

A black and white photograph showing the back of a person's head and shoulders. They are looking at a rectangular screen that displays a dense, grainy pattern of static noise, resembling a corrupted video or a test pattern. The person's silhouette is dark against the lighter, noisy background of the screen. The overall mood is contemplative and technological.

THE STATE OF ONLINE VIDEO: 2017 & BEYOND

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OPENING THOUGHTS: THE WORLD OF ONLINE VIDEO IS CONSTANTLY CHANGING

In today's digital landscape where everyone is a content publisher, businesses are struggling to stand out among competitors and get their message heard. If the past year has taught us one thing, it's that high-quality video content is no longer a luxury reserved for top brands, but a crucial tool for all businesses to utilise.

The world of online video is constantly changing, and the upsurge in video content has been one of the biggest shifts of the digital age. Online video is growing more than any other form of advertising at a rate of 110% each year and audiences are consuming more online video content than ever before; 55% of people watch online videos every single day¹.

Video dominates social media and publishers like BuzzFeed are leading the way. BuzzFeed's 'Tasty' video channel was named the fourth most watched Facebook video publisher

in October 2016, with nearly 1.5 billion views². Snapchat's trademark disappearing videos have caught on and rival platforms have caught up, taking their own slice of the ephemeral pie. As research suggests, key to succeeding in this age of social media is creating content that can be broken down and packaged into digestible, shareable chunks³. Social media has given vertical video a new angle and caused mobile video consumption to skyrocket. Mobile video consumption is now at 33% in the UK alone, compared to 29.9% in 2015, and this figure is set to rise to 35.6% in 2017⁴.

Are you ready?

63% OF CONSUMERS SAY THAT COMPANIES THAT USE VIDEO KNOW HOW TO REACH THEIR CUSTOMERS

COMPANIES THAT USE VIDEO CONTENT HAVE A
90% CHANCE OF HAVING AN IMPACT ON AUDIENCE DECISIONS

71% OF MARKETERS SAY THAT VIDEO CONVERSION RATES OUTPERFORM OTHER MARKETING CONTENT



BRAND NETWORKS SAW VIDEO IMPRESSIONS ON INSTAGRAM ADS INCREASE FROM **670M** IN DECEMBER 2015 TO **850M** BY MARCH 2016

CHAPTER 1: THE STATE OF PLAY TODAY

One minute of video is worth 1.8 million words⁵ and its potential to be created for many purposes and mediums makes video one of the most versatile types of content there is. Businesses are turning to online video for its ability to tell powerful stories and connect with the masses. Publishers are using it to bring their audience deeper into their stories, brands are using it to enhance the customer experience⁶ and charities are using it to make emotional connections with their audience. It appears to be working: 63% of consumers say that companies that use video know how to reach their customers⁷ and 80% of people recall a video they've viewed in the past 30 days.

There are a number of benefits to using video content, such as 10 times higher engagement rates and a 90% chance of having an impact on audience decisions⁸. Moreover, online retailers see up to 3 times higher conversation rates on product pages with videos⁹ and teams that use video gain nearly a 100% increase of intent of purchase.

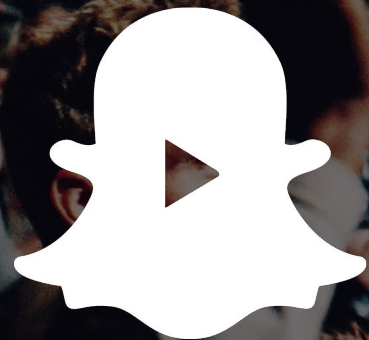
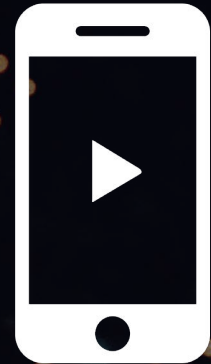
More businesses and organisations have been investing in the creation and marketing of social video throughout 2016, and more people have been watching them. Brand Networks, a social media advertising software company, saw video impressions on its clients' Instagram adverts increase

from 670m in December 2015 to 850m by March 2016¹⁰. According to a report from the Interactive Advertising Bureau, the average spend on video ads has almost doubled over the past 3 years and companies spent over \$10 million (approx £8 million) on video ads in 2016. Research from eMarketer suggests that digital video ad spending will overtake social and come second to paid search by the year 2020¹¹.

