

# Interactive Video:

## Defining & Measuring Performance

November 2015

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# INTRODUCTION

Marketing relies on content to attract prospects and engage customers. The fundamentals of content marketing haven't changed, and probably won't: **know the audience for the content, have an objective for its use and produce quality content.** Where content marketing has seen a rapid evolution is in the area of formats. At the dawn of the inbound marketing era, having a solid stream of white papers in PDF form was more than satisfactory. **But as inbound marketing went mainstream, static forms of content became less differentiated because everyone was using it.** A white paper, case study or other static forms of content had to truly shine to get any attention.

**Advances in content marketing effectiveness were seen when savvy digital marketers began deploying more visual forms of content.** Video was, in particular, a desirable content format. However, in the early going, video was expensive to produce, requiring special skills and technology to get quality results. When video was produced, it was a 30-second spot created outside of the digital marketing team.

However, many organizations wisely began producing and deploying linear video online because it engaged the audience better than static content. The tools have improved to the point that quality video is now much easier to affordably produce. **As video experiences a surge of usage, those who use it are exploring ways to best capitalize on this very effective format.**

In an effort to better engage customers and prospects, marketers have begun deploying digital interactive content, and as [Demand Metric research](#) has shown, it is far more effective than passive content. **Video provides some unique opportunities for interactivity, so Brightcove and Demand Metric partnered to research the current definitions, adoption, applications and effectiveness of interactive video.** This report presents the results of this research.



# EXECUTIVE SUMMARY

A majority of this study's participants were customers of Brightcove or its interactive partners. **This research deliberately surveyed a known population of interactive video users to understand how interactive video is understood, what applications are in use and how it is performing.** For this reason, the reported usage rates of interactive video in this study skew about 12% higher than for an average sample of marketing organizations.

Individuals that responded to the survey primarily held marketing roles in B2B or mixed B2B/B2C organizations that reported revenue growth in the most recently completed fiscal year. Study data was collected only from participants that acknowledged using video as a form of content marketing.

The analysis of this study's data provides these key findings:

- **About 1 in 5 study participants are already using interactive video.** Just over one-fourth are beginning to use it or have plans to in the foreseeable future.
- **The primary reason given for not using interactive video is “Don’t have the budget”** but cost ranks 10th on the list of challenges in creating and using interactive video.
- **36% of the video produced by study participants is interactive video.**
- **By a wide margin, driving better engagement and eLearning/customer training are the top two applications or use cases for interactive video. 70% of the study’s participants indicate that interactive video engages well or very well.**



# EXECUTIVE SUMMARY

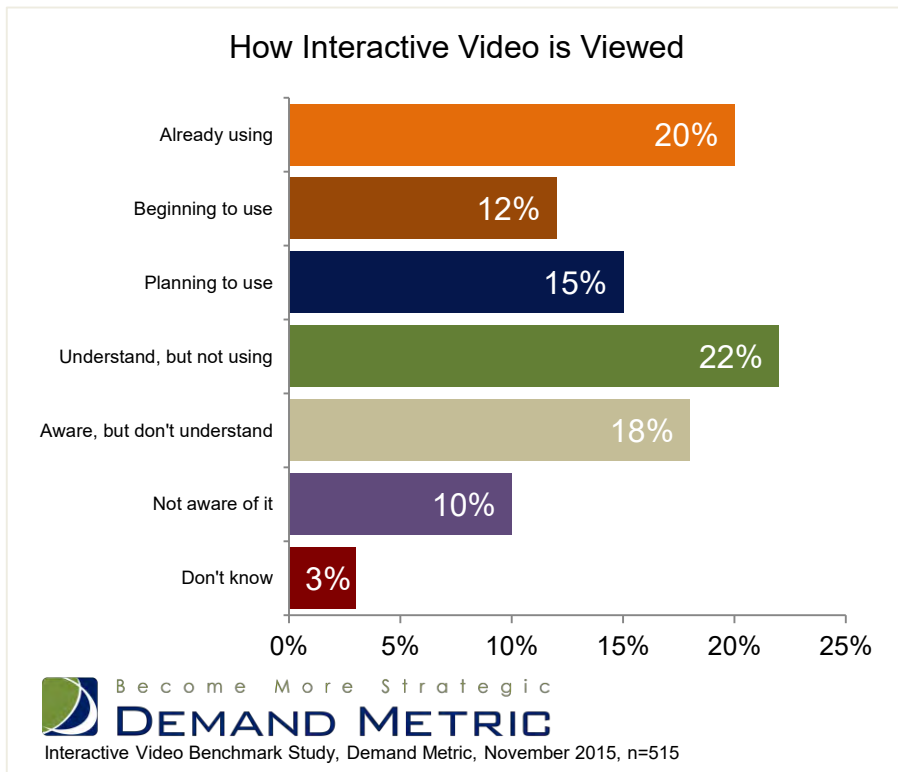
- Half of the study's participants are using interactive video in four or more applications or use cases.
- The average planned spending on interactive video over the next 12 months falls within a range from \$30,000 to \$39,999.
- Interactive video is becoming more or much more important to over two-thirds of the study's participants.

This report details the results and insights from the analysis of the study data. For more detail on the survey participants, please refer to the Appendix.



# USAGE STATUS

**Figure 1:** Approximately 1 in 5 study participants are already using interactive video.



The study first set out to determine the awareness and usage status of interactive video, and the results are revealed in *Figure 1*.

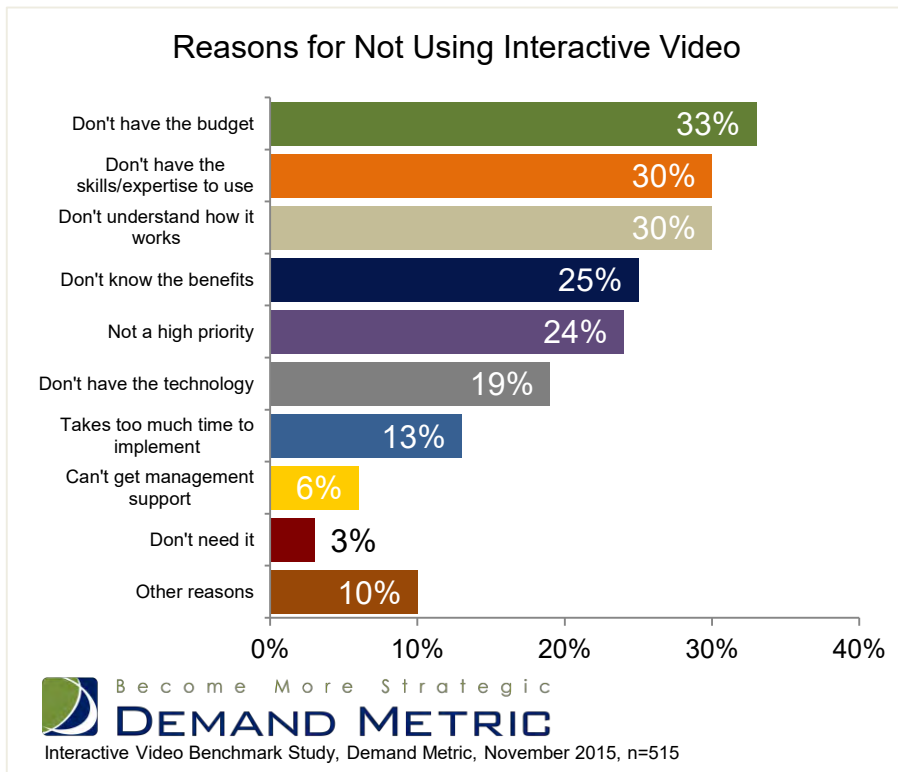
Awareness of interactive video is high, with 87% of the study's participants falling within the spectrum of having awareness of it but not understanding it, to already using it. Most of the remainder of this report will focus on those in the study who responded with "Already using" or "Beginning to use" interactive video.

