Defining ROI for Online Video: A Fluid & Frank Discussion

We are Video for Internet Experts with over 20 years experience in this space.

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Quick Look Back to Look Forward

Over the years, we've seen Web video evolve from a relatively nascent, one-way mass medium into a popular and far-reaching platform for delivering engaging, online user experiences. Not unlike the Web itself, online video has truly transformed the way that content creators and audiences engage, share, learn and collaborate. No longer viewed as "emerging" technology, tools for creating, managing, distributing and measuring video content have matured to the point that we enter our second decade in a business climate where online video is not only widely accepted, but also expected.

2009: The Year of ROI

Since the very beginning, people have been looking for ways to monetize video content as a method for achieving ROI; some have succeeded and some have not. In the early days of this industry, the blocking-and-tackling of ROI concerned the most effective ways to monetize and measure entertainment content through advertising strategies. Today much of the content we see is informational and carries a vastly different value proposition.

While ROI certainly isn't something invented this year, the economic downturn has intensified interest. Yet, as enterprises seek new strategies for doing more with less, ongoing ROI concerns might imply that online video – on its own – does not necessarily engender ROI. Rather, value comes through making video central to more extensive business solutions for marketing and e-commerce, public relations, customer care, HR and global corporate communications, etc. These whole-product solutions could include integrations with advanced tools and technologies for security, search, community, viral distribution and measurement.

As for the ROI metrics themselves, they tend to align directly with an organization's specific business priorities. Sales will prioritize revenue generation, Marketing and PR will focus on global reach, and executives may place greater emphasis on productivity gains. In a recessionary economic environment such as this, however, the ROI debate remains fluid. An interest in general productivity can quickly morph into a focus on cost cutting, for instance. Regardless, the attributes of online video solutions remain vitally relevant.

In addition to positive payback – a conversation we may not have been able to have just a few years ago – the growing community of users and vendors has learned a tremendous amount over the past decade about the role of live and on-demand Web video in business communications. By understanding these lessons, you can quickly put your department or organization on the path to capitalizing on the full potential of enterprise video. By way of example, I offer up just a few of the many, many companies that employ online video in their business applications to achieve specific goals for enhanced productivity, revenue generation, global reach and cost containment.

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"More than 50% stated that they plan to launch online video projects in the first half of this year."

Enhanced Productivity and Cost Reduction

Since 2002, Bausch & Lomb has employed on-demand, executive Webcasts to keep their 10,000 employees informed about the company's strategies and long-term business goals. According to company executives, justifying the cost of creating and distributing online videos is as easy as not having to fly two or three of them around to make the same presentation. Now a significant part of the company's culture, online video is used more frequently and for a greater array of internal communications, such as giving departments the ability to create and upload employee-generated videos for marketing and IT support. Moreover, with only two people on-staff responsible for global communications to employees in 40 countries, these tools have made over-burdened jobs significantly more efficient.

Revenue Generation

In competition for online buyers, Barnes & Noble did something atypical of retailers – to apply the learnings of cable TV to a retail Internet environment with topical video channels and podcasts designed to entice product enthusiasts. The goal: create an online destination similar to their popular store environments where buyers would want to "hang out." Looking to super serve online visitors with content, the retailer now adds nearly 300 new videos a month to its site, organized by product category. As a result, the company's vast multimedia-enabled Website, launched in early 2008, now sees approximately 7 million viewers per month, a 40 percent increase over the previous year.

Through buyer data and customer surveys, the company knows that people who view their videos spend more on average purchases. This has enabled them to find the right combination of content to encourage visitors to return often. Average viewing time has grown to approximately 5 minutes, and video-enhanced product pages now account for two-thirds of all views.

Global Reach

Organizations like semiconductor giant, Intel Corp., for example, find that Web video does more than revamp the rules of traditional media distribution. It has emerged as an entirely new platform for their CEO and other company executives to speak directly with targeted constituent groups, and to assist reporters in developing stories through broadcast-quality video downloads and embeddable video players. Intel has also successfully harnessed the power of video in its social media efforts. Having experienced an almost unexpected popularity of its video portal – which includes more than 500 marketing videos and growing – Intel made it easier for users to identify and share videos originating from Intel's video archives. This also enables Intel to track specific viewer information, helping the company to monitor performance benchmarks for its online video efforts.

The New Normal

Enterprise ROI is clearly fashionable, and as these examples demonstrate, the online video sector stands out among the few technology sectors this year that can truly deliver. But as the economy improves, is online video here to stay? I suspect we will not – and, in fact – cannot go back. It's here. Companies, media and government agencies are now consuming online video at a rapid pace. Whether it's through live Web conferencing or watching videos on a Website, it's only going to grow.

In fact, at some of the larger corporations, the bigger issue now has been what do we do with it? There are no rules, no boundaries. Could video be used as component of customer support? Instead of getting a person live on the phone, could you actually just watch the short video that shows you how to plug that cable into your computer? What if this was not only better and more convenient for the end-user, but cost your company 62 cents instead of $18 per support call? Clearly, the definition of ROI will depend upon the application.

Toward this end, reporting and analytics at the player level becomes critical. Organizations want to know who watched what, when. Does this video have legs? Are people learning from it? Are people dropping out? Why? They want to know all of this. If the topic is very specific, such as how to do a self injection if you're a diabetic, people watch longer. As you get that narrowcast message down, and you know you're hitting your target audience, the viewership and the stickiness goes way up. At the same time, the ability to ensure accessibility to all makes your video investment endlessly re-purposable.

That's good ROI.

About the Author

Mark Portu is the President and CEO of The FeedRoom, a pioneer in online video communications, and a market leader in live video and rich media asset management. Mark has been involved with the development and operation of highly successful technology companies for more than 20 years, and was appointed CEO of The FeedRoom in August 2007. Prior to that, Mark served as Senior Vice President at Open Text Corporation. He joined Open Text in 1999 through the Company's acquisition of TierTwo Systems which Mark co-founded before its spin-out from Adobe. A career entrepreneur, Mark was also a co-founder of Curo Technology, a manufacturer of electronic document management software, which was acquired by Frame Technology in 1995, and later acquired by Adobe in 1996. He holds a B.S. in Economics from University of Wisconsin and an MBA in Finance from New York University. Mark also serves on the board of eCopy, Inc., a leading provider of document imaging solutions..