Online Video & the Media Industry

SPECIAL FEATURE: BRAND MARKETERS & ON-SITE VIDEO INITIATIVES

QUARTERLY RESEARCH REPORT, Q2 2010

brightcove + tubemogul
More Play Time

Background

Brightcove is an on-demand software platform that media companies and marketers use to publish and distribute video on the Web, mobile devices, and Internet-connected TVs. Brightcove has more than 1,800 customers in 48 countries, which operate video across nearly 10,000 websites, including many of the most popular news and entertainment destinations on the Web.

TubeMogul is an online video analytics and advertising platform that processes billions of video streams every month from the Internet's top publishers. More than 200,000 users rely on TubeMogul's distribution and analytics, and hundreds of marketing agencies and brand advertisers are among the company's clients.

Brightcove and TubeMogul have teamed up to develop a new online video index and quarterly research report, which will help identify key industry trends and answer questions about the state of the industry.

Methodology

The data used for the analysis included in this report was taken from a cross-section sample of Brightcove customers representing media industry verticals. While the sample aggregates a sizable data set, it is not intended to be statistically representative of the online video industry as a whole, or of Brightcove's entire customer base. Instead, the data analysis is intended to provide a directional snapshot of media trends and inform additional research initiatives focused on the online video industry.

This research report draws on a number of data sources:

- Platform data from a sample of Brightcove media customers; and
- Consumer engagement reports based on TubeMogul's online video analytics from this aggregate data set.

In this Q2 research report, Brightcove and TubeMogul have included a special feature focused on brand marketers and on-site video initiatives. This analysis uses:

- Platform data from a sample of Brightcove brand marketing and e-commerce customers; and
- An anonymous survey of more than 300 senior-level brand managers from leading business-to-business and consumer brands, including dozens of Fortune 500 companies.

Key Findings

Online Video Streams

Newspaper online video growth surges

- In Q2, broadcast networks and pure-play Web media properties remained in the top two positions among media industry verticals for overall video stream growth.
- Online video streams from newspaper websites surged in Q2 by more than 65 percent. This can be attributed to the sustained coverage of the BP oil disaster in the Gulf of Mexico, which started on April 20th and ran through May and June.
- Video stream growth slowed among magazine website properties, as well as music label and artist websites in Q2.

Engagement

More people watching more videos

- The volume of unique viewers accessing online video grew across all media verticals in Q2 by an average of 2.8 percent per month compared to .05 percent month-over-month growth in Q1.
- Viewers watched 11.8 percent more videos per month in Q2 than last quarter.
- In Q2, across media verticals, the average viewing time per video stream was 2:00 minutes.
- Broadcast networks and magazine websites saw an increase in the average length of viewing time per video in Q2 by 3.1 percent and 2.1 percent respectively.
- The online video content of media companies has an average completion rate of 38 percent per video view. Magazine website and pure-play Web media properties had the highest overall completion rates per video view.

Discovery

Referral traffic for online video from Facebook and Twitter growing faster than search engines

- Google continues to generate the highest volume of traffic to online video content followed by Yahoo!, Facebook, Bing and Twitter.
- Referral traffic from Facebook and Twitter is growing faster than traditional search engines as a source of video views. At current rates, Facebook will surpass Yahoo! within the year to be second only to Google in referral traffic to online video content for media companies.

Distribution & Engagement

On-site viewing generates deeper engagement than syndicated video players

- Broadcast networks have the smallest percentage of video content viewed through embedded players on third-party websites. Newspapers, on the other hand, have the highest percentage of off-site viewing.
- For the majority of media verticals, viewers watching videos via off-site player embeds tend to watch fewer minutes per stream than on-site viewers.
- Facebook and Twitter generate the most engaged viewing audiences for online video content from media companies, followed by Bing, Yahoo!, and Google.

Special Feature: Brand Marketers & On-Site Video Initiatives

Platform Data

- Viewers in Q2 watched brand marketing and e-commerce videos an average of 1:04 minutes per stream, compared to 2:00 minutes per stream of online video content from media companies.
- 2.6 percent of views for brand marketing and e-commerce video content was viewed off-site through embedded video players on third party sites as compared to 6.5 percent of off-site video for media companies
- The average length of brand and e-commerce video views via embedded players on third-party sites in Q2 was 1:42 minutes compared to 1:02 minutes on the brand websites. By contrast, media companies generated an average of 1:00 minute per view for video content on third-party sites compared to an average of 2:00 minutes per view on the official news and entertainment websites.
- Referral traffic from Facebook and Twitter lead to the longest viewing times, while the video views that originate from Yahoo! search and display ads tied for shortest.

Survey Results

- For the vast majority of brand managers (85 percent), website video is currently part of their marketing mix. More than 60 percent say they plan to invest more in on-site video initiatives in the next 12 months.
- Survey respondents indicated that the primary purpose for their on-site video initiatives is branding and awareness (66 percent) followed by direct response / lead generation (21 percent) and e-commerce / sales (12 percent).
- Brand managers have embraced blended distribution strategies with 80 percent including video on their own brand sites, as well as YouTube and 90 percent distributing video through Facebook.
- While only 21 percent of brand managers indicated that their current mobile app strategy included video, 70 said they plan to add video to their mobile apps over the next 12 months.

Platform Usage

The following analysis is based on aggregated Brightcove platform data from a sample of more than 200 media companies representing media industry verticals, including broadcast networks, magazine publishers, music labels, newspaper publishers, pure-play Web media properties, and radio broadcasters. The data set spans 2008 to 2009, as well as the first half of 2010.

Video Stream Trend Data

Broadcast remains top media vertical for online video streams

In Q2, broadcast networks maintained their top position among media verticals for the ninth consecutive quarter with 406 million online video streams. Video stream totals for broadcasters in Q2 represent a 25 percent increase compared to the same quarter last year.

Pure-play Web media properties in second place, newspapers gaining

Pure-play Web media properties continue to show strong growth with nearly 300 million video streams in Q2. While relatively flat over the past five quarters, online video streams surged in the newspaper vertical more than 65 percent to almost 225 million between Q1 and Q2 of this year as a result of the sustained coverage of the BP oil disaster in the Gulf of Mexico, which started on April 20th and ran through May and June.

Video stream growth slows for magazine publishers and music labels

After eight consecutive quarters of growth, online video streams for magazine publishers declined by seven percent between Q1 to Q2 of this year. Despite the decline, Q2's 174 million video streams represent a 45 percent increase compared to the same period last year. In the music sector, Q2 brought a sharper decline of almost 40 percent in video stream volume from artist and label sites with 134 million streams. This significant reduction in overall online video stream volume on music label and artist sites could be attributable to the growing popularity of the VEVO.com music video portal. Music label and artist stream totals are still up by 13 percent compared to the same quarter last year.

Radio broadcasters continue steady growth in online video streams

Q2 of 2010 marked the tenth consecutive quarter of growth for the radio broadcast sector with 9 million video streams.

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Player Loads – Q2 2010

A player load represents the graphics, data and other components rendered on a webpage in order to view a video stream and monetize the content. Player loads are an important measure for the amount of video content included across website properties.

Newspapers and magazines continue to publish more online video than any other media vertical

For the third consecutive quarter, newspaper and magazine websites featured a larger number of videos than any other media vertical. In Q2, newspaper websites generated 2.3 billion player loads, up 12 percent from Q1 and nearly 40 percent compared to Q2 of last year. Magazine websites generated 1.3 billion player loads in Q2, a similar volume of player loads compared to Q1, but up 38 percent compared to Q2 of last year.

Broadcast networks and pure-play Web media properties increased video publishing activity

In Q2, broadcast networks generated 685 million player loads, up four percent compared to Q1. While slightly up in Q2, the player load number represents a decline of almost 60 percent compared to the same quarter last year. The decline seems to be further indication of a trend toward portal and aggregated video player experiences around longer-form content, as compared to the distributed, contextual and short-form nature of video content in the editorial and website strategies represented by newspapers, magazines and other media industry verticals.

Web media properties grew by three percent in Q2 with 788 million player loads, which represents an increase of nearly 40 percent compared to the same period last year.

After four consecutive quarters of growth, radio broadcasters publish fewer videos

In Q2, radio broadcast sites generated 90 million video player loads, which represents the first decline after four consecutive quarters of growth. Despite the decline in Q2, player loads on radio broadcaster websites are up 18 percent compared to the same quarter in 2009.

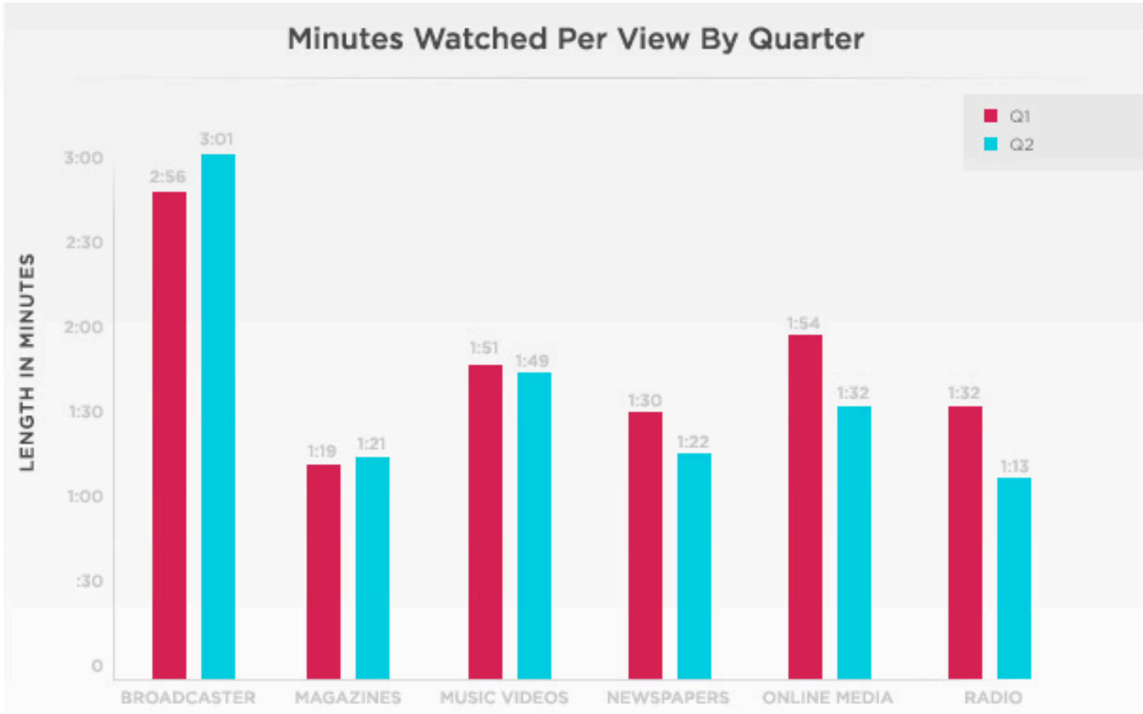
Engagement, Discovery, Geography and Distribution

The following section analyzes viewer behavior for a cross-section of media companies (broadcasters, magazines, music labels, newspapers, online media properties and radio).