With 28% of respondents indicating no awareness or awareness but no understanding of interactive video, there is still much education to be done by thought leaders and vendors. The pattern of adoption shown in *Figure 1* is consistent with a technology or solution space that is about to or has just entered mainstream usage.



# USAGE STATUS

**Figure 2:** No one reason dominates this list of what prevents interactive video usage.



The roughly two-thirds of participants that are not yet using interactive video were asked to share why they haven't yet chosen to do so. Their reasons are presented in *Figure 2*.

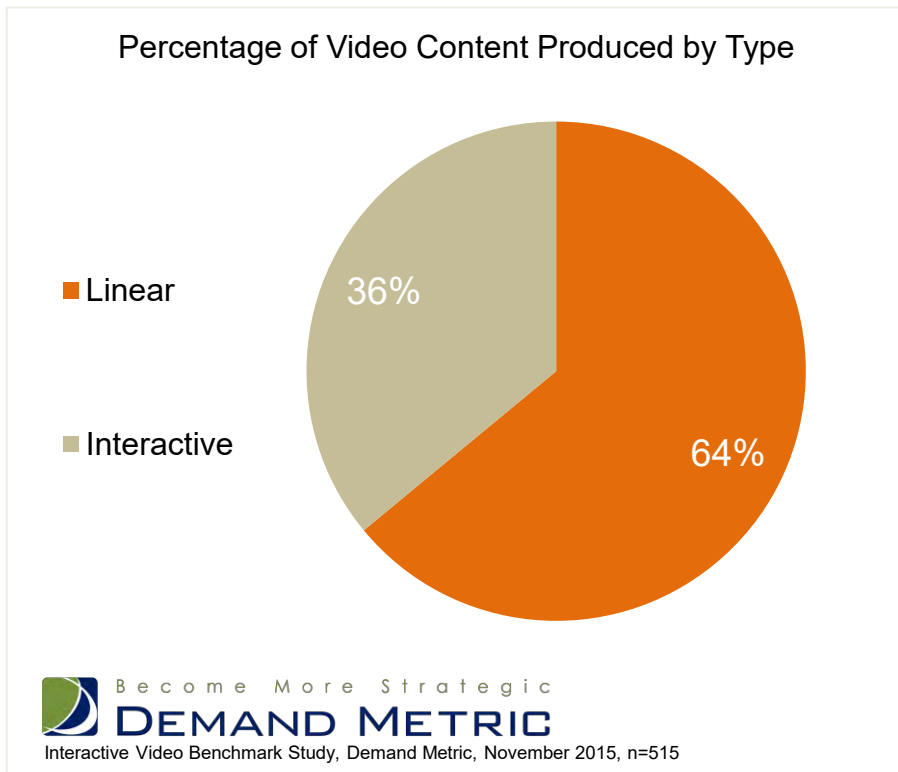
Those in this study not using interactive video could select from a broad list of reasons for its exclusion. However, no, single reason dominates the list. Topping the list in *Figure 2* is a standard set of reasons often cited as barriers to usage for many marketing initiatives.

Perhaps the biggest takeaway from *Figure 2* is that few report not needing interactive video, or being unable to secure management support for doing so. It is implied that there is in fact management support for interactive video, or at worst there is management indifference.

The reasons for non-usage listed in *Figure 2* are listed in order of frequency, and they are all valid. The largest barriers to using interactive video are related to understanding how it works (30%) and understanding the benefits (30%). When these barriers are eliminated, justifying budget, skills and technology is greatly simplified, as is prioritizing the use of interactive video.

# USAGE STATUS

**Figure 4:** Over one-third of the video being produced is interactive.



The amount of interactive video produced as a percentage of the total is not insignificant, as *Figure 3* shows.

There is no trend data from past studies to show if interactive video production has increased year-to-year, and if so, by how much.

However, the current volume of interactive video production, as a percentage of the total, indicates that it is well established as a content type.





# DEFINITION & APPLICATIONS

A priority for this study was to understand how interactive video is understood or defined by those who use it. It's probably easier to understand what it isn't: video content that requires no interaction other than viewing.

There is currently no standard, industry definition for “interactive” when it comes to video, so the study positioned it as **video content built to facilitate engagement beyond just viewing**. Several definitions were put forth in the study survey from which participants could choose:

- **Paths/branching:** viewers can choose different paths or branches for the video to take.
- **Interactive experience:** viewers are invited to participate in an interactive experience that leads to a specific outcome (e.g. quiz score, calculation or assessment).
- **Click within video:** viewers are able to click directly on anything within a video to access related content
- **Clickable buttons:** video uses static, clickable buttons or banners placed on top of the video.



# DEFINITION & APPLICATIONS

**Figure 4:** Study participants choose to define interactive video broadly.

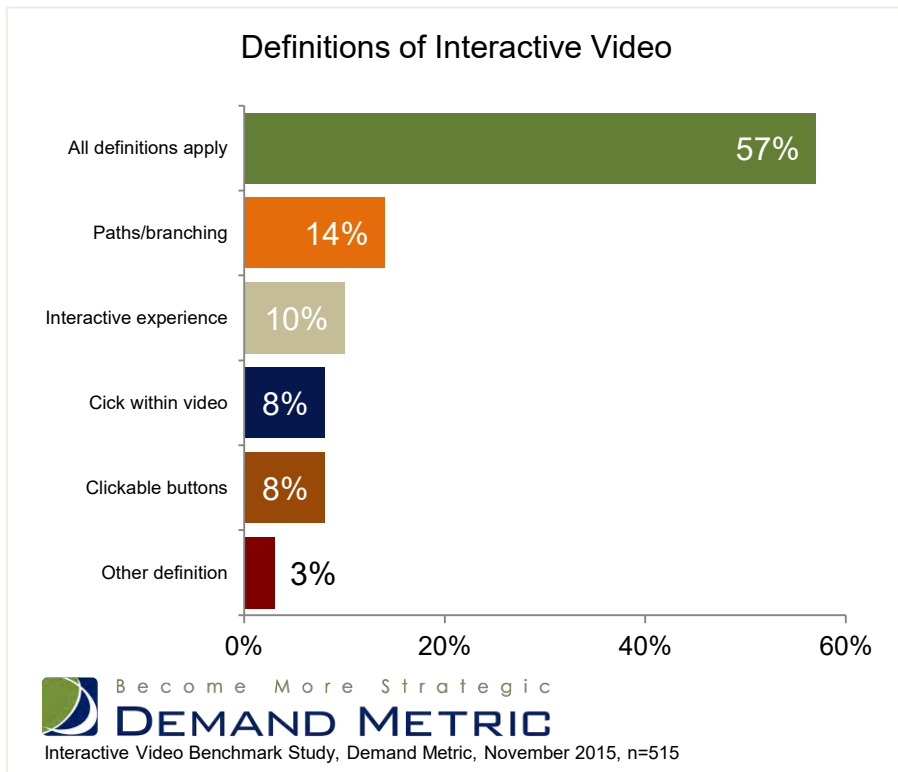


Figure 4 summarizes study participants' responses on how they define interactive video.

