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Three Video Trends Driving Online Sales

360° product video, user-generated and interactive video are revolutionizing how brands connect with consumers, but what's required to implement them at scale?

Introduction

From product demonstration videos to customer testimonials to video graphics, it's no secret that brands that deploy videos online get views and grow consumer engagement.

According to a **survey from Wyzowl**, nearly nine in 10 consumer respondents said they bought a product or service after watching a video. In the same survey, roughly 90% of brands surveyed said they are generating sales from video or getting leads and roughly the same number said they plan to use video as a marketing tool in 2023. It's clear consumers are more likely to purchase after their video interaction and brands are increasingly turning to video to drive sales.

89% of consumers surveyed say a video convinced them to buy a product or service.

— Consumer perspective

90% of brands surveyed say videos generated more business leads.

87% of brands surveyed say videos helped them increase sales.

— Brand perspective

When it comes to video, the best has yet to come. Brands of all sizes and across most industries have long dreamt of producing high-quality, innovative video experiences at scale to increase revenue while keeping costs down. What once seemed like a dream is now a reality.

Let's look at three of the latest trends in video technology, and the opportunities and challenges ahead, as brands put these new capabilities to the test.

Trend No.1: Immersive 360° Product Video

Consumers are buying products online at higher rates than ever, they're also returning items at higher rates. Product returns kill profit margins. A **survey** of U.S. retailers conducted by Pitney Bowes found that returns are costing them an average of 21% of order value.

Retailers that provide online shoppers with 360°, high-definition views of a product can reduce returns. According to **threekit**, 360 spin video has become the latest trend in online shopping experience, and that 360° product video can reduce returns by almost 50% and increase online revenues by 13%.

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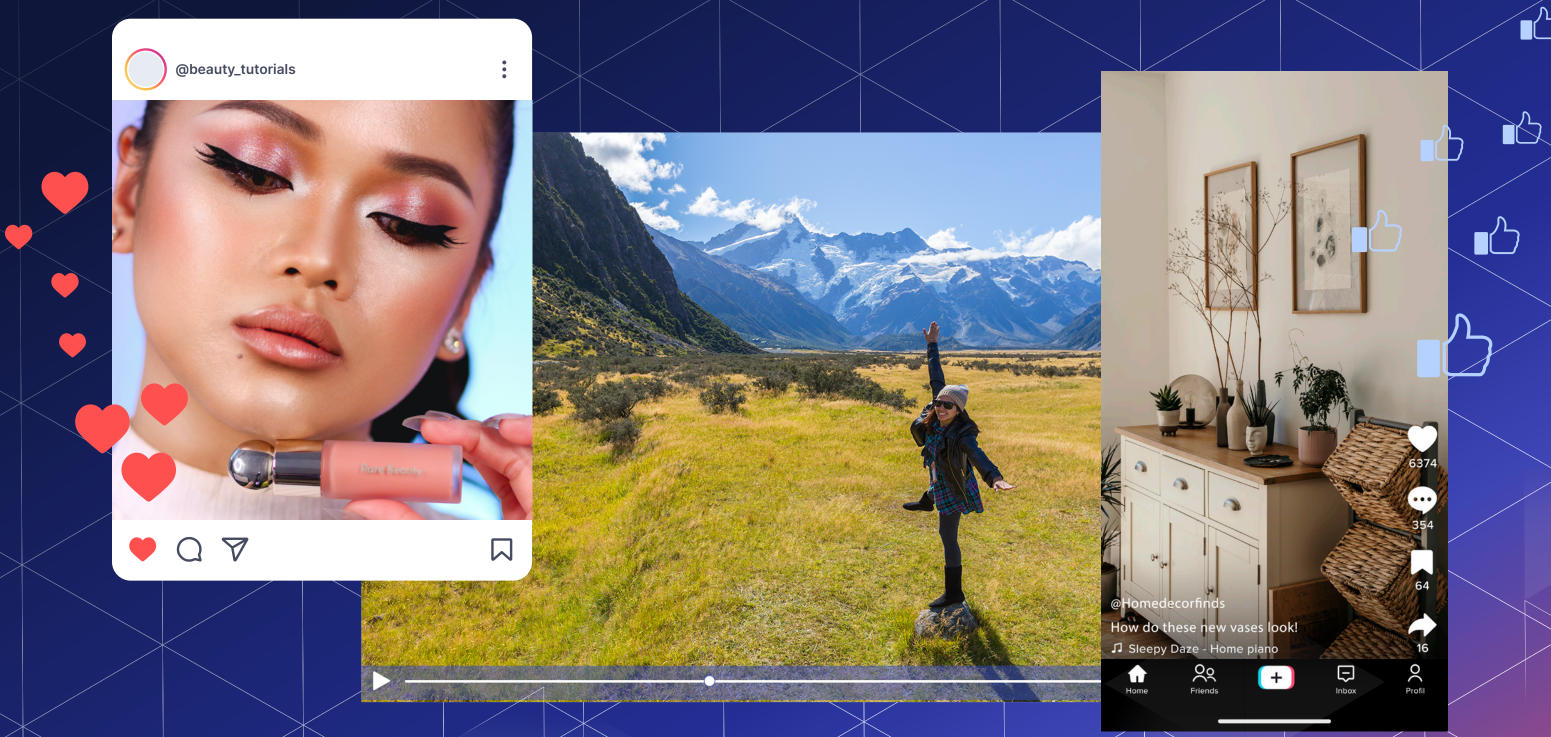
Challenges