Engagement

Overall, the number of unique viewers grew by an average of 2.81 percent per month in Q2, up from 0.05 percent per month in the first quarter. Not only were more unique viewers watching, but they were watching 11.2 percent more videos per month. Audience engagement levels across all of the media verticals were fairly consistent between Q1 and Q2, though some verticals saw a decrease in both minutes watched and completion rates.

Between the first quarter and second quarter, average minutes watched held steady across most categories at 2:00 minutes per stream, though growth was achieved by television broadcasters by 3.1 percent to 3:01 minutes and magazines by 2.1 percent to 1:21 minutes. Radio saw the biggest decline, dropping from 1:32 minutes to 1:13 minutes in Q2.



Completion rates, which refer to videos that were watched from start to finish, were also steady across most of the media verticals, though broadcasters, newspapers and radio saw a decline from Q1 to Q2. Newspapers saw the sharpest decrease, dropping from 41 percent in Q1 to 33 percent in Q2.

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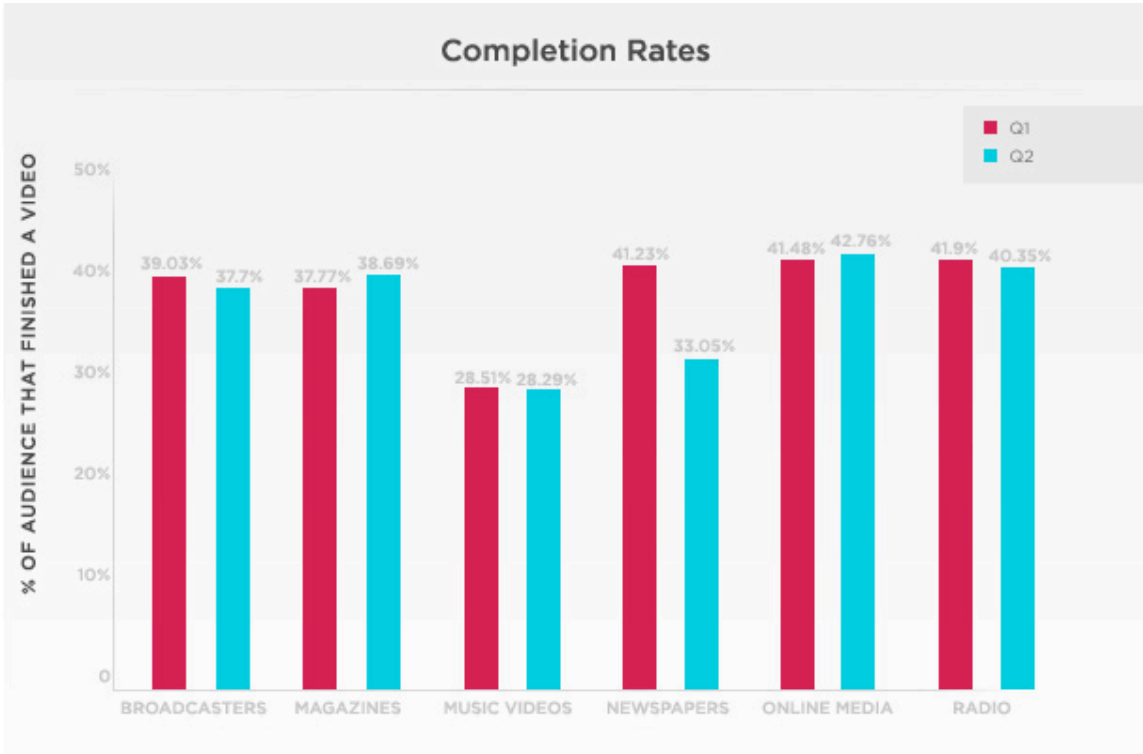
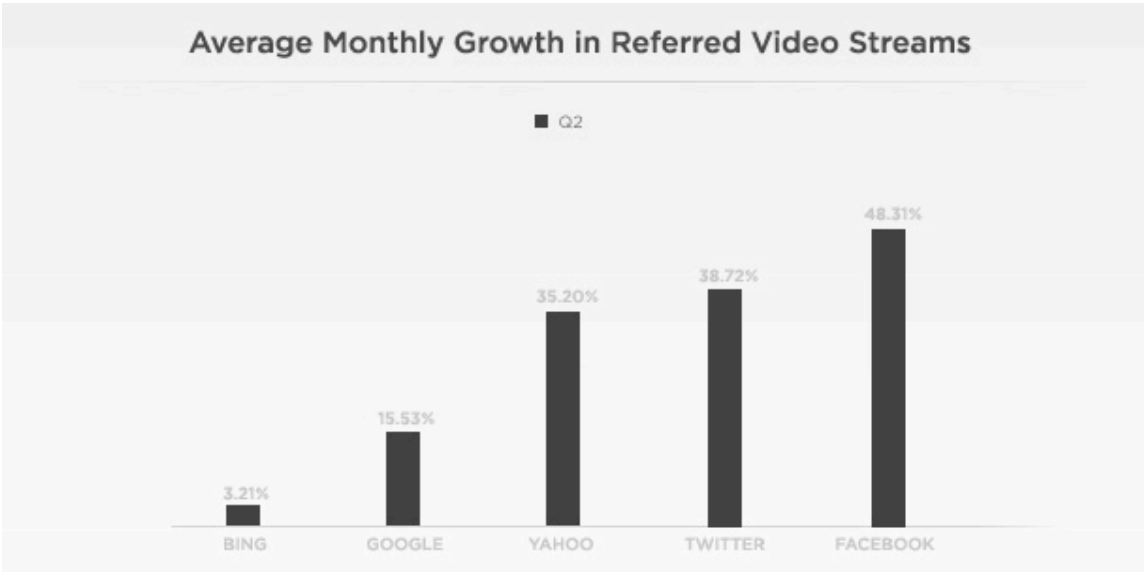


Discovery

Overall, 81.9 percent of video streams were discovered via direct traffic or navigation within a publisher's own site. From third party referral traffic, 64 percent comes from Google, followed by Yahoo (11.9 percent), Facebook (4.3 percent), Bing (2.6 percent), and Twitter (1.2 percent).

In terms of number of video streams referred per month, Facebook and Twitter are growing much faster than traditional search engines as sources of video views. At current rates, Facebook will surpass Yahoo! within the year to be second only to Google in referral traffic to online video content for media companies.



Distribution

For the first time, this report will include analysis of off-site embeds across media verticals, which varies widely by category. Broadcasters had the lowest percentage of off-site embeds, which is not surprising given the premium, long-form nature of their content. Newspapers, on the other hand, had the highest percentage of off-site embeds, with 13.6 percent of all video content being embedded on third party sites. Music videos represent the second highest percentage, followed by radio broadcasters, magazine publishers and pure-play Web media properties.

