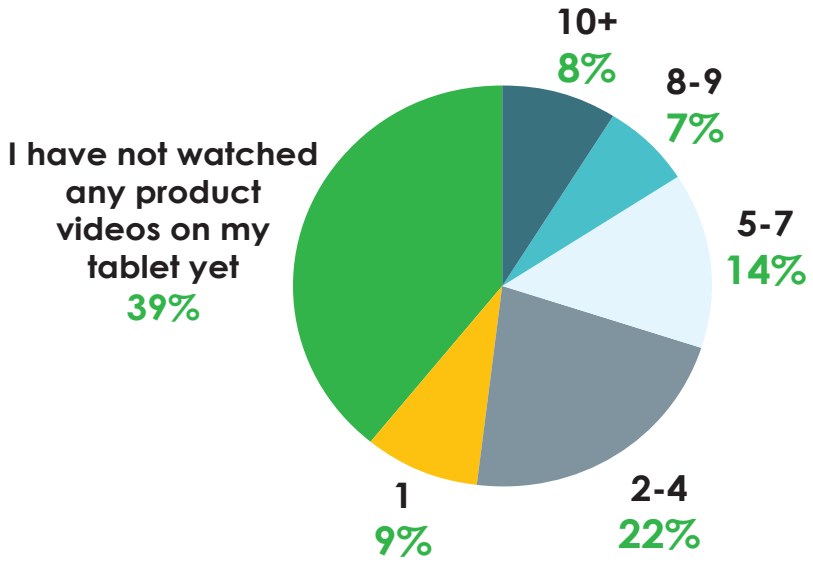


Toys R Us takes advantage of their video library and extends it online in support of a toy classic, The Original Tickle Me Elmo.

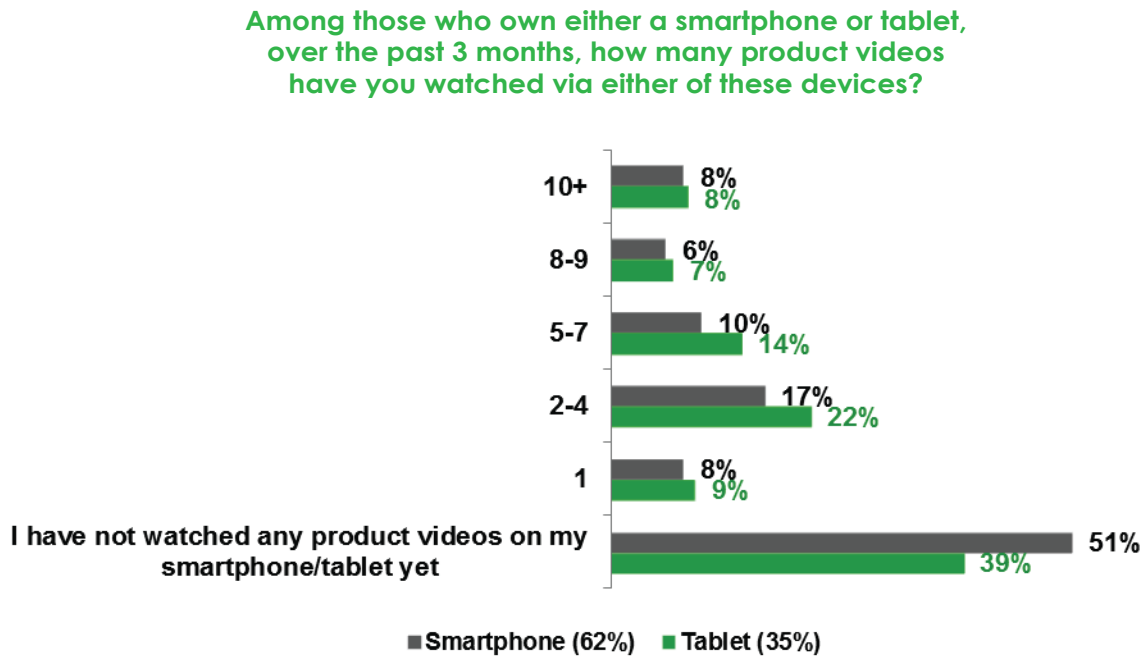


Tablets may have greater long-term potential for effectively delivering the product videos that today's consumers currently gravitate towards. Among the 35% surveyed who owned tablets, in the past three months 61% have watched one or more product videos on the device.