Almost two-thirds of those who are already using interactive video chose the “all definitions apply” response option in Figure 4, while just over half of those who don't yet use it chose this definition. Usage, it seems, causes users to develop a broader definition for interactive video rather than a narrower one.

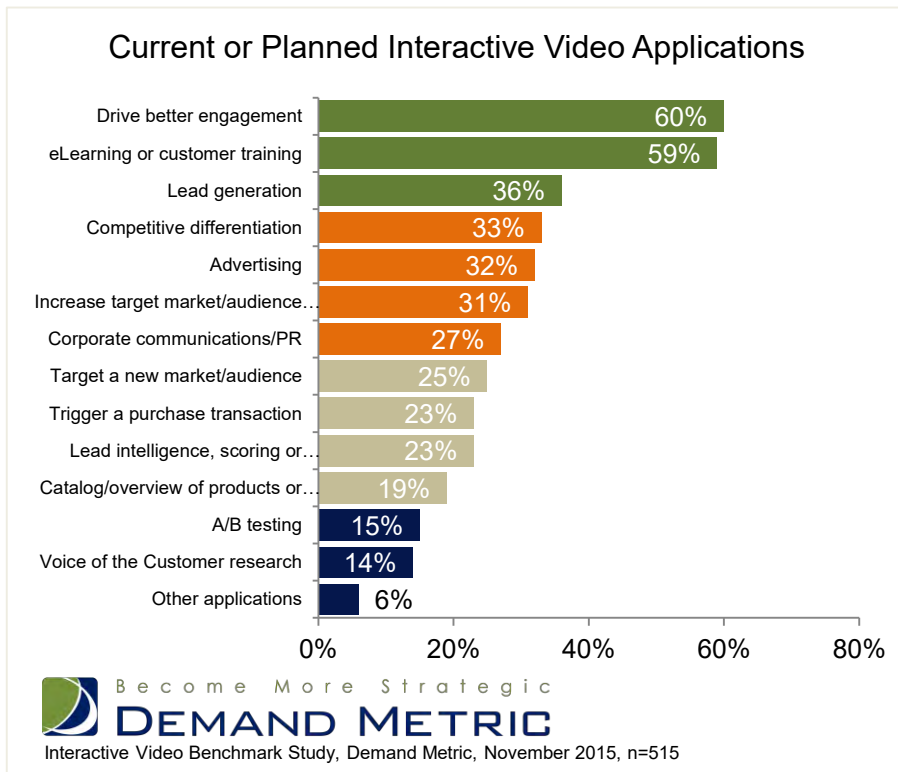
More than half of this study's participants chose to define interactive video through all the definitions provided. Some participants volunteered further definition through comments such as:

- “All of the above plus video content customization.”
- “Viewer must engage and take action to advance the video. This may be in the form of navigation, quiz, paths or branches in the video.”



# DEFINITION & APPLICATIONS

**Figure 5:** Two applications – engagement & eLearning – lead all others by a wide margin.



The current and planned applications for interactive video were also studied. A lengthy set of application examples and use cases were presented to participants from which to select. Write-in comments were also encouraged. *Figure 5* shares this application data.

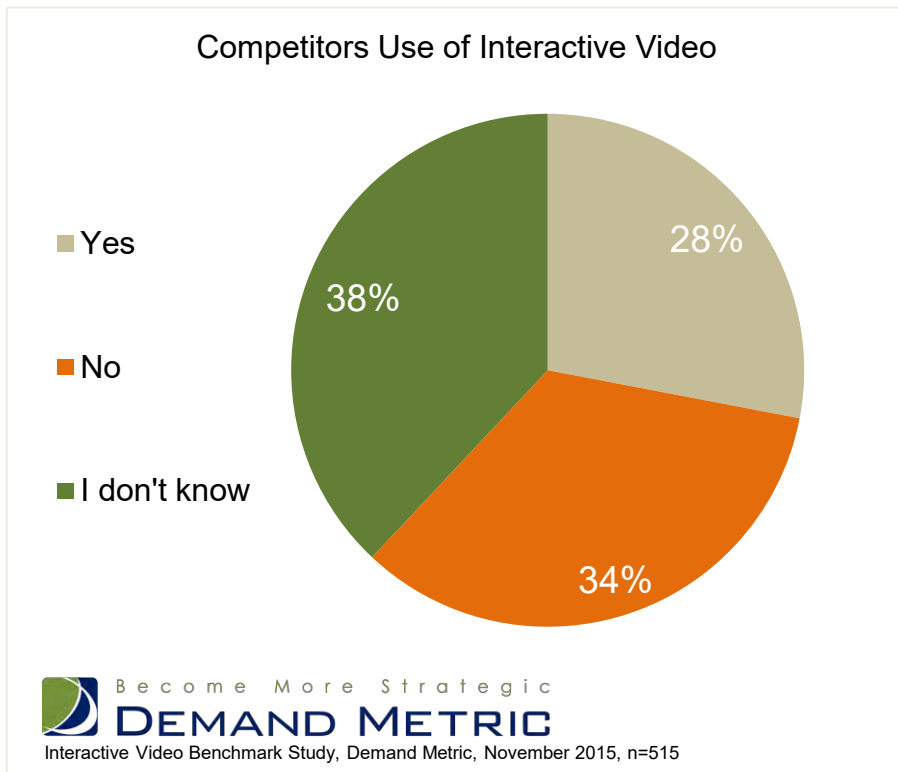
The difference in the top two applications for interactive video – driving better engagement and eLearning/customer training – is pronounced. These top two applications were the only ones that were identified by over half of the survey sample.

Some write-in responses regarding applications were: “Classroom use”, “Coaching teachers’ use of evidence-based strategies in the classroom”, “Engage viewers from lean back to lean in”, “Entertainment”, “Gamification”, “Membership development” and “Personalization.”

The survey respondents rarely use just one of the applications listed in *Figure 4*: in fact just 19% are single-application users. Fully half of the participants are using four or more of the interactive video applications in *Figure 5*. 15% are using seven or more applications.

# DEFINITION & APPLICATIONS

**Figure 6:** Over a third of the study participants don't know if their competitors use interactive video.



One of the applications for interactive video in *Figure 5* is “Competitive differentiation.” Participants ranked this application at 33%, making it 4th on the list of applications or uses.