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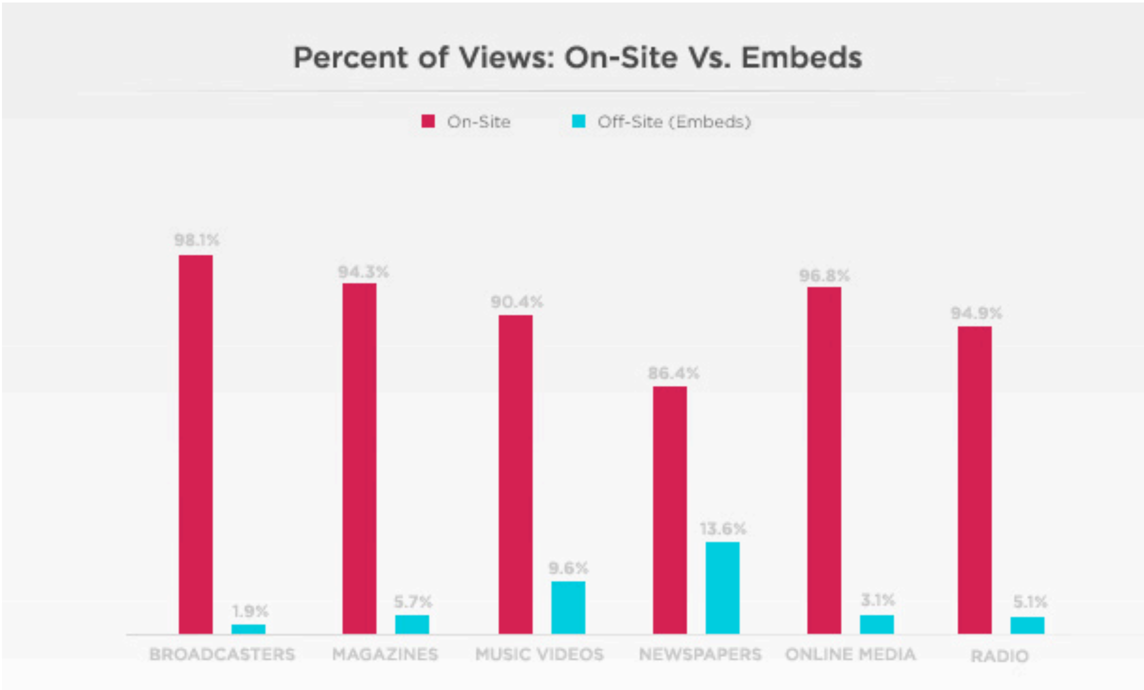
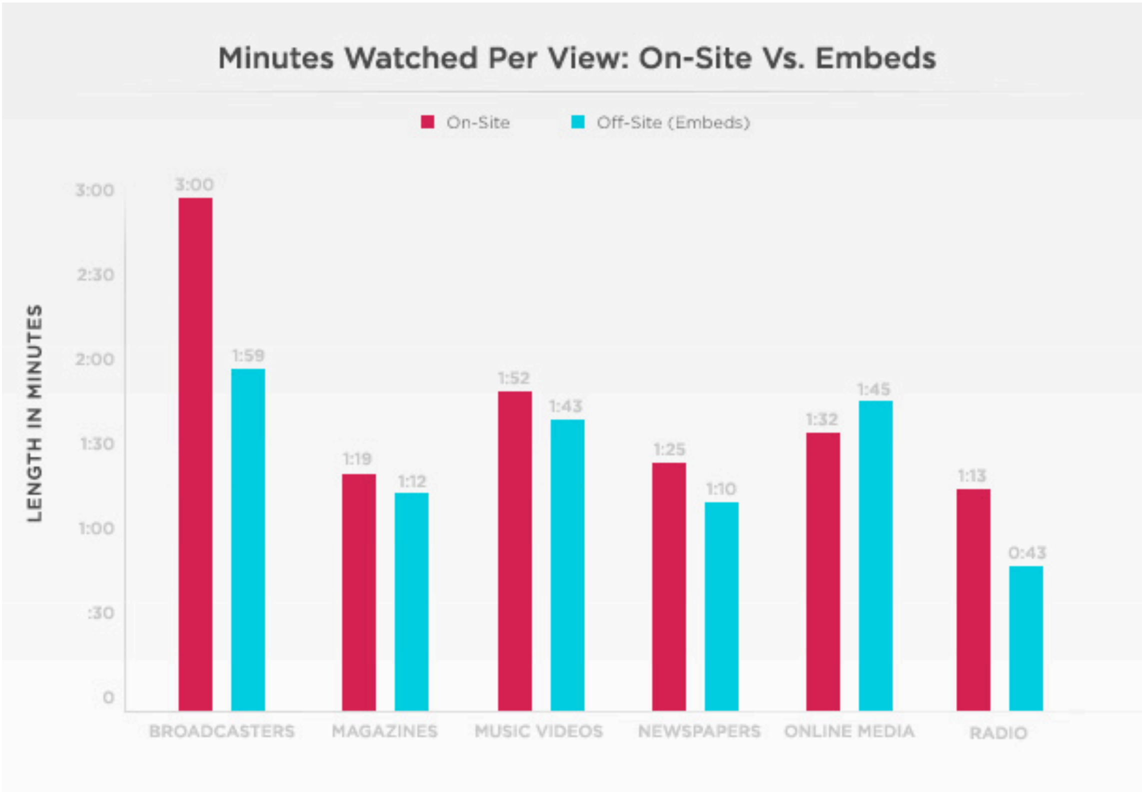
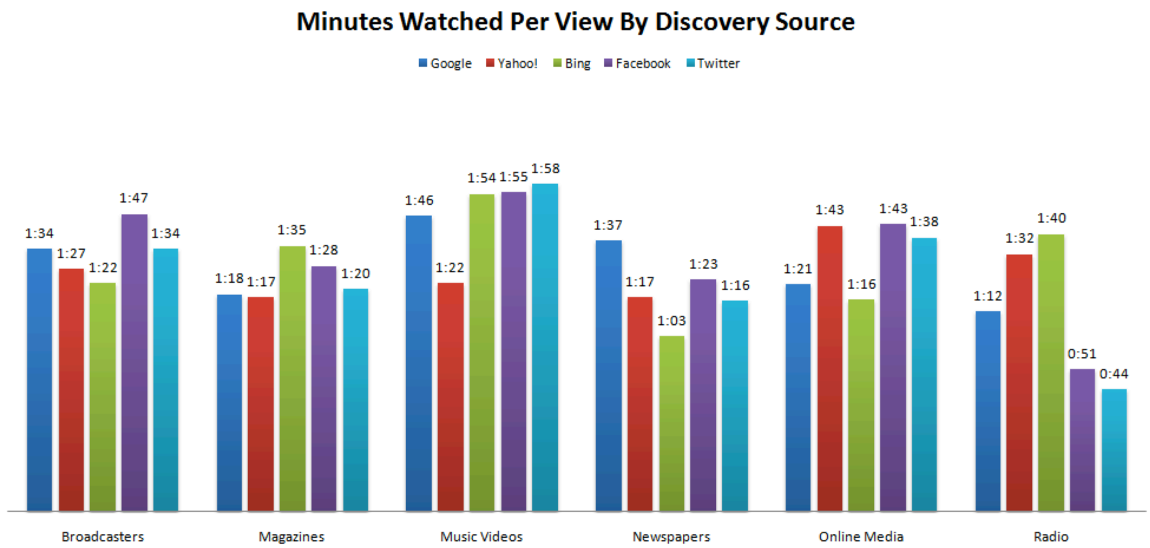


Viewers watching videos via off-site embeds tended to watch less minutes per stream than on-site viewers. Videos were watched for nearly double the amount of time on broadcast sites (3:00 minutes) as they were from off-site embeds (1:59 minutes), but the numbers were less dramatic across the other verticals. Of note, while pure-play Web media properties had the second lowest percentage of off-site embeds, viewers watched off-site videos nearly 15 seconds longer than on-site video content for this media vertical.



In most of the media verticals, Facebook and Twitter tended to refer more engaged viewers than search engines. Broadcasters saw the highest engagement levels from Facebook, while Twitter held the top spot in terms of engagement for music videos. Google referred the most engaged viewers for the newspaper vertical, while Bing was tops for the magazine and radio industry verticals. Pure-play Web media was the only vertical where Yahoo! referred more engaged viewers than Twitter, Google and Bing.



Geography

Certain regions have outsized influence in specific categories. For instance, viewers in the U.S. watched a larger share of videos from pure-play Web media properties. 65 percent of the total views for radio content came from Asia-Pacific. Music videos and radio content represent the lowest percentages for viewers in the U.S. In Europe, music videos represent the largest share of total views, followed closely by broadcast and magazine video content.

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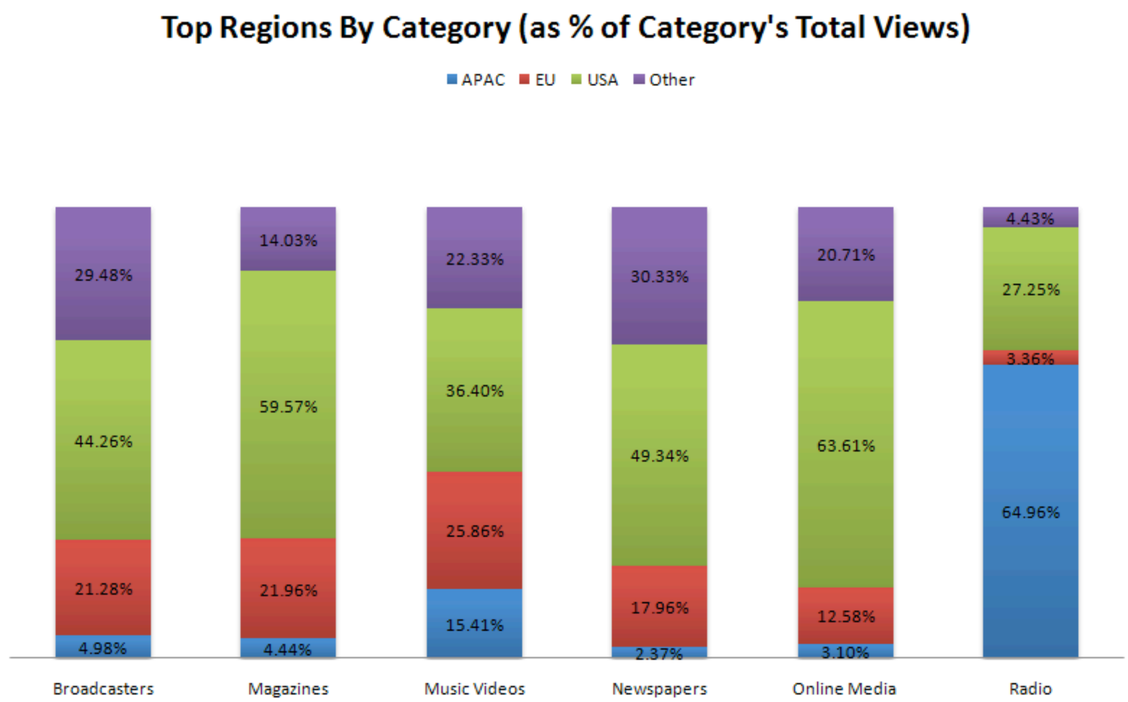
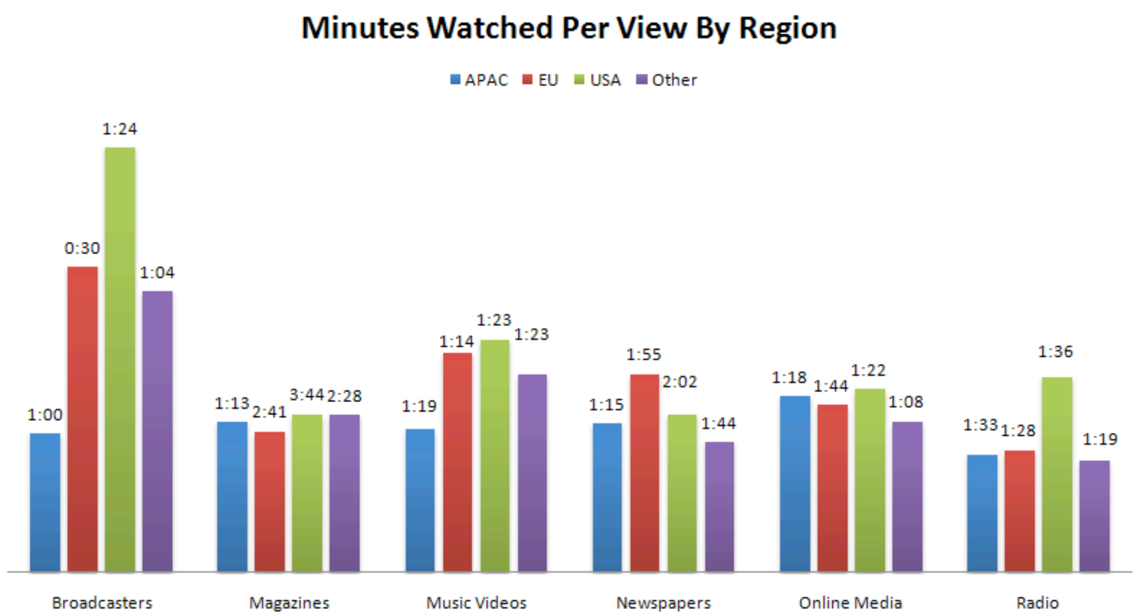