Over the past 3 months, how many product videos have you watched via a tablet device?
Tablet owners = 35% (367 out of 1,039 respondents)



For those yet to take advantage of video via tablet (39%), the reasons appear to be very similar to the reasons seen with mobile phones. A comparison of the two devices indicates that consumers are more apt to watch product videos on their tablets than their smartphones. Monitoring all mobile devices will be important as “devices” grow in importance and forever alter the daily lives of shoppers.



V: PUTTING VIDEO TO WORK FOR YOUR BUSINESS

While we believe that most merchants should be in a position to capitalize on video, it is imperative to evaluate the role of video for your business, your brand and your customer base. With that in mind, we present the Invodo Three-Step Consideration Set which serves as an invaluable tool to jumpstart that process. By assessing your current internal state, the desired video style you seek and the execution and performance you demand, each merchant can best position their company for success with video by informing, engaging and inspiring visitors and prospects alike.

A. Internal Considerations

Like any project roadmapped for retail, organizing and supplying the right people for the task is essential. ROI is usually top-of-mind so setting out a value proposition must be on every project list to garner senior management approval and subsequent funding.

1. How do I build a business case for video across departments?
2. Who needs to be involved to successfully launch a program that is set up for long term success?
3. What human capital do I need to lead and manage a successful video project?
4. From where do I get budget for video?
5. How much time does it take to manage a video program?
6. Do I need a dedicated video program manager to be successful in my video project?

B. Video Style

Thinking through the right style to support your brand is next. Explore locations, look and approach including evaluation of production choices and the myriad of details that must be managed as part of the process.

7. What business objectives am I trying to achieve with video?
8. What type of video best aligns with my objectives? (product, category, how-to, service)
9. What should be the look and style of my videos?
10. What is the brand “voice” I want to convey in my videos? (employee, product expert, target market representative)
11. Should I use one presenter, multiple presenters, voiceovers, or just music?
12. What length of video is appropriate?
13. Should I shoot on green screen, on-location, on a white background?
14. Who is going to produce all this video?

C. Execution and Performance

From here, one must move into logistics, thinking about onsite placement through optimization via social networks. Search too becomes critical to drive traffic, particularly SEO. Lastly, analysis and tracking must be in place to assess performance and realize the desired return-on-investment.

15. How am I going to get coverage across a substantial portion of my product catalog?
16. How am I going to get video up on my site?
17. Who is going to host and stream all the content?
18. How am I going to merchandise my video to maximize video results?
19. Other than product pages, where else should I incorporate video on my site?
20. How am I going to maximize the amount of views my videos receive?
21. How am I going to use these videos to take advantage of our social reach?
22. How can I leverage video to improve other marketing efforts such as email, in-store, mobile, catalog, etc.?
23. Is there an SEO benefit for having video on my site?
24. How can I leverage video content to drive organic traffic to my site?
25. How can I leverage these videos across all my channels and/or affiliates?
26. How am I going to measure and track success?
27. How am I going to continually optimize the performance of my video assets?

VI: ABOUT THE COMPANIES

About the e-tailing group

the e-tailing group is a niche e-commerce consultancy that helps merchants deliver the right customer experience on their websites and across all of their channels while adeptly assisting technology companies to create and execute go-to-market strategies that simultaneously educate the retail community and deliver cost-effective thought leadership and lead generation. For more background about our research or for additional information on the e-tailing group, inc. please contact Lauren Freedman via email at LF@e-tailing.com, by phone to 773-975-7280 or visit the e-tailing group website www.e-tailing.com.

About Invodo

Invodo helps businesses sell more through the power of video. A full-service video solution for business, Invodo creates high-quality product video at scale and develops new technology to influence consumers across retail channels. Invodo videos increase sales conversion rates, reduce returns and drive site traffic for customers, including Internet 500 retailers and major brands. For more information, please visit www.invodo.com.