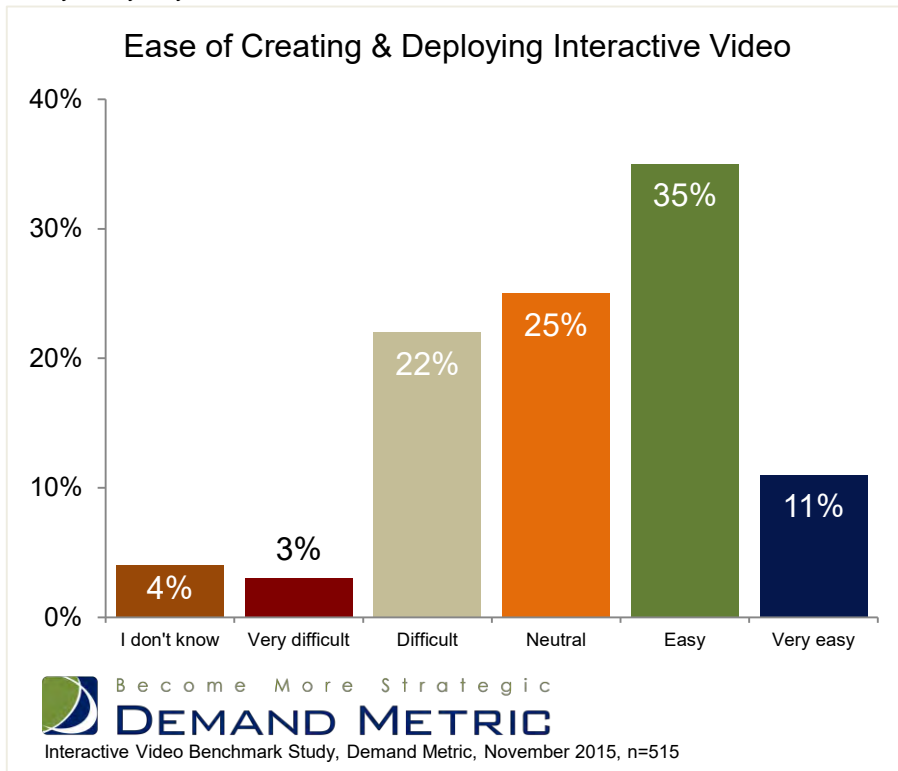
The study surveyed participants to see if their competitors are using interactive video, and *Figure 6* displays the result.

Those who are using interactive video to achieve competitive differentiation also have the highest likelihood to define interactive video broadly: 83% apply all definitions from *Figure 4*, an increase of 25% over the full survey sample.



# BENEFITS & CHALLENGES

**Figure 7:** Almost half of the study's participants report that creating and deploying interactive video is easy or very easy.



This section of the report focuses on the benefits and challenges of interactive video, and it opens by looking at the ease with which users can create and deploy it.

This ease, or difficulty depending on perspective, has much to do with how benefits and challenges of interactive video are perceived. *Figure 7* shows this ease of use perception.

One-fourth of the respondents rate the ease of creating and deploying interactive video as difficult or very difficult, but the number of respondents that report it as easy or very easy is almost twice that.

The perception of ease/difficulty measured in *Figure 7* clearly skews toward the “easy” end of the spectrum. The easier an approach is to leverage, the faster the benefits are experienced.



# BENEFITS & CHALLENGES

**Figure 8:** More engagement is by far the top benefit of interactive video.

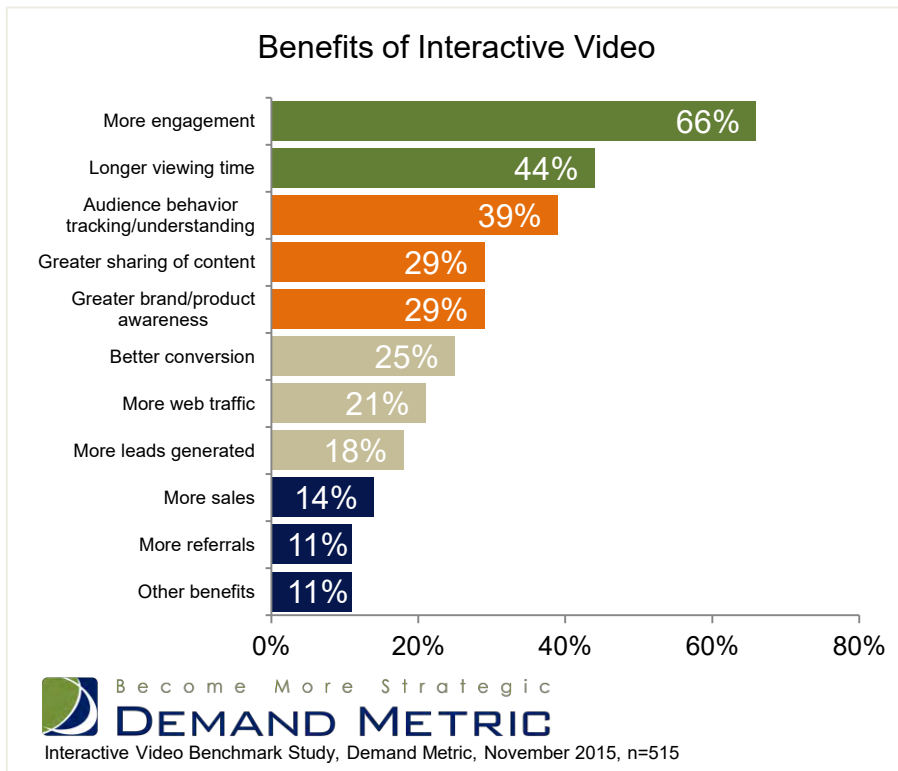


Figure 8 shows benefits of interactive video, ordered by the frequency with which they are experienced.

Figure 5 previously revealed that driving better engagement was the top application or use case for interactive video. That finding is consistent with the top benefit reported in Figure 8 by interactive video users: they are experiencing more engagement.

Each of the benefits listed in Figure 8 has value, but it's easy to understand why more engagement is so coveted: it is a catalyst for almost every other benefit listed.

Other benefits shared by study participants through write-in comments are listed here: "Better learning outcomes", "Ease of training", "Message retention", "Satisfies audience need", "Student engagement" and "Improved customer perception of our product."



# BENEFITS & CHALLENGES

Logic suggests that there is a relationship between the benefits listed in *Figure 8*, and the extent to which interactive video is used as content in marketing campaigns and initiatives. The data analysis confirmed that this correlation exists, and *Figure 9* shows the different rates at which the benefits in *Figure 8* are experienced, based how extensively interactive video is used.

**Figure 9:** Greater usage of interactive video in marketing campaigns and initiatives leads to higher incidence of experiencing all of the benefits in the study.