U.S. viewers watched the greatest amount of content for the longest periods of time across the broadcast, magazine, music video and radio verticals. Europeans watched more video content on newspaper sites, but were slightly less engaged than the U.S. audience. Europeans also watched the second highest amount of broadcast video content, but were the least engaged, dropping off after 30 seconds on average. In the Asia-Pacific region, viewers tended to watch more video from pure-play Web media properties than any other category, but were most engaged when it came to radio content.

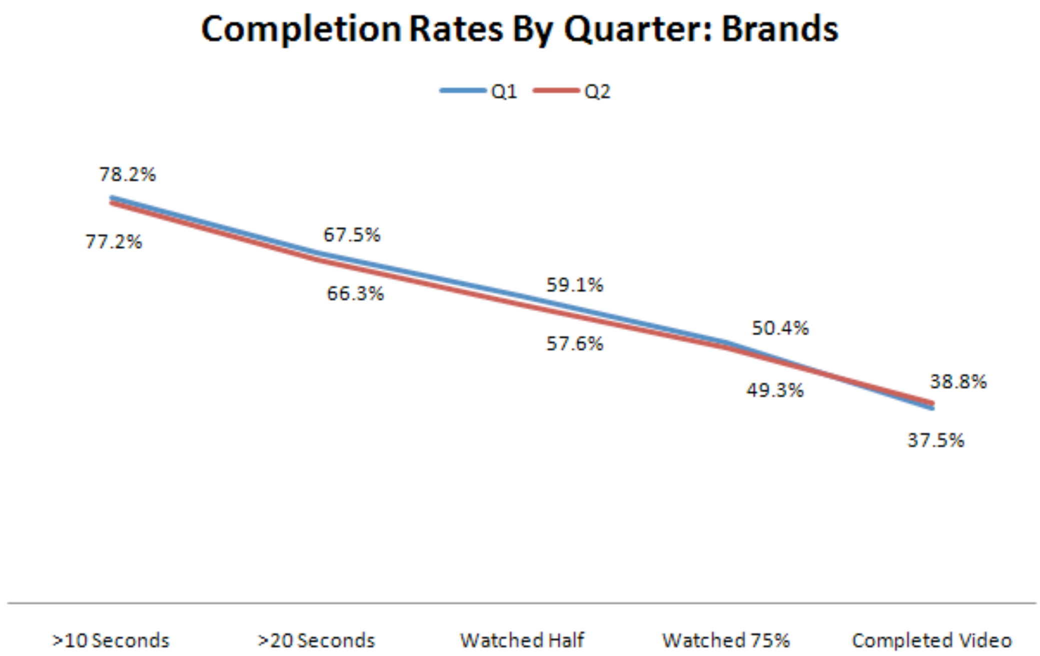


Special Feature: Brand Marketers & On-Site Video Initiatives

The following section focuses on a sample of brands and e-commerce sites (referred to as “brands” below) powered by Brightcove. Media company averages were not weighted by volume, but rather by type so as not to give any one type (i.e. broadcasters) outsized influence.

Engagement

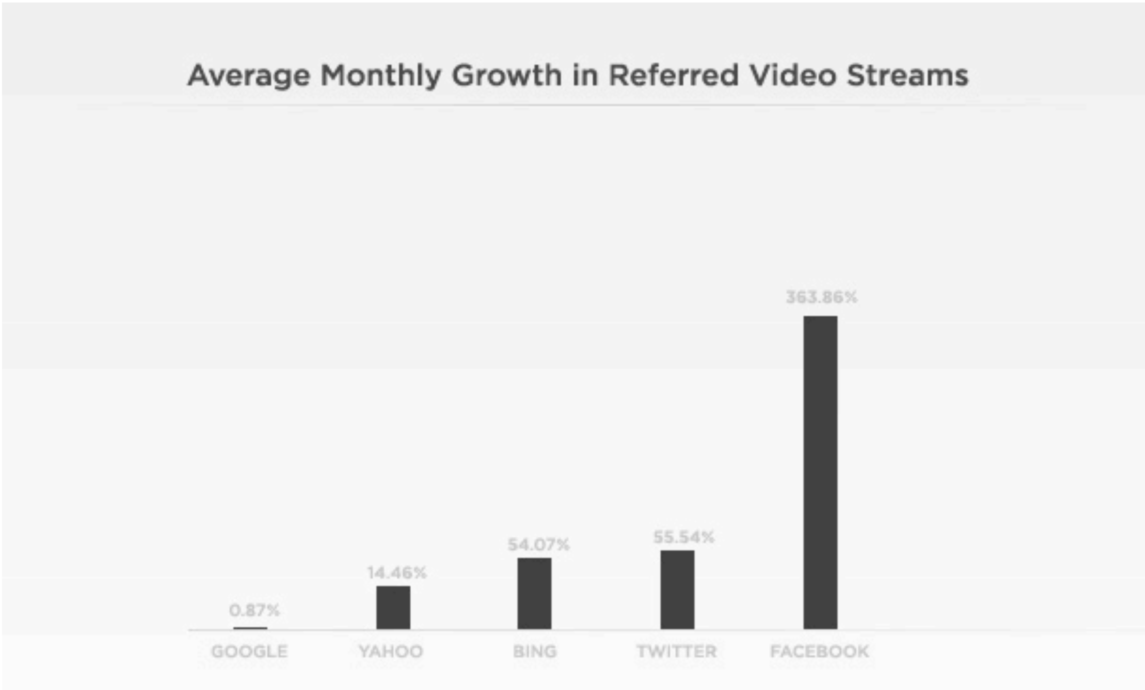
Viewers watched brand and e-commerce videos an average of 1:04 minutes per stream in the second quarter of 2010, up slightly from 1:02 minutes in the first quarter. Completion rates also held steady compared to the first quarter of 2010, with around 38 percent watching a completed video.



Discovery

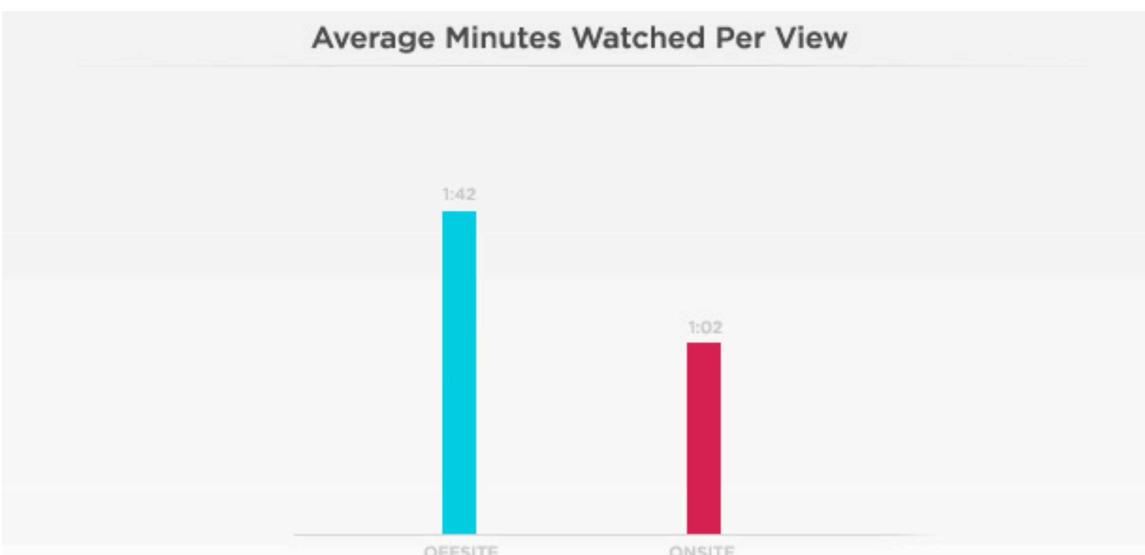
Overall, the majority of video streams (92.1 percent) were discovered via direct traffic or within a brand's own site. From third-party traffic, 40.1 percent of video streams came from Google, 16.8 percent from Yahoo, 13.1 percent from Bing, 7.9 percent from Facebook, 2.7 percent from AOL and 0.9 percent from Twitter.