Online video is no longer just a way of attracting initial audience attention, but is now an important part of each stage of the customer cycle¹². 71% of marketers say that video conversion rates outperform other marketing content¹³, yet 93% of UK content marketers still use blogs as a marketing tactic, while only 55% use video. Hubspot's CEO announced at the #Inbound16 event that marketers should be focussing on producing half video content and half written content in 2017.

54% OF PEOPLE'S GO-TO SOURCE
FOR LEARNING IS VIDEO

78 MILLION MILLENNIALS
WATCHED VIDEOS ON
MOBILE DEVICES IN 2016



BETWEEN THE LAST QUARTER OF
2015 AND THE FIRST QUARTER OF
2016, USER-SHARED VIDEO VIEWS
ON SNAPCHAT GREW FROM **7
BILLION** PER DAY TO **10 BILLION**

76% OF CONSUMERS OVER 18
WATCH SHORT-FORM VIDEOS
AT LEAST ONCE PER WEEK

CHAPTER 2: AUDIENCES

Online video is quickly becoming a primary means for audiences to quench their thirst for information, entertainment and escapism. They are also 10 times more likely to engage with video over other types of content¹⁴. 54% of people's go-to source for learning is video¹⁵ and 67% of consumers choose to engage with videos for entertainment¹⁶.

Brands and publishers are taking advantage of apps like Snapchat by producing more bitesize video content. This has had a domino effect on audience consumption of short-form content and mobile video: a recent study by Ooyala found that 76% of consumers over 18 watch short-form videos at least once per week¹⁷. The upsurge of mobile video consumption is mainly at the hand of Millennials (18-34 year olds), which is no surprise as they make up the world's largest and most sought-after demographic. Research from eMarketer suggests that 78 million Millennials watched videos on mobile devices in 2016¹⁸.

Video has exploded on social media over the past year and people's viewing habits are rising rapidly. Between the last quarter of 2015 and the first quarter of 2016, user-shared video views on Snapchat grew from roughly 7 billion per day to 10 billion¹⁹. Audiences watched more social video in 2016 than ever before and they're

continuously watching for longer. But they're not just *watching*: they're also creating.

We now live in an age of smartphones and tablets, meaning that just about anybody can create and share videos with ease. Social media has long paved the way for ordinary people to distribute their own video content and it continues to do so—take the abundance of YouTube stars, for example, or the exquisite video content creators on Instagram. Facebook recently launched its New Camera to inspire 'fast, fun and flexible' video sharing and Instagram embraced ephemeral video in the summer with the launch of its Stories counterpart. Undoubtedly, these new features will encourage more people to share video, and more often.



VLC PLAYER RECENTLY
RELEASED A 360-READY
VERSION OF ITS SOFTWARE

360 VIDEO VIEWS
ARE NEARLY **30%** HIGHER THAN
STANDARD VIDEO

360 VIDEOS HAVE A LOWER
COST PER 1,000 IMPRESSIONS
AND A HIGHER
CLICK-THROUGH RATE



43% OF MEDIA BUYERS SEE 360
VIDEO AS THE NEXT BIG THING
IN TERMS OF VIDEO GROWTH

CHAPTER 3: THE RISE OF 360 VIDEO

360 video is the cutting-edge of online video marketing. Audiences can now fully immerse themselves in stories and publishers can control their narratives thanks to Facebook's new Guide tool for 360 videos, and over four-in-ten media buyers (43%) see 360 video as the next big thing in terms of video growth²⁰.

Like Facebook, various platforms like YouTube and Snapchat have adopted the 360 video format, and more brands and publishers are experimenting with the wholesome video experience as a result. John Lewis released a 360 video add-on to its long-awaited 2016 Christmas advert and Barbour used it to give viewers a tour of its 'SS17 London Collections Men' show in the summer. In April, Google launched its first ever live action story, *HELP*, in full 360 video, racking up almost 2.5 million views on Youtube alone.

Sony Pictures Entertainment (SPE) became the first media company to advertise in the 360-degree format on Snapchat for the release of its thriller, *Don't Breathe*, earlier this year. SPE partnered with AvatarLabs to enable viewers to not only navigate around the 360-degree scene, but also move forward. The whole experience proved successful with Snapchat's millennial audience, with initial tests showing that viewers watched the ad for an average of two minutes²¹.

On YouTube, a string of media companies have also been advertising films in the 360 video format, including Warner Bros. Pictures, who released a VR 360 experience for *The Conjuring 2*. The video has been watched over 7 million times on YouTube since its release in May. According to SPE, 360-degree

film trailers—on mobile in particular—set the precedent for how films should be marketed in today's social media age.