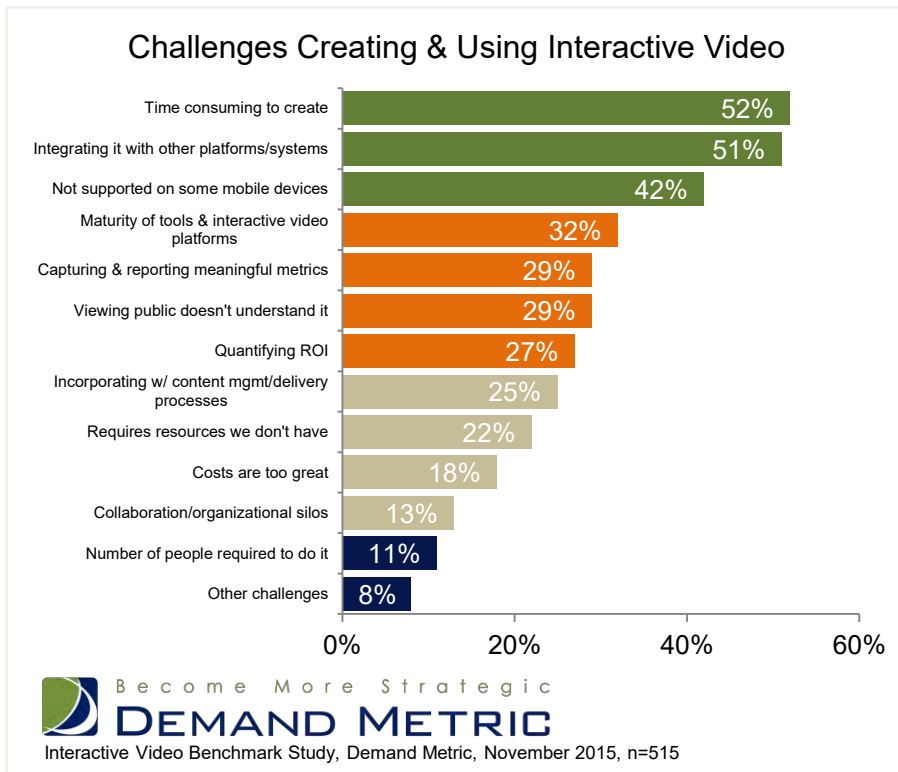
Benefit	Very Light to Light Use	Moderate to Very Extensive Use	Delta
More engagement	68%	70%	2%
Longer viewing time	39%	53%	14%
Audience behavior tracking/understanding	34%	47%	13%
Greater sharing of content	25%	35%	10%
Greater brand/product awareness	25%	37%	12%
Better conversion	15%	35%	20%
More web traffic	17%	26%	9%
More leads generated	15%	23%	8%
More sales	8%	25%	17%
More referrals	6%	18%	12%

Greater usage of interactive video does indeed produce a higher rate of benefits experienced, particularly in the areas of better conversion and more sales: two benefits that are directly linked to revenue and ROI.



# BENEFITS & CHALLENGES

**Figure 10:** Only two of these challenges are experienced by slightly over half of participants.



The study explored the challenges of creating and using interactive video. *Figure 10* displays a summary of these challenges.

The top reason *Figure 2* shares for not using interactive video is “Don’t have the budget.” *Figure 10* reveals that budget or cost is not a significant challenge to creating and using interactive video.

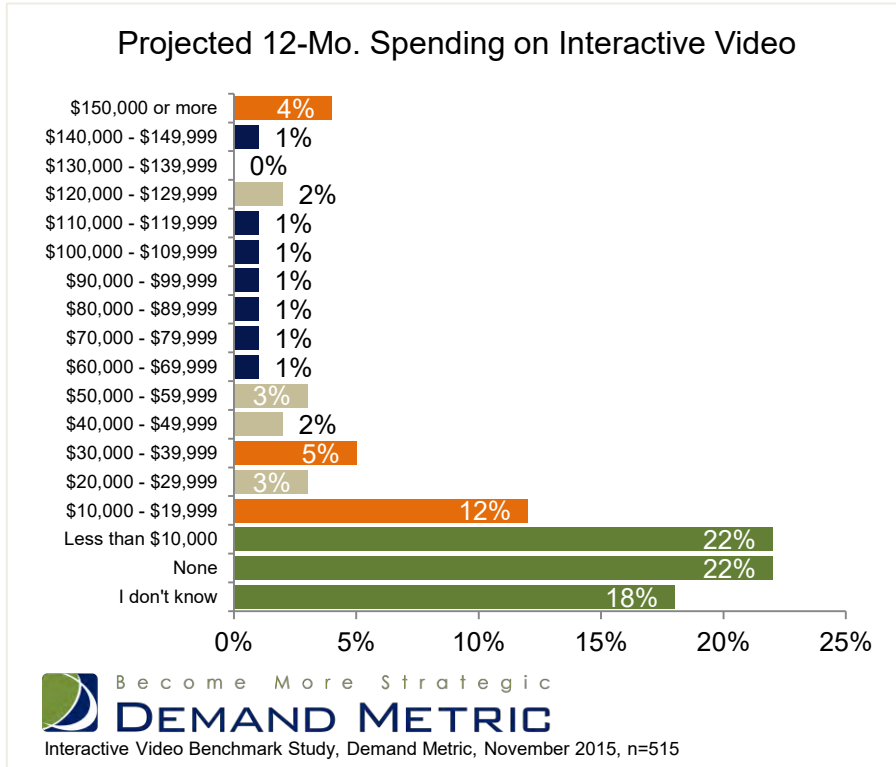
*Figure 10* confirms that there are real challenges associated with interactive video, but only two are experienced by over half of the respondents, and 9 out of 12 are experienced by less than one-third of them. As the capabilities of the interactive video platforms and tools continue to evolve, many of these percentages should drop as technology offers a solution for mitigating almost every challenge on this list.





# BUDGET & OWNERSHIP

**Figure 11:** 40% of study participants have no budget or don't know their spending plans.



A goal of the study was to discover the type of spending planned to create and use interactive video in the upcoming 12-months. *Figure 11* provides the detail.

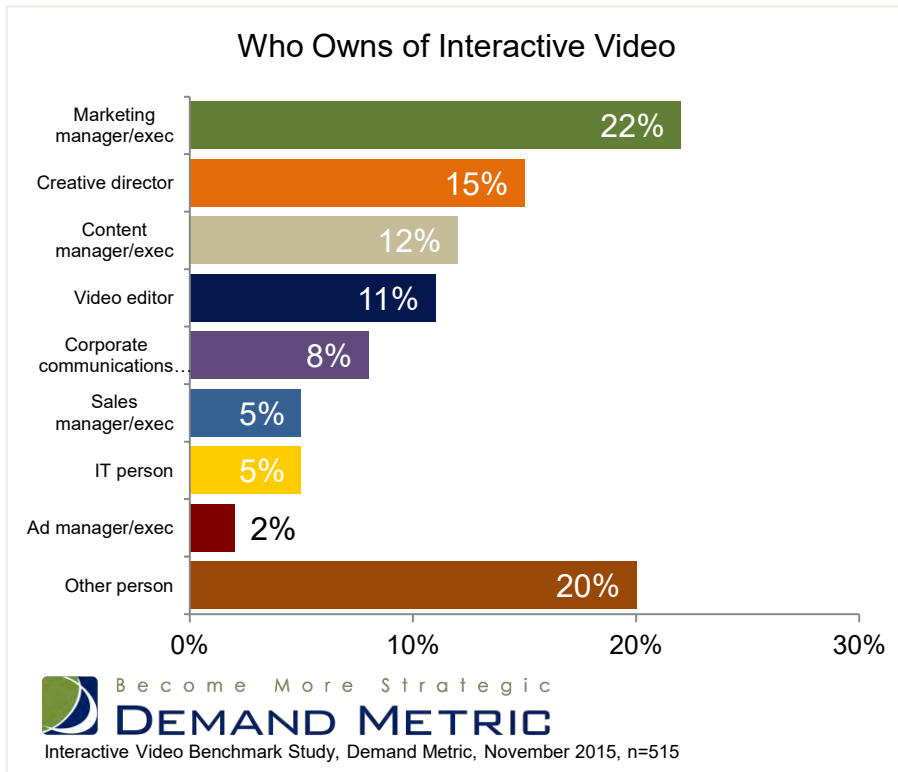
There is much uncertainty – 18% – regarding planned interactive video spend. An almost equal number of participants – 22% – have no budget allocation for the upcoming year. Just over one-third will spend less than \$20,000, while almost 10% will spend over \$100,000.