In terms of growth in streams by discovery source, Facebook and Twitter are growing much faster than the major search engines.

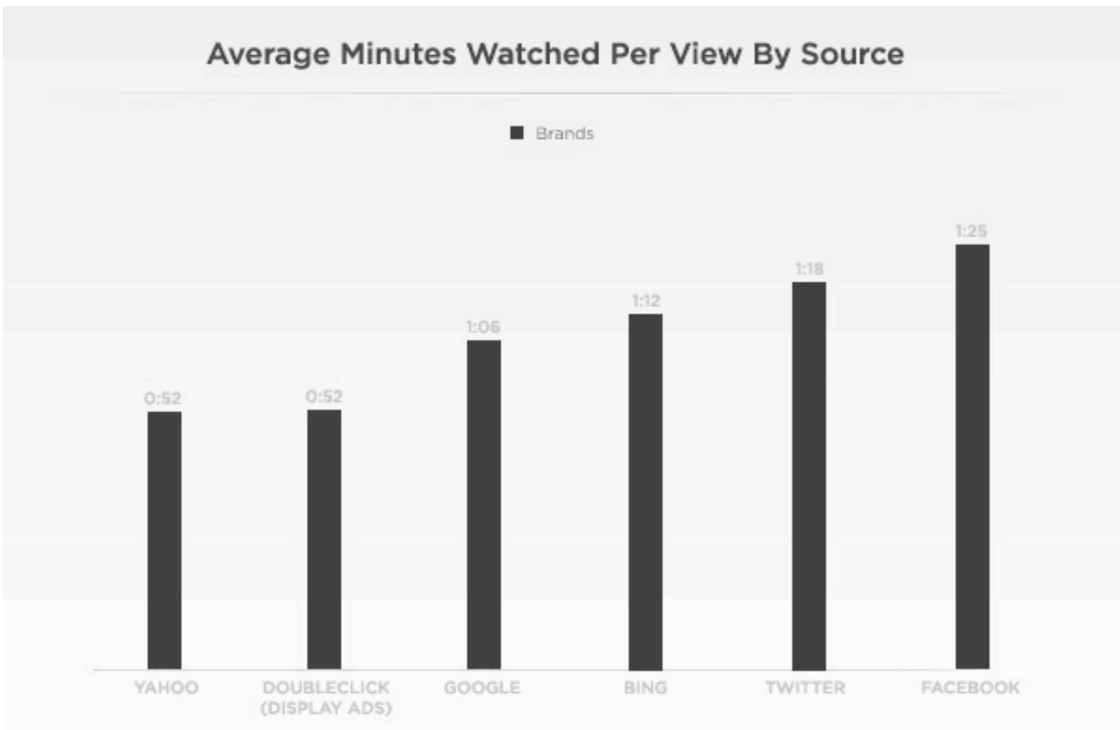


Distribution

Only 2.6 percent of all brand views occurred through off-site embeds, which is less than all media categories except for broadcasters. Viewers watching brand and e-commerce videos off-site tend to watch longer than viewers watching on a brand's own site.

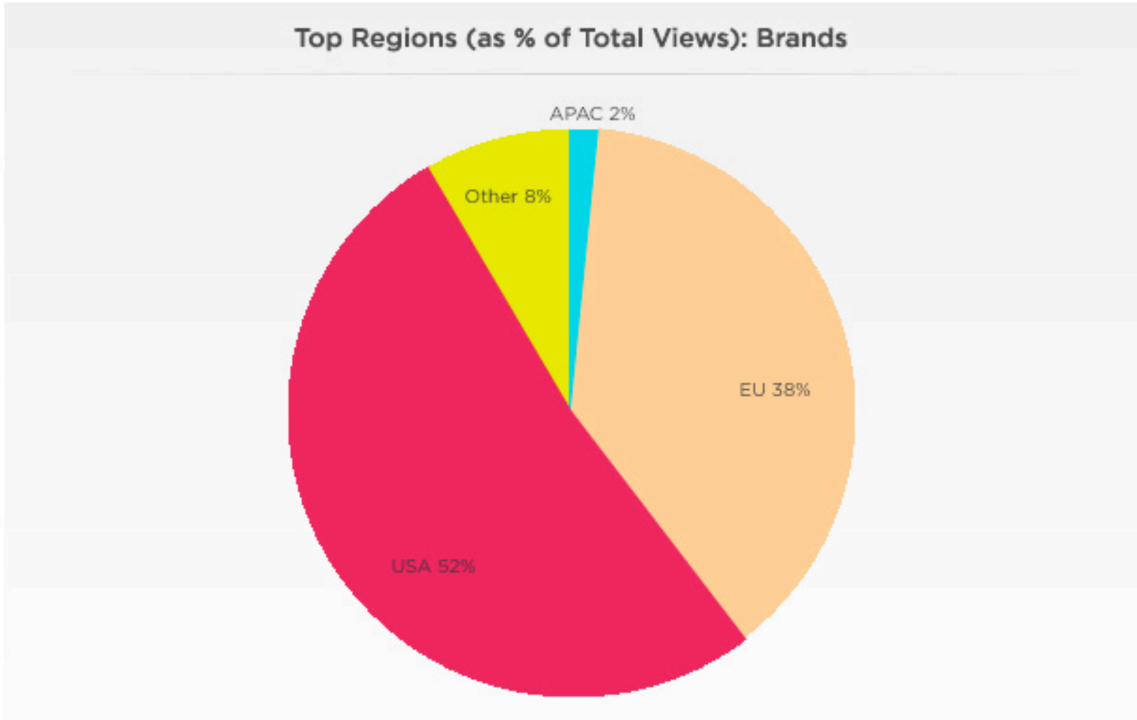


For brands, viewers coming from Facebook and Twitter lead to the longest viewing times, while Yahoo! searches and display ads tied for shortest. Compared to media companies, brands had shorter viewing-times, partly due to the nature of the content and the fact that they tend to post videos that are shorter in length.



Geography

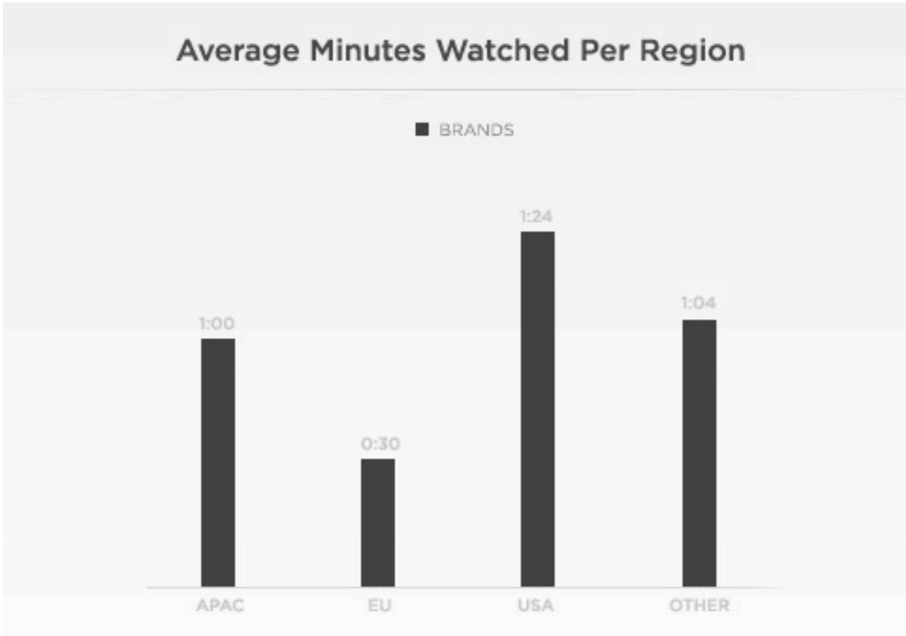
In terms of geography, nearly 90 percent of brand views came from either the U.S. or Europe. More than half of all brand / e-commerce views occurred in the U.S. Brands also had fewer views coming from the Asia-Pacific region or the rest of the world than media companies.



U.S. viewers watched brand videos 20 to 54 seconds more than viewers from other regions, demonstrating more time-spent with brand-related online video content. Europeans watched news and entertainment video content even longer than U.S. viewers, on average, but spent less time with brand videos than any other region.