360 video isn't just reserved for online and is also being integrated into software. VLC Player—one of the most popular and recognisable media players in the world—released a 360-ready version of its software, *VLC 360*, allowing users to experience 360-degree videos directly in the programme.

The attraction for brands and advertisers when it comes to 360 video is the opportunity to dominate the entire screen, as this additional level of interactivity keeps viewers engrossed and more importantly, engaged. Video advertising marketplace, Teads, who launched the world's first 360-degree outstream video ad format in July, has found that its through-rates for 360 video adverts have been double the size of its benchmark for standard video²².

A study by Magnifyre shows that 360 video views are nearly 30% higher than standard video and twice as many people watch them all the way through²³. The same study revealed that 360 videos have a lower cost per 1,000 impressions (CPM) and a higher click-through rate (4.51%) compared to flat-frame video.

360 video's vast storytelling abilities, high engagement rates and its uptake throughout 2016 makes it a serious contender to watch for the coming year, especially in comparison to regular video and with its capabilities for mobile viewing.

CHAPTER 4: EXPECTATIONS FOR 2017 & BEYOND

Over the course of just one year, we've seen businesses and audiences alike change the way they use and consume video online. Digital video is thriving and we expect it to continue to develop throughout the coming years.

In 2017, video will account for 74% of all internet traffic and by 2020 this figure will have reached 80%²⁴. More companies will focus on implementing video into their marketing strategies— 52% of marketers already name video as the type of content with the best ROI—and in 2020, nearly one million minutes of video will be shared every second. The amount of people viewing video online is set to rise from 33.2% in 2016 to 38.6% by 2019 in the UK alone²⁵.

IN THE THIRD
QUARTER OF 2016
MORE THAN **52%** OF ALL VIDEO
VIEWS WERE ON
MOBILE DEVICES



MILLENNIALS VALUE
THEIR SMARTPHONES
MORE THAN ANY OTHER
HOUSEHOLD DEVICE

MOBILE VIDEO
TRAFFIC IS
EXPECTED TO
REACH

75% BY
2020



AUDIENCES CONSUME 6X MORE
VIDEO CONTENT ON MOBILE
DEVICES IN WARM WEATHER, AND
WHEN IT'S COLD THEY WATCH
FOR 29% LONGER

MOBILE & VERTICAL VIDEO

Mobiles have changed the way we watch video and mobile consumption is constantly increasing. According to a study by Consumerlab, mobile video viewing has increased by four hours per week in the past four years globally²⁶ and in the third quarter of 2016 more than 52% of all video views were on mobile devices²⁷. In the UK, 32% of people watch videos on their smartphone every day and Deloitte found that Millennials value their smartphones more than any other household device²⁸. An interesting fact about mobile video consumption comes from Points Group, who suggests that in warm weather, audiences watch 6 times more video content on mobile devices and when it's cold, people watch videos for 29% longer²⁹.

Mobile video is especially popular on social media and apps like Snapchat have given rise to short-form video content. More than three quarters of Facebook videos are watched on smartphones and research notes that handheld devices are now the preferred medium for consuming videos that are under 5 minutes long³⁰. As the number of people who own smartphones is constantly rising, video traffic on mobile will continue to grow and this is expected to reach 75% by the year 2020³¹.

Snapchat has long been at the forefront of mobile video with its popular bitesize

clips, and the platform has successfully encouraged brands and media publishers to rethink vertical content as a way of connecting with their audience. More than 20 media publishers like Vice and Hearst as well as a number of popular brands produce daily content for Snapchat's Discover channel. Snapchat's vertical adverts have seen major success: vertical video ads on the platform see 9 times more completed views compared to horizontal. Now, rival platforms like Instagram and Facebook have cottoned on, citing the 'immersive experience' that vertical video entails and it being a 'common format for consuming mobile content' as reasons for making vertical ads available on their own platforms.

Time spent watching video content on vertical screens is rising, as handheld devices give consumers access to on-the-go content as it happens. Take the millions of viewers who watched the NFL's Thursday Night Football games on Twitter for example, or the 50 million sports fans who watched the Rio 2016 Olympics on Snapchat. 'Mobile' and 'vertical' are vital subject matters when it comes to online video content, as they give viewers access anywhere at anytime and open up new avenues for businesses to reach consumers.