The average planned spending falls at approximately the \$30,000 to \$39,999 tier in *Figure 11*.



# BUDGET & OWNERSHIP

**Figure 12:** Across organizations that use interactive video, there is little consistency with who owns it.



When it comes to producing content, marketing is usually the presumed owner, but there are often many chefs stirring the content pot.

This study investigated who has primary ownership of interactive video, and *Figure 12* shows where the lines of responsibility fall.

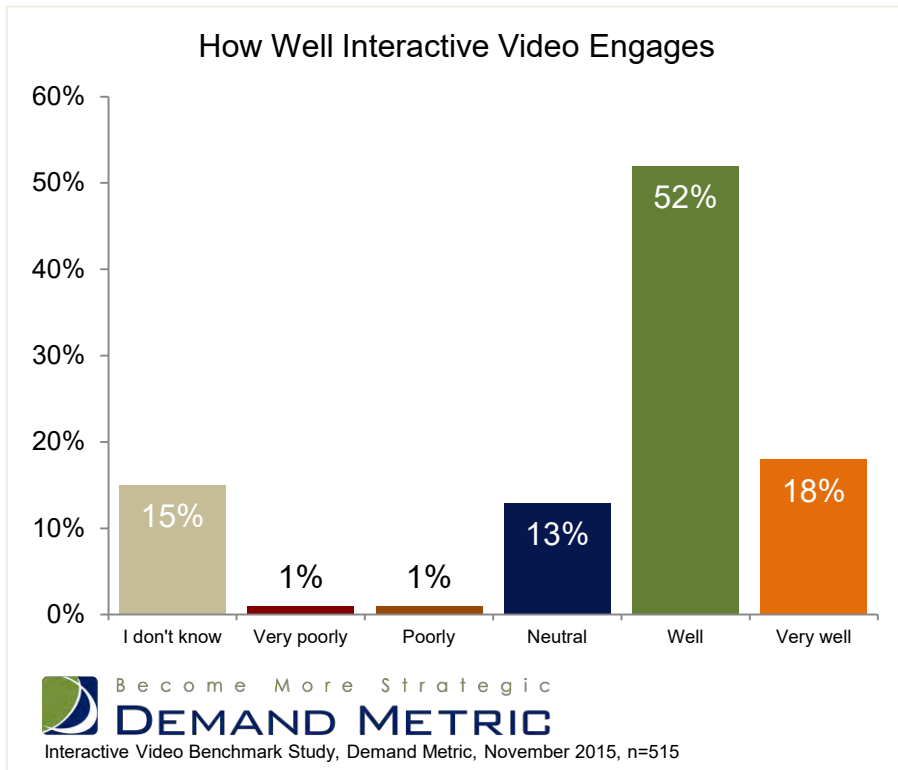
A marketing manager or executive was the top owner in this study, but when all organizations are viewed in aggregate, there isn't much consistency regarding who owns interactive video. A creative director or video editor, the two roles with arguably the most expertise with video, combine for 26% ownership stake.

The second most frequent response was "Other person" and the study's participants volunteered several write-in responses, such as: "Curriculum development manager", "HR director", "Producer", "Social media manager", "Instructional technology executive", "Product manager", "eLearning developer", "Researcher", "Development team" and "Founder."



# PERFORMANCE & IMPORTANCE

**Figure 13:** Engagement's performance is in line w/ its perception as the top interactive video benefit.



Three key dimensions of interactive video performance were measured by this study: engagement, conversion and ROI.

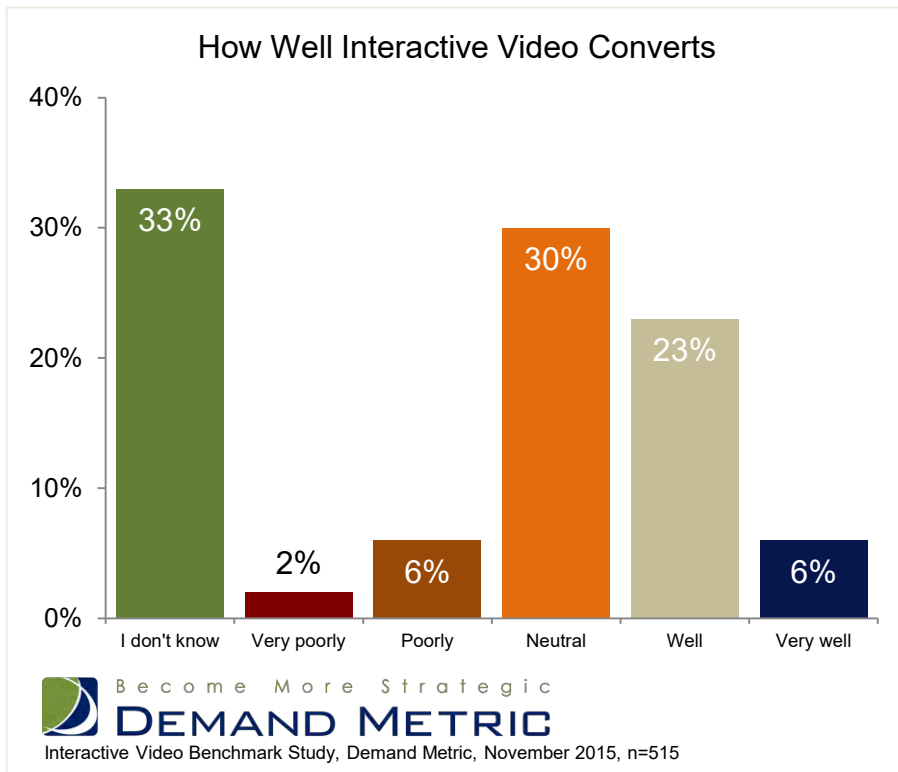
More engagement is the top benefit of interactive video (*Figure 8*), and *Figure 13* shows how participants rated interactive video's performance at creating engagement.

Study participants confirmed that interactive video has the distinct ability to create engagement, with 70% reporting that it does so either well or very well.



