

Seeing is Believing: *How Online Video is Changing Marketing*

A Faulkner Media Group Report

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About Faulkner Media Group

Faulkner Media Group, LLC, has designed and assembled the most effective digital marketing tools for professionals. FMG's websites, presentations, and video newsletters are optimized to run on multiple platforms by leveraging best practices and the most current web technologies.

For more information visit:
www.faulknermediagroup.com

Executive Summary

1. Online video is the fastest growing media platform, and will continue to grow at an accelerated rate in the next few years.
2. Companies are increasing what they spend on online video as they recognize its power as an advertising platform.
3. Marketers will experience some of the best results through using online video because their target demographic is the most likely to be online viewing videos.

Video Viewing Is On the Rise

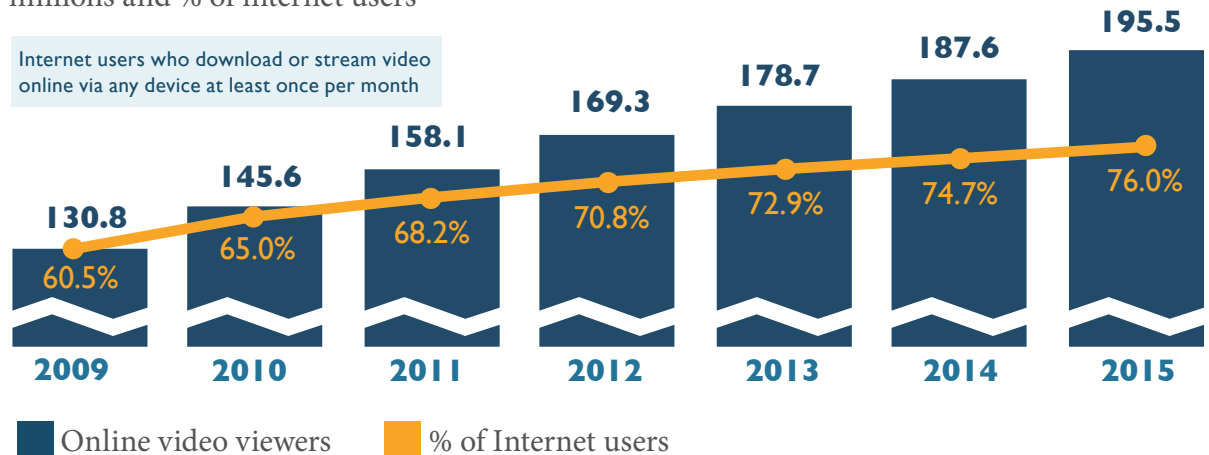
By 2015, 76% of Internet Users Will Watch Online Video

In 2011, it is estimated that 68.2% of U.S. Internet users, or 158.1 million people, are watching video content online each month.

By 2015, that figure will increase to 76% of Internet users, or 195.5 million people.

Figure 1: U.S. Online Video Viewers, 2009-2015

millions and % of internet users



Source: eMarketer, Feb, 2011

Video Viewing is On the Rise *(continued)*

The Nielson Company, which tracks what consumers watch and buy, reports:

- U.S. users spent almost 45% more time viewing online video in January 2011 than they did during the same period in 2010.
- The total number of videos streamed increased by 31.5% and average streams per viewer rose by 27.5% in January 2011 compared with the year-earlier period.

Online Video Accounts for Five of the Top 16 Media Platforms Used

Figure 2: Media Platform Usage, 2011

ranked by media device and “reach”

Media Platform Usage	Use/Own
Watching television	98%
Listening to local AM/FM radio	93%
Listening to online radio	56%
Watching online video	54%
Using Facebook	51%
Watching YouTube	49%
Watching Video on Demand	35%
Listening to audio podcasts	25%
Listening to Pandora	24%
Watching video podcasts	22%
Watching Hulu	20%
Using MySpace	17%
Listening to satellite radio	12%
Using LinkedIn	9%
Using Twitter	8%
Using location-based services	4%