500 MILLION PEOPLE WATCH
FACEBOOK VIDEOS EVERY DAY



FACEBOOK DROVE **60%** OF VIEWS FOR 2016'S
CHRISTMAS ADVERTS

PUBLISHERS' VIDEOS ON
FACEBOOK HAVE
SEEN UP TO **5.7** TIMES MORE
ENGAGEMENT
SINCE THE
START OF 2016



**85% OF FACEBOOK VIDEO IS
WATCHED WITHOUT SOUND**

FACEBOOK NATIVE VIDEO

Native video on Facebook has been one of the key talking points of 2016³². A recent study revealed that between January and October 2016, engagements on publishers' Facebook videos increased by up to 5.7 times and media companies like BBC News and National Geographic are posting more videos on the platform³³. Between 360 video, Live video and now ephemeral video, the platform has been focussing on putting video first throughout 2016. After the platform released its third-quarter results, Mark Zuckerberg said: "People are creating and sharing more video, and we think it's pretty clear that video is only going to become more important. So that's why we're prioritising putting video first across our family of apps, and taking steps to make it even easier for people to express themselves in richer ways"³⁴. Every day, 500 million people watch videos on Facebook and they consume roughly 100 million hours of video content. Daily video views on the platform is now at 8 billion compared to 4 billion in 2015, 85% of which is watched without sound³⁵.

Social media analytics firm, Socialbakers, recently analysed 10 of the most popular Christmas adverts of 2016 in order to identify which social media platform works best for brands. The study revealed that Facebook drove 90% of all interactions and 60% of views for the year's Christmas adverts,

overtaking YouTube which only generated 40% of views³⁶. The study also divulged that video content on Facebook has a 'two-day shelf life', meaning that brands must produce more video content to stay at the forefront of people's minds. These results tell us that video publishing on Facebook will vastly increase in 2017, especially as more companies make use of its native video component.

FACEBOOK RECENTLY
LAUNCHED 4K 360 LIVE VIDEO

360°

77% OF PEOPLE CONSUME
LIVE VIDEO EACH WEEK



LIVE VIDEO IS WATCHED FOR
LONGER (20 MINUTES) THAN
PRE-RECORDED VIDEO (2-3
MINUTES)

100 MILLION PEOPLE USE
INSTAGRAM STORIES
EVERY DAY

LIVE VIDEO

Live video gained more prominence in 2016, particularly on social media. Twitter was the first to introduce Live video when it acquired Periscope in March 2015 and incorporated the Live video element into Tweets. In 2016, Live video streaming traffic on Twitter was over 40%³⁷ and users watched 110 years worth of Live video on Periscope³⁸. More recently, Twitter introduced the ability to go Live from straight within the app, regardless of whether users have Periscope installed or not.

Instagram launched Live video on Stories in November to allow users to connect with friends and followers 'right now'³⁹ and already, 100 million people are using Stories every day⁴⁰.

Facebook launched Live video in April and since May the number of people going Live on the platform has increased by 9 times. The platform also recently announced 4K 360 live broadcasting, with National Geographic being the first to publish 360 Live video on Facebook showing the moments that scientists emerged from 80 days of isolation in pods at the Mars Desert Research Station in Utah⁴¹.

Live video creates a new realm of opportunity for businesses as it creates a sense of urgency for viewers; no wonder 90% of

marketers plan to use it in their strategies⁴². Live video is instant and is all about being right in the moment and watching the action unfold. It's an intimate form of communication and allows broadcasters to capture their viewers' attention for over 20 minutes, unlike pre-recorded video which people tend to watch for roughly 2-3 minutes⁴³. Research suggests that 77% of people are already watching live video each week⁴⁴ and its 'limited-time-only' essence is why we expect to see it unfold throughout the coming year; viewers don't like to miss out on being first.

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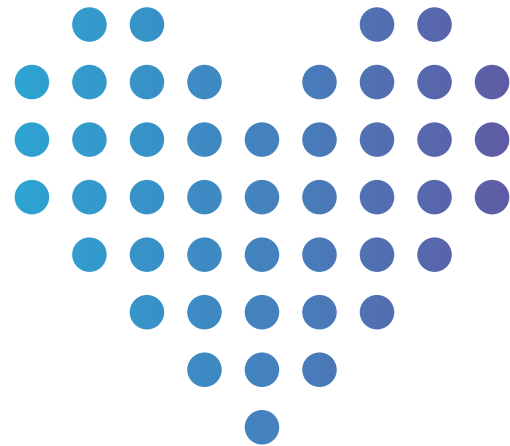
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SEE THAT



ABOUT SEETHAT

SeeThat are a team of video content specialists creating and promoting video content for incredible brands and organisations across the globe.

We help businesses of all sizes deliver powerful stories by taking advantage of the ever-changing world of online video.

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**CREATING
STANDOUT
MOMENTS** 