# PERFORMANCE & IMPORTANCE

**Figure 14:** Conversion performance skews toward the positive end of the rating scale.



The second area of performance studied was conversion: *how well does interactive video produce conversions?*

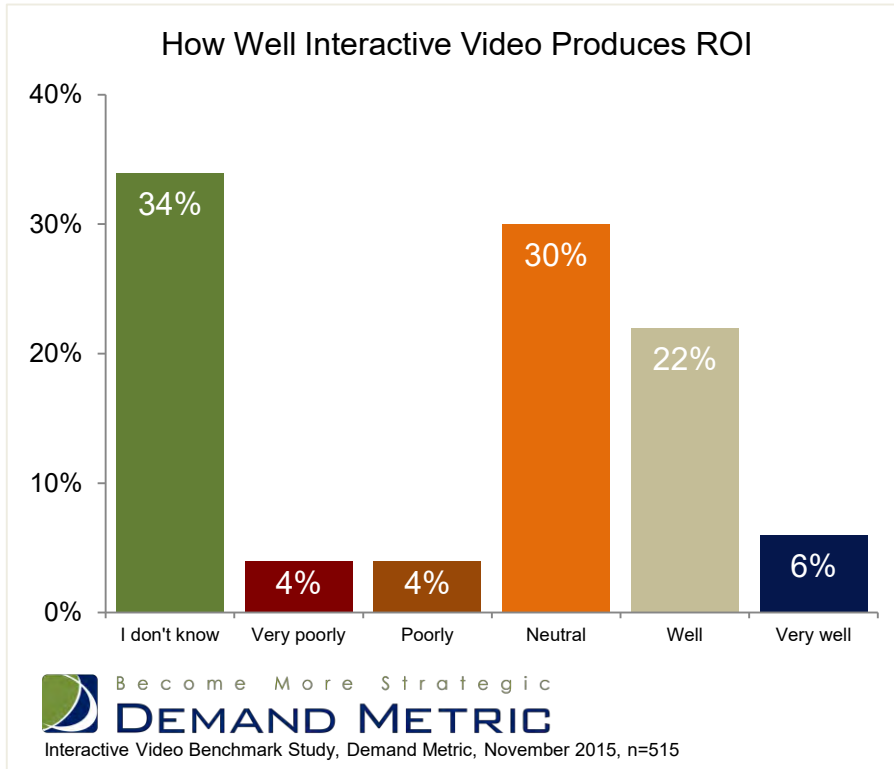
The definition for a conversion was not provided, and there is a range of actions that could represent a conversion: capturing a lead, qualifying a lead or even triggering a purchase transaction. **Regardless of the specific type of conversion, they all have in common inducing the viewer to take the desired action.** *Figure 14* shows the results of the conversion performance query.

One-third of participants did not know how well interactive video produces conversions, and almost the same number were neutral in their assessment. For some applications of interactive video listed in *Figure 5*, a conversion has great importance; for others, less so.

Two applications – lead generation and trigger a purchase transaction – need a conversion mechanism. When the conversion performance data for these two applications was viewed apart from the others, the combined percentage of “Well” and “Very well” responses jumps to 43%, from 29% shown in *Figure 14*.

# PERFORMANCE & IMPORTANCE

**Figure 15:** ROI performance skews toward the positive end of the rating scale.



The third key area of performance investigation was ROI: *how well does the investment in interactive video produce a return?* Figure 15 shows the ROI performance data.

Of the three, specific areas of interactive video performance investigated by this study, ROI performance engenders the most uncertainty. For digital forms of content, this uncertainty doesn't have to exist.

When there is uncertainty, it's an indicator that users are not taking advantage of the metrics available to them, or they simply haven't taken the time to understand them. Either way, the inability or unwillingness to understand performance in these three areas is a barrier to improving effectiveness.



# PERFORMANCE & IMPORTANCE

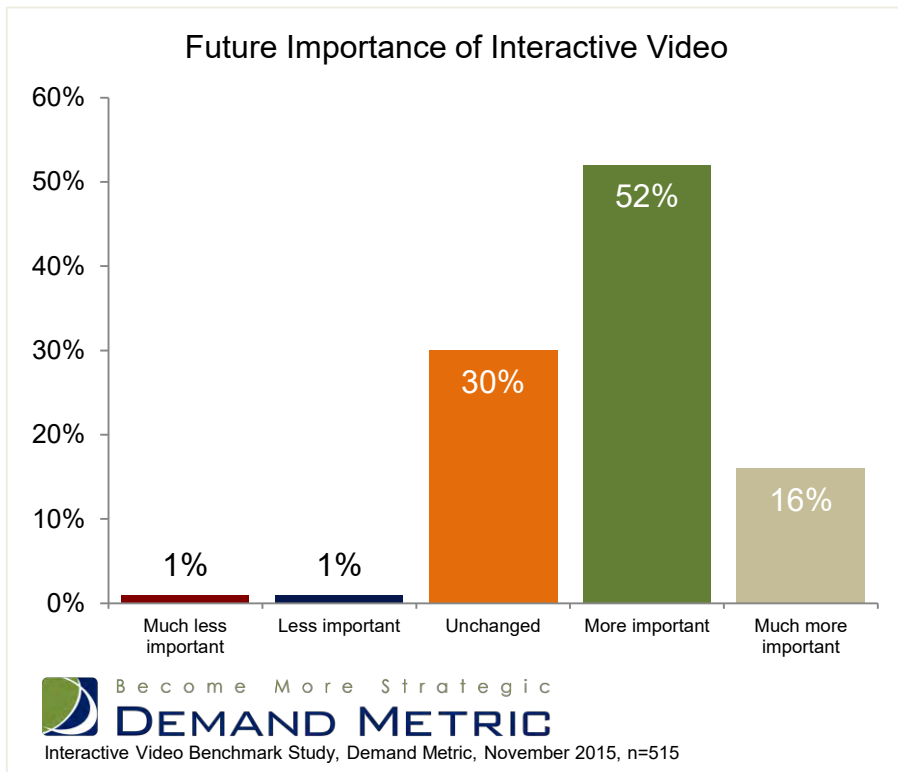
To understand the value of interactive video in a broader context, the survey asked participants to rank various channels or approaches relative to one another, based on their effectiveness. The result placed interactive video at the top of the ranking:

- |   |                               |
|---|-------------------------------|
| 1. Interactive video                          | 8. eNewsletters               |
| 2. Webinars/webcasts                          | 9. White papers or briefs     |
| 3. In-person events                           | 10. Native advertising        |
| 4. Linear video                               | 11. Research reports          |
| 5. Blog posts or articles                     | 12. eBooks                    |
| 6. Quizzes, surveys or other interactive apps | 13. Other approaches/channels |
| 7. Case studies                               |                               |



# PERFORMANCE & IMPORTANCE

**Figure 16:** The future importance of interactive video as a content type is predicted to grow.



The ranking presented on the previous page indicates the current, relative importance of interactive video.

*Figure 16* shares the sentiments of survey participants about its future importance.