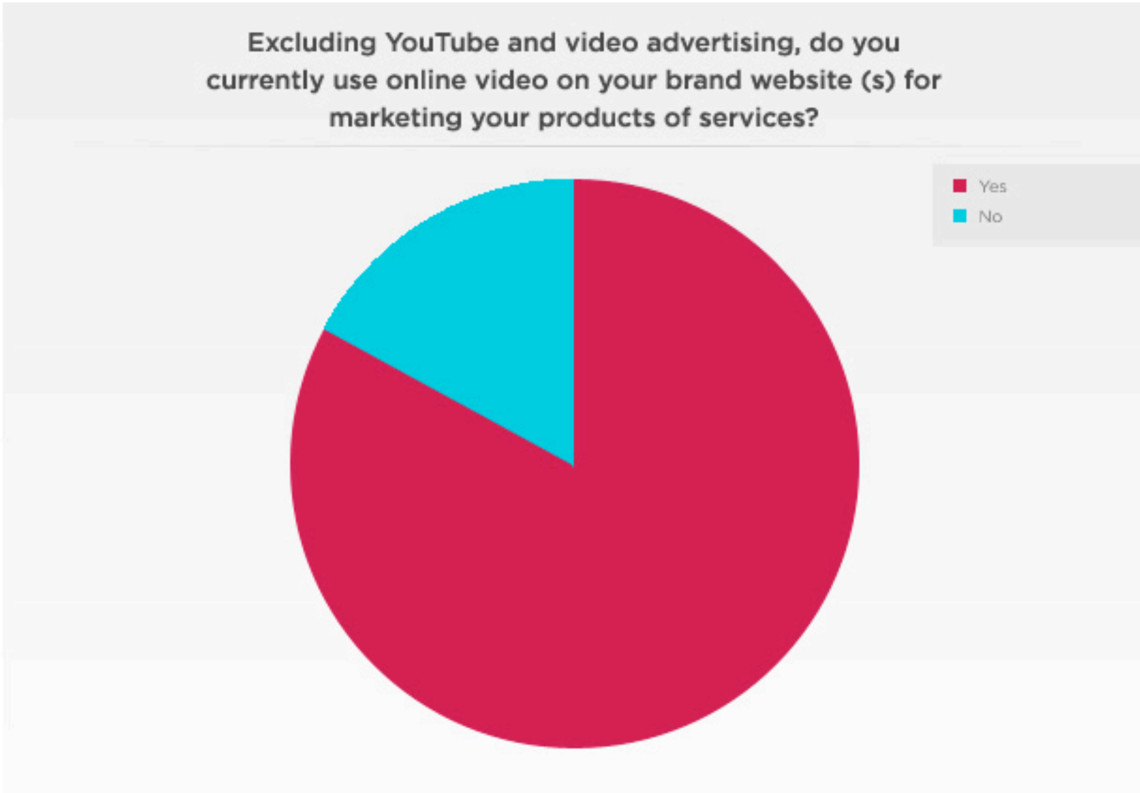
Brand Manager Survey Results

In Q2 of 2010, Brightcove and TubeMogul conducted a survey of more than 300 brand managers representing major consumer and B2B organizations, including dozens of Fortune 500 companies, about their on-site video initiatives. The sample included customers across North America and Europe.



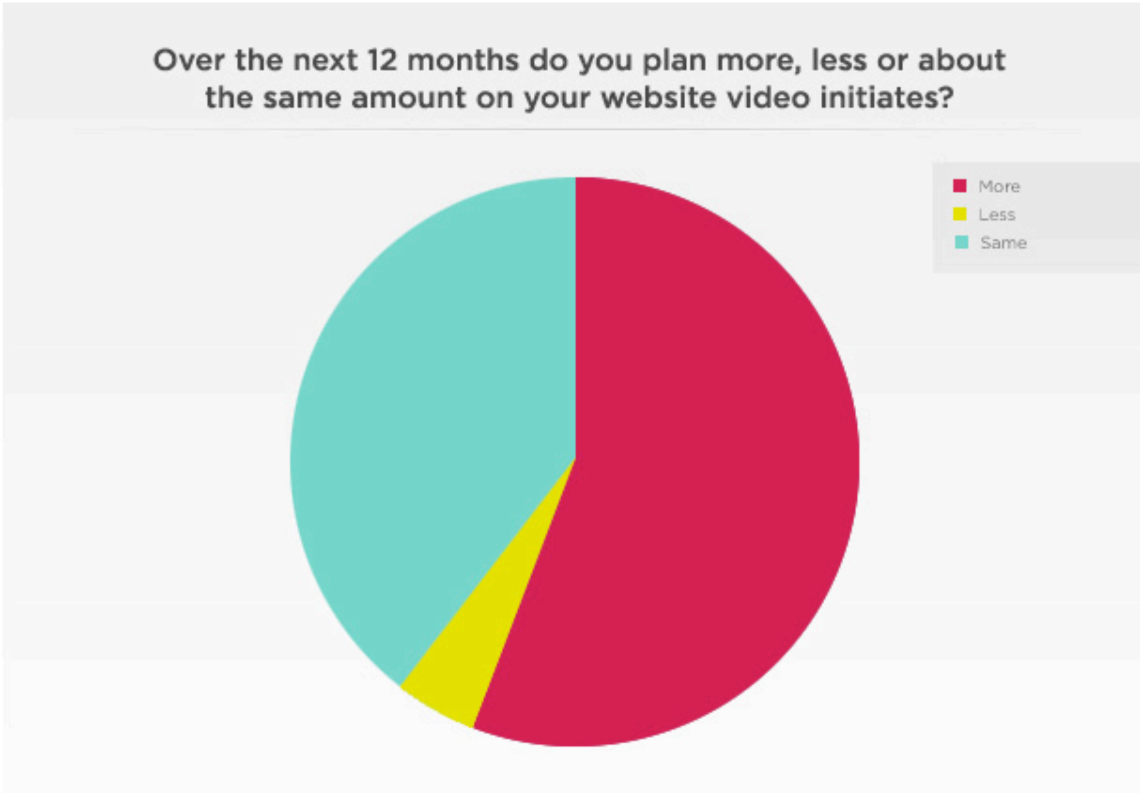
Online Video Investment

Nearly 85 percent of brand managers surveyed indicated that they are currently using online video on brand websites for marketing products and services.



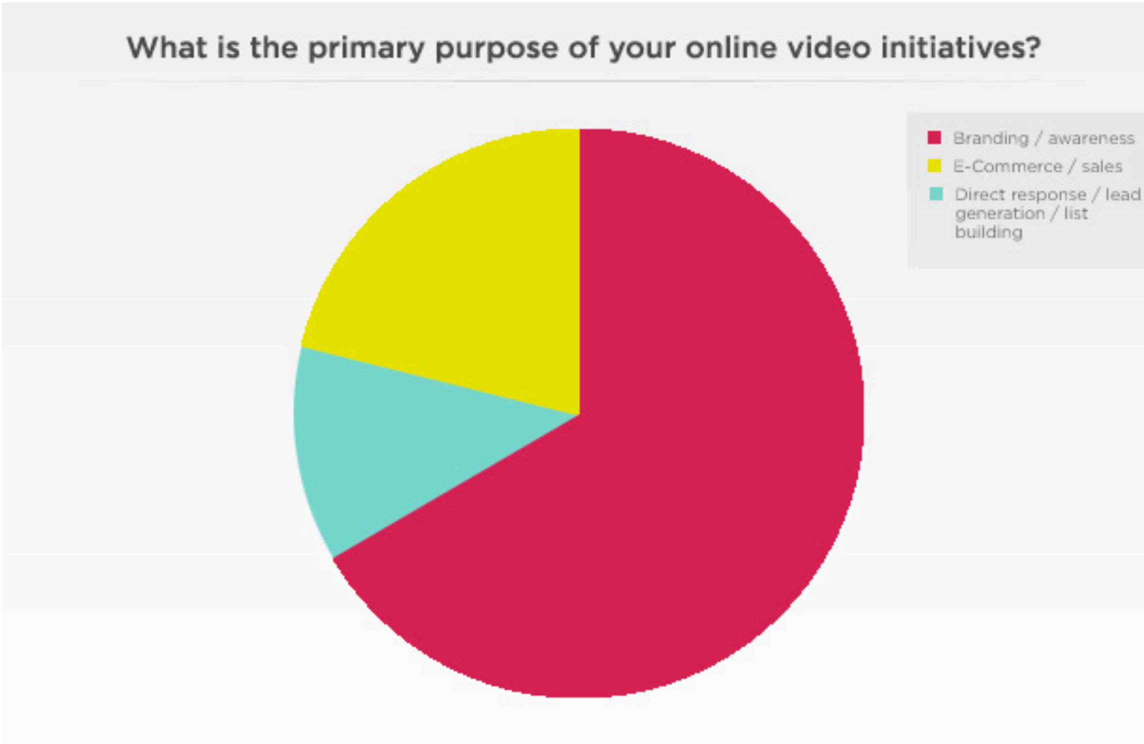
For those currently not using online video, 75 percent said they plan to add online video to their websites within the next 12 months.

While brands devote a relatively small portion of their overall marketing budgets to on-site video initiatives (50 percent devote less than 10 percent; 23 percent devote less 25 percent; 22 percent devote between 25 and 50 percent), nearly 60 percent said they plan to spend more on their website video initiatives within the next 12 months.

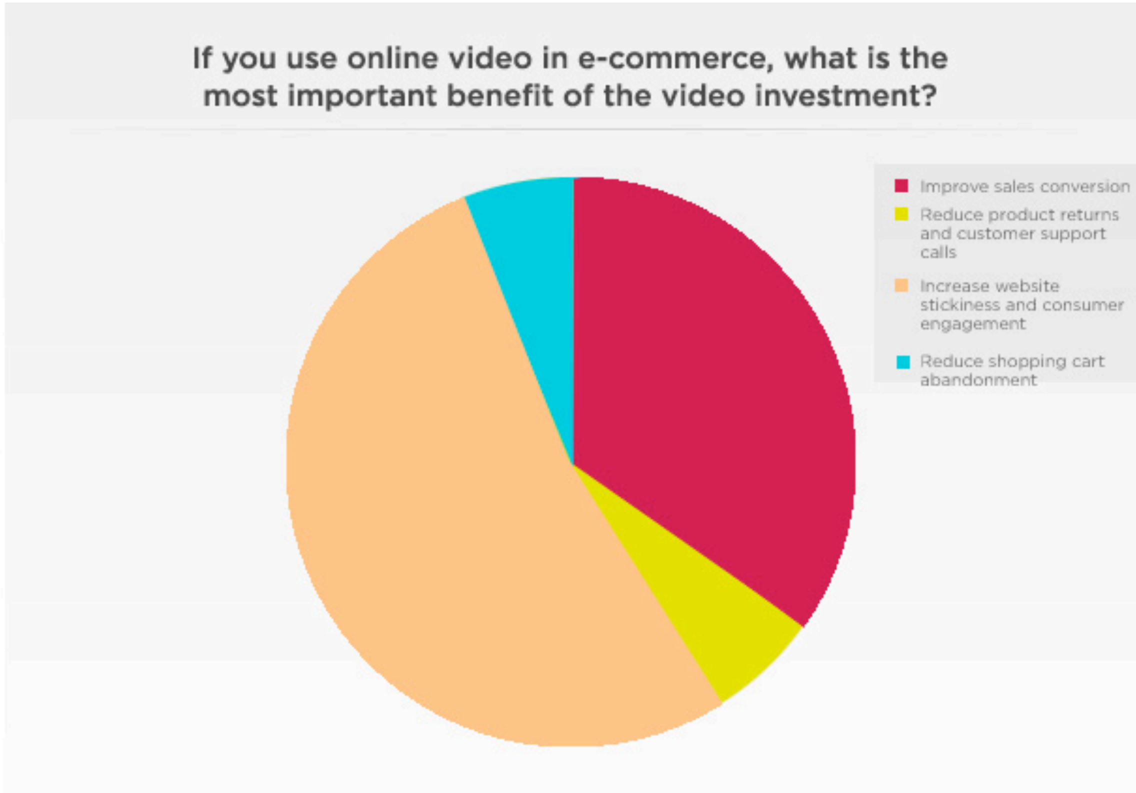


Online Video Strategy

66 percent of brand managers said the primary purpose of their online video initiatives are focused on branding and awareness, 21 percent are using video for direct response and lead generation campaigns, and 12 percent to drive e-commerce and sales initiatives.