Source: Video Marketing Tactics, April 2011

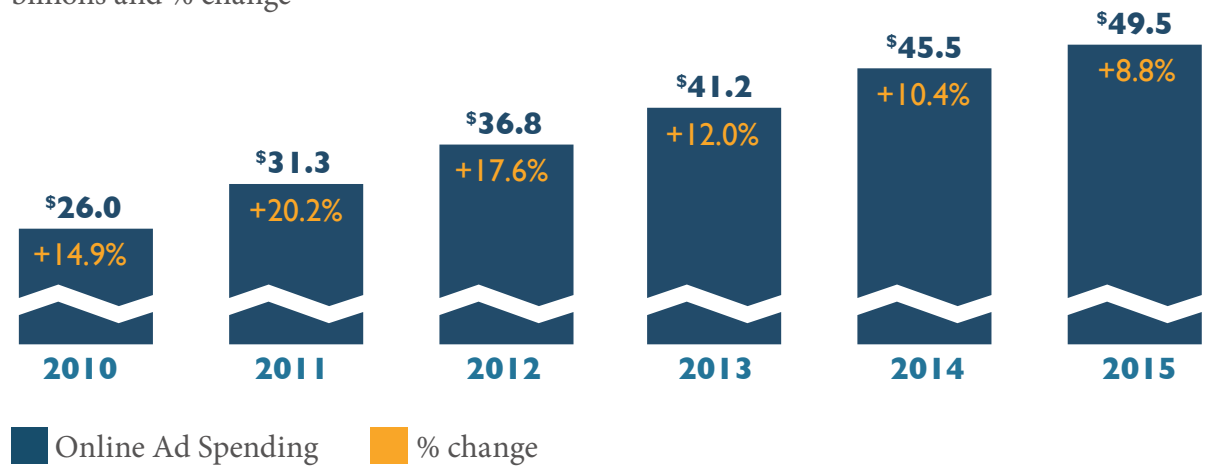
Online Video is the Fastest-Growing Advertising Format

eMarketer, which follows trends in digital marketing, media, and commerce, found:

- Online video ads continue to be the fastest-growing format, with an increase of more than 52% predicted in 2011.
- \$31.3 billion will be spent on online video ads in 2011. This is a 20.2% increase over 2010 spending.
- By 2015, nearly \$50 billion will be spent on online ads in the U.S.

Figure 3: U.S. Online Ad Spending, 2010-2015

billions and % change



Source: eMarketer, June 2011

Affluent, College-Educated Adults are Most Likely to View Online Video

Pew Internet & American Life Project, which tracks issues and trends shaping America, reports:

- 75% of adults who have finished some college, or have a college degree, watch online video.
- 78% of adults who make more than \$75,000 a year watch online video.

Affluent, College-Educated Adults are Most Likely to View Online Video *(continued)*

Figure 4: Some Internet Users Are More Likely to Watch Video Than Others

	Watch video online	Watch video on a video-sharing site	Download video files to watch when they want to	Total watch or download video
All adult internet users	61%	61%	23%	69%
Sex				
Men	65%	67%	28%	74%
Women	57%	55%	17%	63%
Age Group				
18-29	78%	81%	27%	84%
30-49	66%	68%	29%	74%
50+	45%	40%	13%	53%
Education				
HS Grad or lower	47%	49%	19%	57%
Some College	70%	67%	21%	75%
College Grad+	68%	67%	28%	75%
Household Income				
Less than \$50,000	53%	56%	23%	46%
\$50,000-\$74,999	65%	63%	23%	64%
\$75,000+	71%	69%	25%	78%

Source: Pew Internet & American Life Project



Online Video Increases Click-Through Rates Up to Two to Three Times

MarketingVox, which follows interactive marketing and online media, says incorporating video into emails improves click-through rates by 2-3 times.

DoubleClick, a global leader in digital marketing, found in a landmark study that people are about twice as likely to play a video, or replay one that started automatically, than they are to click through standard JPG or GIF image ads. Video far outdistances plain image ads when it comes to click-through rates. Click-through rates for the videos range from 0.4% to 0.74%, while the click-through rates for plain GIF or JPG ads range from 0.1% to 0.2%.

Conclusion

The growth seen in online video will continue, driven by an expansion in content availability, technological advances, and an increasing consumer comfort level with the activity.

Industries and professionals that effectively utilize online video can expect to reach an affluent, well-educated demographic. Click-through rates will be higher than in communications without video, and marketers will experience higher levels of success with this medium.