

RESEARCH

Mobile video ads poised to explode, but brands must make investment: L2

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Image courtesy of Michael Kors

By FORREST CARDAMENIS

Video is a costly but necessary component of a brand's media buy, according to a new report from L2.

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Online videos are already traffic drivers for a number of brands, but by 2019 videos will account for half of all Internet traffic. Creating compelling, original content and connecting videos to ecommerce pages will garner returns above and beyond production costs, but it won't nullify the importance of tactical ad spend.

"Videos are so much more engaging to a shopper than a static ad," said Elizabeth Elder, research associate at **L2 Inc.** "They attract, invite and inspire further consideration. As such, they come at a higher price tag.

"Also the backend work that needs to happen to make sure a video ad is playable on a publisher's site further bumps the price tag," she said. "However, the investment is worth the effort. Studies have shown that the click-through-rate of a video ad is 17 times more than a static ad.

"Social video ad platforms utilize their databases to help narrow a target market for a brand which can be invaluable especially when a brand is on a budget. Furthermore, shoppable links are a tool to ensure a seamless conversion as soon as a viewer's demand is there, especially on items featured in-video."

For "**L2 Digital IQ Index: Fashion 2015**," L2 reviewed 83 brands' video efforts, from the content created to the share of organic views and the rate at which videos converted to sales compared to other forms of content.

Video killed the banner ad

With global Internet traffic turning toward video, it is no surprise that video ad spend is projected to increase by 22 percent every year for each of the next five years. This increase, driven in large part by social media, marks a split from traditional advertising and will require brands to rethink strategies accordingly.

At present, all brands studied are experimenting with video content on brand sites and social media pages. At the same time, not many invest in video display advertising despite growing expenses in boosting conversion from ad collateral.



Jean Paul Gaultier video post

Videos that garner the most views are often those designed to build the brand, such as heritage stories and collaborations that do not feature a big-name celebrity.

"The digital customer's loyalty lies in brand authenticity," Ms. Elder said. "Shoppers are looking for brands that have a bottom line devoted to communicating and understanding their individual customers; therefore, brand building videos are much more resonant.

"They give viewers a chance to get to know the brand on a more personal level," she said. "We have found that viewers respond much more in terms of likes and comments to videos like these versus repurposed fashion shows or commercial content."

Indeed, L2 notes that previous research has shown that nearly 75 percent of luxury brands prioritize awareness over conversions, and brand-building videos are a prime way of raising awareness. Perhaps for this reason, only 16 percent of those examined have shoppable videos, compared to 37 percent that have shoppable editorial.

Although this disparity speaks to the different goals of the media, shoppable videos, including fashion shows, offer a non-intrusive way for brands to capitalize on viewers that does not involve an overt sales push.



Gucci shoppable video

Regardless, the effectiveness of video is already apparent. Interaction rates on video posts are 60 percent higher on Facebook than rates on posts without video and 20 percent higher on Instagram.

Given these numbers, brands may want to consider upping the percentage of posts with video. Since 2013, the share

of video posts has increased only from 6 percent to 8 percent on Facebook and 4 percent to 6 percent on Instagram.

Instead of saturating social media with video, most brands rely on YouTube. YouTube video traffic is driven extensively with advertising, with the share of organic views decreasing as overall views go up.

Of those examined, only Chanel, Burberry, Hugo Boss and Dolce & Gabbana generated more than 1 million total views with an organic share of at least 50 percent. For comparison, around two dozen brands with at least 1 million had an organic share below 20 percent and no brand exceeded 94,000 views with more than 80 percent organic.

The numbers suggest that while advertising a video may be expensive, it is essential in making the production costs worth it and in getting the video seen by the maximum amount of people ([see story](#)).

As L2 notes, video ads will soon be introduced on all three platforms, providing brands an ample opportunity to garner eyeballs and, eventually, sales. Video ads are clicked on at a rate 17 times that of banner ads.

In this field, Ralph Lauren dominates. With 49 video ads over a 12-month period, the brand garnered 97 million impressions, with shoppable links taking viewers to e-commerce pages to maximize conversions. Other brands with success in video ads are Burberry, Armani, Gucci and Chanel.

Going mobile

The rise of mobile stands to offer huge opportunities in brand advertising, just as it offers them for commerce. Mobile video ad revenue will more than quintuple over the next five years

Herms is an early pioneer of mobile-first video advertising. In a partnership with Esquire, the brand's logo overtook the publication's logo on its mobile site, with native video ads that would direct consumers to the brand's mcommerce site following further down.



Herms ad on Esquire

A mobile-first attitude will help brands succeed in areas reaching beyond video advertising.

With more than 80 percent of users accessing social platforms on their mobile devices, mobile marketing has become increasingly important for brands that wish to remain competitive in the marketplace, according to an April 2015 report by L2.

L2's Insight Report: Mobile Social Platforms emphasized the importance of mobile optimization for brands advertising on social media platforms such as Facebook, Instagram and Twitter. As consumers continue to use mobile devices at increasing rates and popular social media platforms adjust to make mobile use easier, it is essential for brands to keep up with these trends ([see story](#)).

Furthermore, L2's "[In The Company of Genius 2015](#)," which evaluated the marketing performance of 1,801 brands across 24 of the researchers previous IQ Index reports, found that "Genius" ranked brands experienced ecommerce growth of 31 percent in 2014 and adapted mobile-first mindsets.

Such brands focus on new revenue streams in general, whether that is the brand's ecommerce site or somewhere else, and reallocate capital from traditional channels. Mobile commerce is also a point of focus for Genius brands. Growth of 33 percent is projected for 2016 and 2017, and around two-thirds of Genius brands have mobile apps ([see story](#)).

"We expect [the mobile ad] market to explode," Ms. Elder said. "Currently, brands are underutilizing it and video is such a dominant medium - especially on mobile where a video can literally take up a screen."

"Attractive, visual ads will definitely have an impact on a mobile shopper trying to figure out if she even likes the brand and if further consideration is even worth it," she said.

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