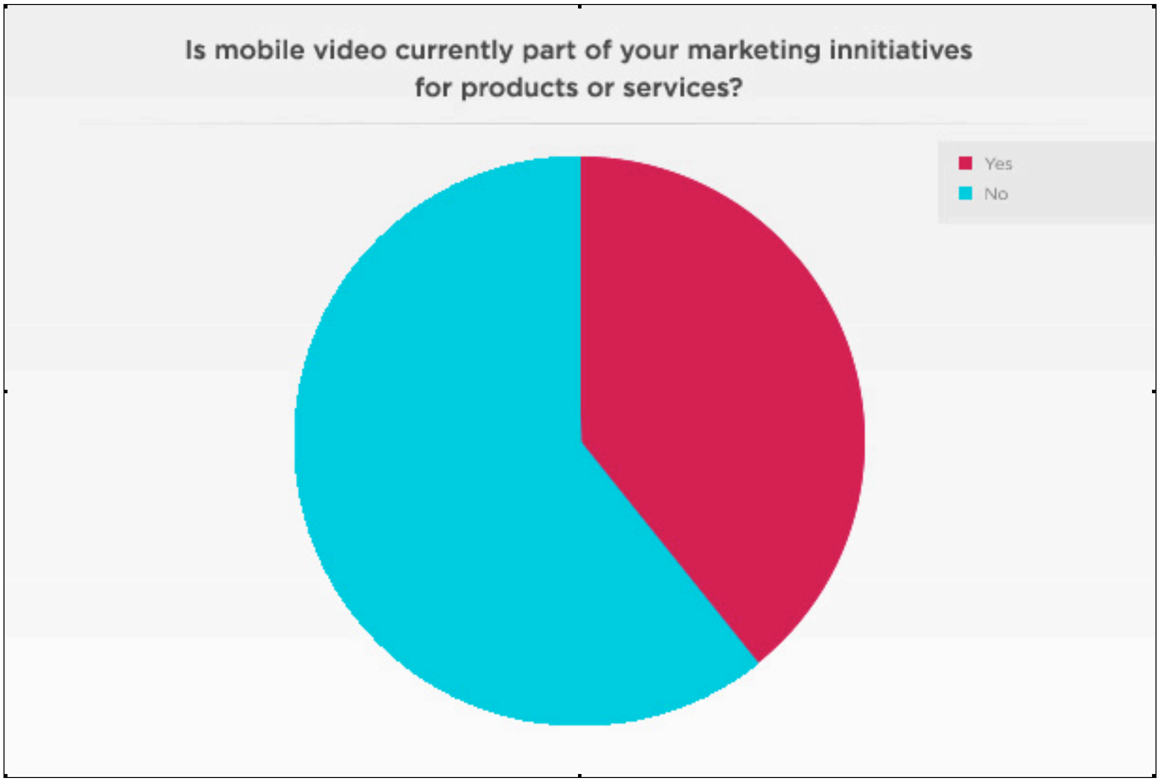


The majority of those using online video to drive e-commerce and sales initiatives have found video to be highly effective at increasing customer engagement and time spent on the brand website (53 percent) and increasing sales conversions (35 percent). 12 percent of respondents noted that video has helped to reduce product returns and customer support calls, while also reducing shopping cart abandonment.

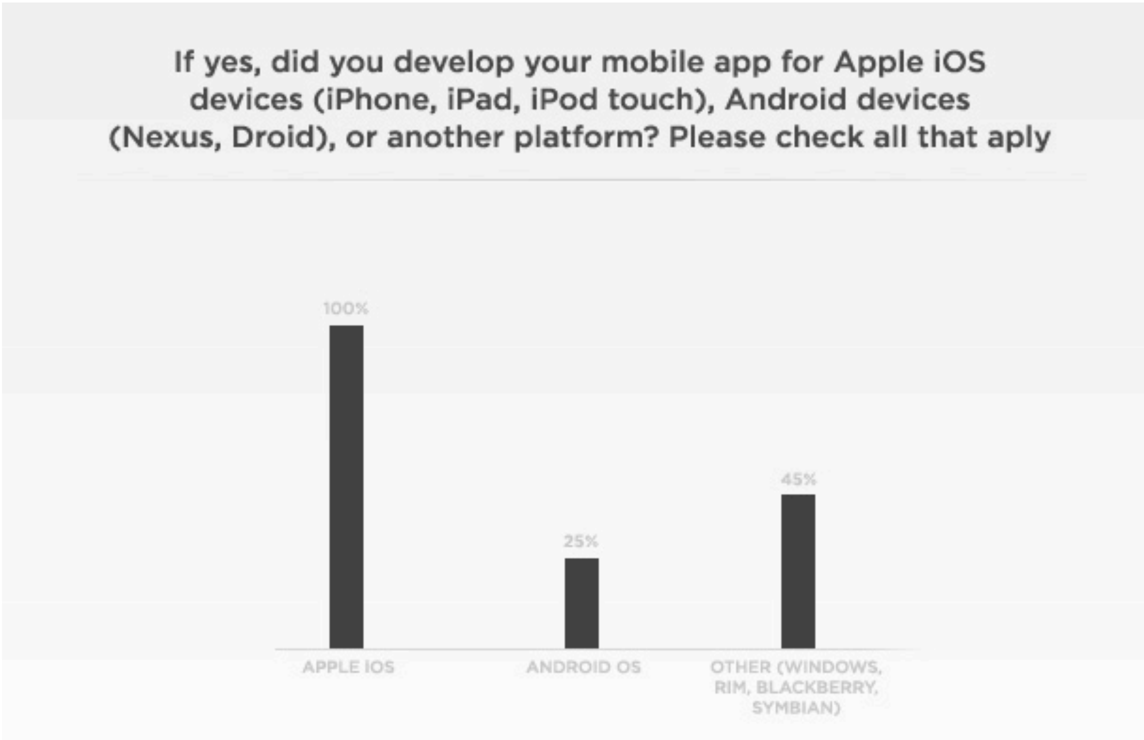


Mobile Video Initiatives

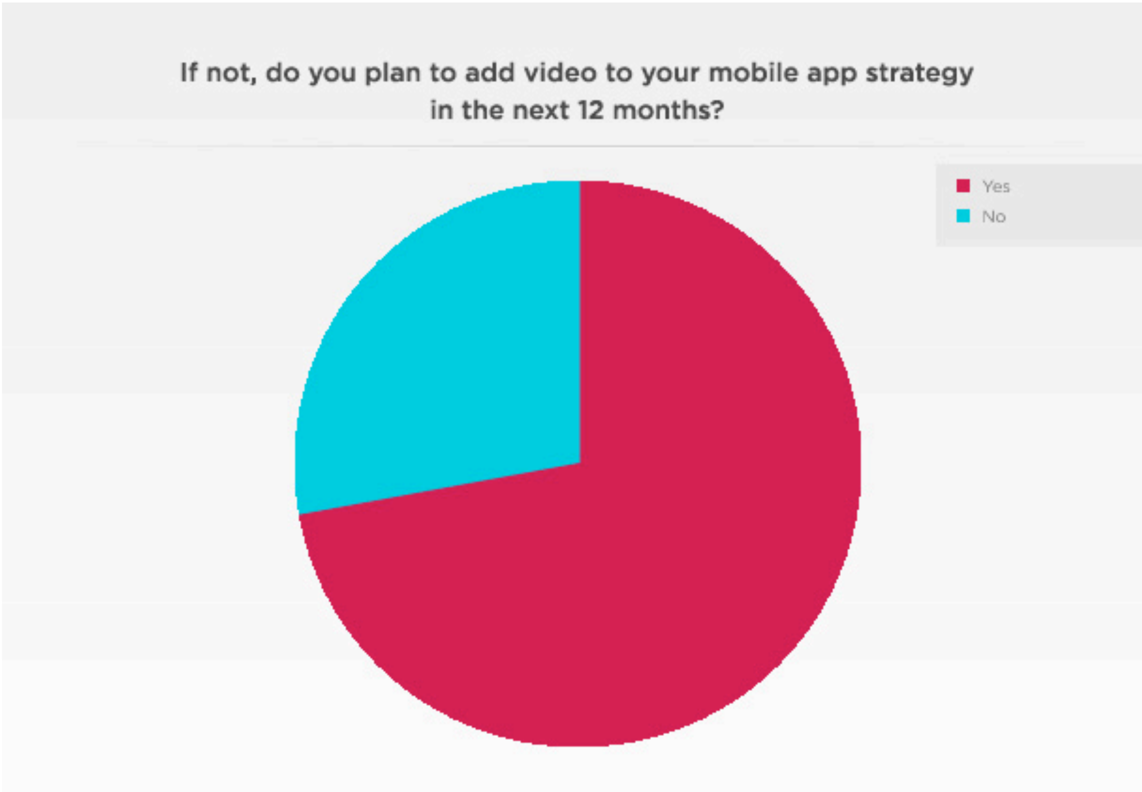
The rapid growth of smartphone adoption throughout the world continues to drive an enormous amount of mobile video consumption amongst consumers. However, mobile video is still an emerging focus for many of the brand managers that we surveyed. More than 60 percent said that mobile video is not currently part of their marketing initiatives, though the same 60 percent also said they plan to add mobile video to their marketing mix in the next 12 months.