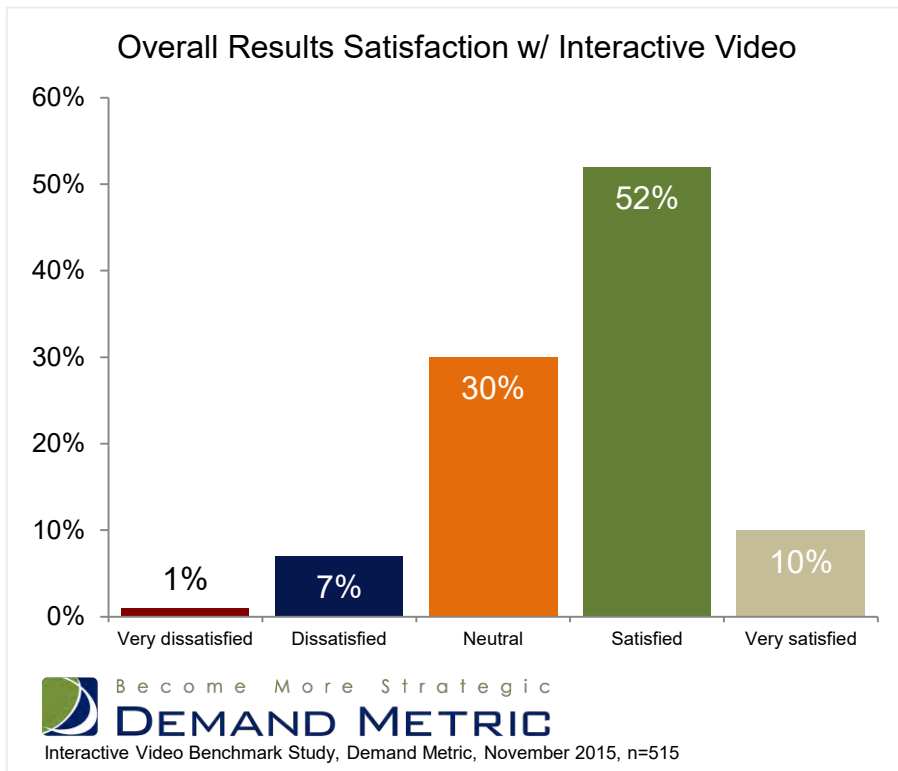
Over two-thirds of the responses in *Figure 16* indicate that interactive video will become more important as a content type in the future, in contrast with the 2% indicating it will become less important.

Interactive video currently has strong momentum among organizations and is delivering a highly sought after benefit: **better engagement.**



# ANALYST BOTTOM LINE

**Figure 17:** Nearly two-thirds of study participants reported positive overall satisfaction with their results from interactive video.



Interactive video is already one of the most important content types in use by organizations, and its importance is growing. It's not hard to understand the reason for interactive video's growth and popularity: **it engages customers effectively.**

In this "Age of the Customer," engagement is the most sought-after characteristic of customer-supplier relationships. When high levels of engagement are a feature of a customer relationship, many significant benefits cascade from it.

The ability to foster better engagement is surely a reason for the high, overall level of satisfaction users have with interactive video, shown in *Figure 17*.





# ANALYST BOTTOM LINE

Interactive video is a smart choice for any organization that wants to drive better engagement with customers or a key audience. Here are some tips for having success with interactive video:

- **Have an objective.** As this study shows, interactive video works well, and it works best when its use is driven by one or more objectives. It's fine to experiment and test in the early going to learn how to create and deploy interactive video. **But ultimately a set of specific objectives – with measurements – should propel its use.**
- **Respect the challenges, but don't be intimidated by them.** The top reason cited in this study by those not using interactive video (*Figure 2*) is budget constraints. However, those who are currently creating and deploying interactive video know that cost, ranking 10th on the list of challenges (*Figure 10*), is not a big issue. **Instead, the top challenge is the time required to create it. There is good news here: as companies use interactive video more extensively, they gain proficiency that results in efficiency.** For extensive users, the time challenge falls to 4th on the list shown in *Figure 10*, experienced by just 36% of users. For light users, time remains the number one challenge, but one that is mitigated through increased usage and experience.
- **Mind the measurement gap.** Interactive video is providing an impressive set of benefits (*Figure 8*), but too many users don't know the degree to which they are experiencing them (*Figures 14 and 15*). As a digital medium, interactive video provides the ability to capture metrics and know with certainty how the video is performing. One-third or more of this study's participants do not know how their interactive video initiatives are producing conversions or ROI, two key aspects of performance for the medium. **When key metrics are not captured and used, the organization robs itself of the most powerful lever to improve performance.**



# ANALYST BOTTOM LINE

Interactive video as a content type provides one of the best – if not the best – way for organizations to better engage customers. Cost and resources are not major barriers to effective use. There is a rich set of tools and platforms to support creating and deploying interactive video, and they are well supported by vendors eager to evangelize the value of what they do.

Companies that seek deeper engagement with their customers or followers have no reason to wait for a further evolution of offerings. They do risk being left behind as interactive video rapidly merges into mainstream usage.



# ACKNOWLEDGEMENTS

Demand Metric is grateful to Brightcove and its partners for sponsoring this benchmarking study. Those Brightcove partners include: Adways, Cinematique, Fuisz, Grabit, HapYak, Rapt Media, SnapApp, TouchCast, Viewbix, Wirewax and Zentrack. Demand Metric, Brightcove and its partners all wish to express thanks to those participants that took the time to provide their input to the survey.



# ABOUT BRIGHTCOVE

Brightcove Inc. (Nasdaq: BCOV) is a leading global provider of powerful cloud solutions for delivering and monetizing video across connected devices. The company offers a full suite of products and services that reduce the cost and complexity associated with publishing, distributing, measuring and monetizing video across devices.

Brightcove has more than 5,000 customers in over 70 countries that rely on the company's cloud solutions to successfully publish high-quality video experiences to audiences everywhere.

To learn more, visit [www.brightcove.com](http://www.brightcove.com).



# ABOUT DEMAND METRIC

Demand Metric is a marketing research and advisory firm serving a membership community of over 75,000 marketing professionals and consultants in 75 countries.

Offering consulting methodologies, advisory services, and 500+ premium marketing tools and templates, Demand Metric resources and expertise help the marketing community plan more efficiently and effectively, answer the difficult questions about their work with authority and conviction and complete marketing projects more quickly and with greater confidence, boosting the respect of the marketing team and making it easier to justify resources the team needs to succeed.

To learn more about Demand Metric, please visit: [www.demandmetric.com](http://www.demandmetric.com).



# APPENDIX – SURVEY BACKGROUND

This 2015 Interactive Video Benchmark Study survey was administered online during the period of September 11 through October 13, 2015. During this period, 616 responses were collected, of which 515 responses were qualified and complete enough for inclusion in the analysis. The representativeness of these results depends on the similarity of the sample to environments in which this survey data is used for comparison or guidance. Summarized below is the basic categorization data collected about respondents to enable filtering and analysis of the data:

## Annual Sales:

- Less than \$10 million (51%)
- \$10 to \$24 million (12%)
- \$25 to \$99 million (8%)
- \$100 to \$499 million (8%)
- \$500 million to \$999 million (5%)
- \$1 billion or more (16%)

## Primary Role of Respondent:

- President, CEO or Owner (21%)
- Marketing (24%)
- Sales (4%)
- Creative/content producer (27%)
- IT or technical resource (10%)
- Other (14%)

## Type of Organization:

- Mostly or entirely B2B (46%)
- Mostly or entirely B2C (19%)
- Blend of B2B/B2C (35%)

## Revenue Growth (in most recent fiscal year):

- Significant increase (18%)
- Slight increase (36%)
- Flat (19%)
- Slight decline (9%)
- Significant decline (3%)
- I don't know (15%)



For more information, visit us at:  
  
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