When it comes to mobile apps, 42 percent of brand managers indicated that they currently have a mobile app to promote their brand, while 57 percent do not. Those that do have mobile apps are primarily focused on building apps for Apple iOS devices (100 percent), Android OS (27 percent) and other platforms including Windows, Research in Motion BlackBerry and Symbian (47 percent).

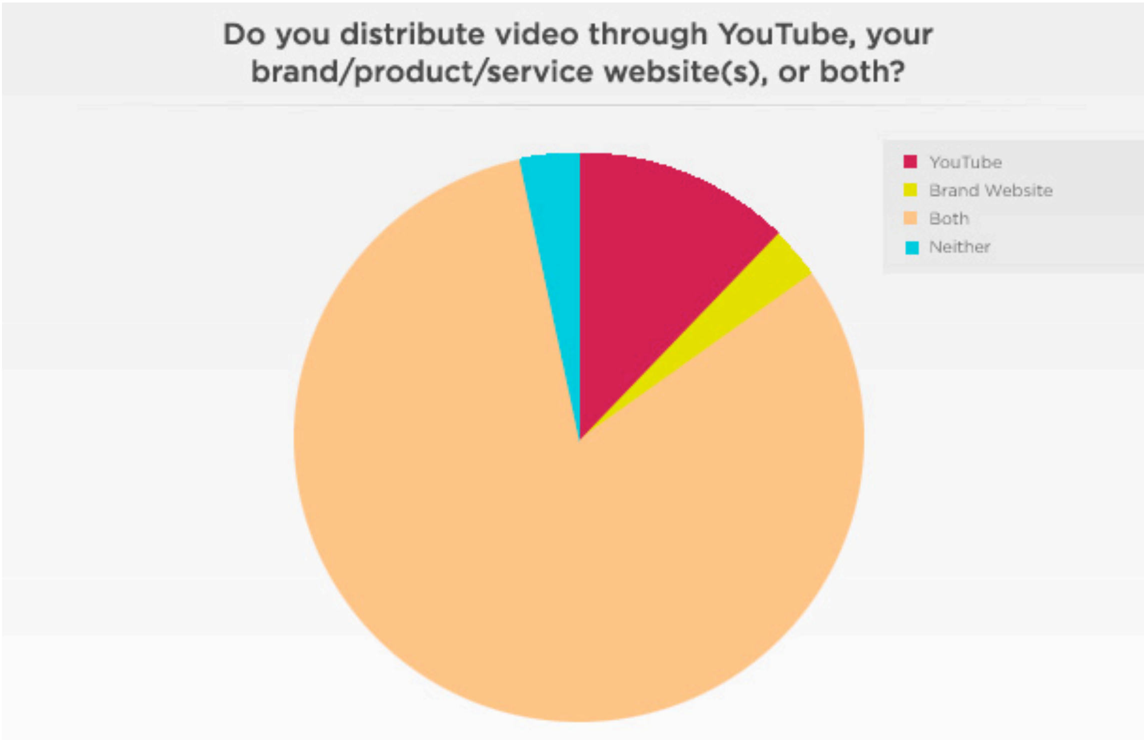


Of the respondents that do have mobile apps for their brands, only 21 percent indicated their mobile apps include video content. However, a full 70 percent of brand managers said they plan to add video to their mobile app strategy in the next 12 months.

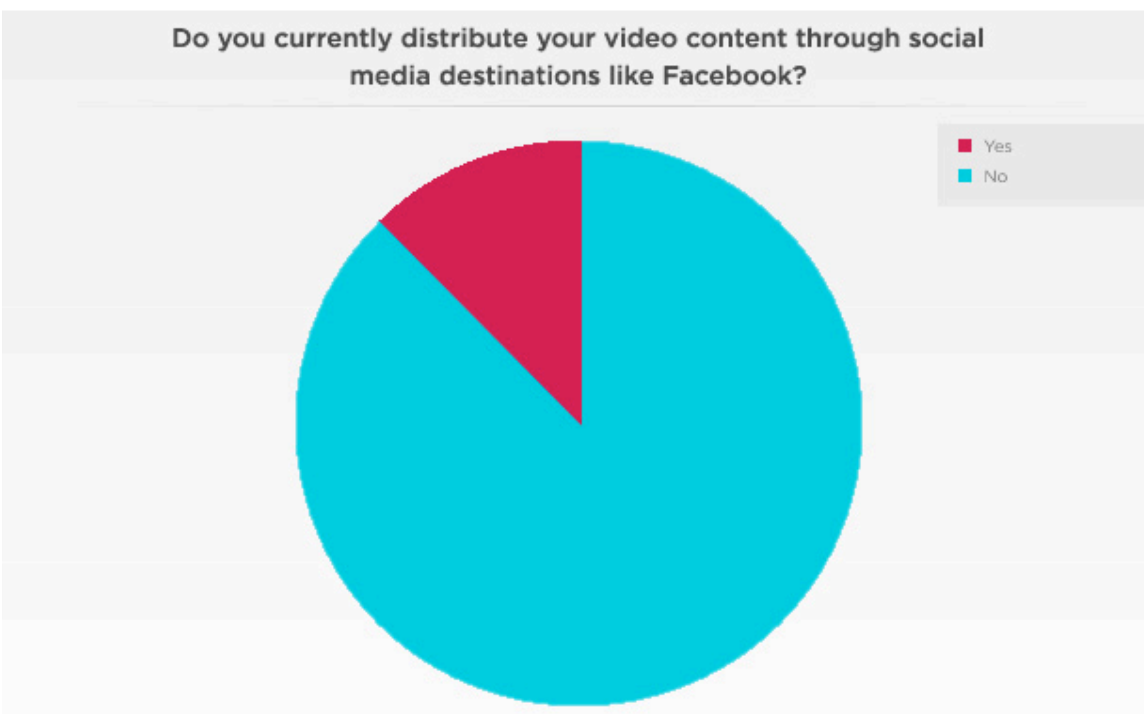


Distribution & Social Media

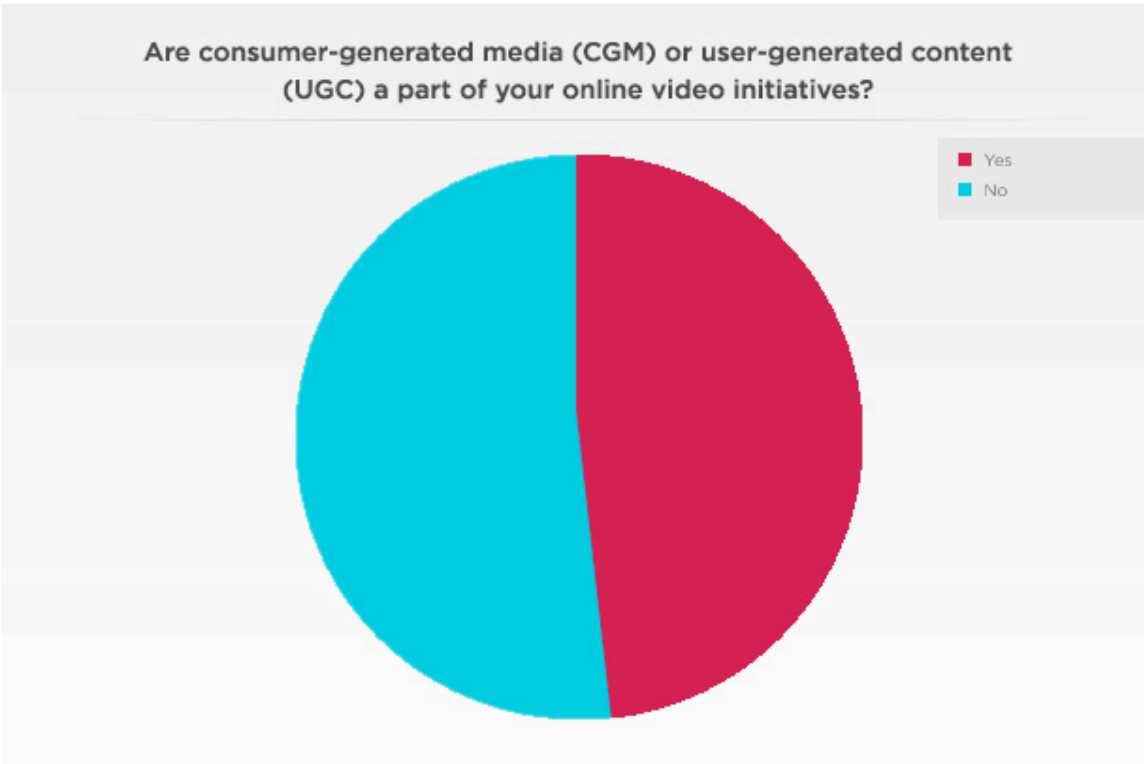
80 percent of the brand managers surveyed indicated that they use a blended distribution strategy that involves video content on their brand websites, as well as on YouTube. 12 percent distribute video content exclusively on YouTube, while three percent feature video content only on their brand websites.



Nearly 90 percent of those surveyed distribute video content through social media destinations like Facebook.



Additionally, respondents were split down the middle when it comes to having user-generated content as part of their online video initiatives.



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