When done right, an immersive 360° video experience offers the potential buyer greater confidence in their purchase. Unfortunately, these high-quality videos often lead to heavier file sizes which can slow down webpage loading or lead to a choppy experience especially when viewed on devices with slow internet connection. Brands need to select appropriate video formats and codec to ensure optimal compression, storage, and bandwidth usage while maintaining visual quality, all of which can greatly impact costs if not done correctly.

Another challenge for brands investing in 360° product videos is the need to ensure they are properly cropped and reframed for an omnichannel experience to match all types of mobile devices. Manually performing mundane tasks such as cropping, reframing can quickly drive up costs, slow down productivity, and add time to market.

Key considerations

- **Formats and codecs.** Look at the many video formats (webm, mp4) and codecs (AVC1, HEVC) to determine what compression size and video quality will work best. This can greatly reduce bandwidth and storage costs.
- **Automatic Transcoding.** By automating the process of selecting optimal format and codec based on the end-user's device, internet speed, and browser you can free up development teams from straining over mundane technical details and refocus their time towards other high-value tasks.
- **Adaptive streaming.** Adaptive bitrate streaming (ABR) is a video streaming technique that adjusts the video bitrate to match the device and internet speed and avoids buffering or interruptions. This is another tactic that if done through automation can ensure the best possible experience while saving bandwidth costs.
- **Workflow automation.** Content-aware AI and machine learning algorithms can automate mundane tasks such as video cropping, reframing, applying spotlights and more. While many off-the-shelf vendors claim to offer such services it's important to assess the accuracy of their algorithms or else it can lead to rework and slow down productivity.



Trend No. 2: User-Generated Video

There's no better advertising than word of mouth. User-generated content (UGC) is authentic and builds immediate trust. A **study by Bazaarvoice** finds nearly 80% of consumers are more likely to buy a product that they discovered through user-generated content (UGC). The same study also found that more than half of consumers said UGC makes them more confident in buying a product than any professionally produced content.

80% of consumers are more likely to buy a product that they discovered through user-generated content

Now, add the power of a video testimonial, and that messaging is amplified. Whether it's as basic as a person posting a video about their love of a new flavor of sparkling water, or a video of a hotel guest showing off the elegance and amenities of their hotel room, user-generated video (UGV) drives sales.

Challenges

Sourcing content as fast as consumers upload is tough. Typically, uploaded videos come in all file sizes and lengths. Equally challenging is the video quality. Seldom do consumers devote much time or effort to production value. These are happy customers, enjoying a moment, not professional videographers, so such videos often need fine-tuning the size, length, resolution or audio.

Then there's the moderation component. Happy users have been known to express their pleasure using language others might find overly enthusiastic to outright offensive. Managing a review process can be labor intensive and time consuming.

Key considerations:

- **Upload.** Allow users the flexibility to upload videos not only from social media but also sources such as their mobile device and other content apps. Providing a simple upload widget that doesn't require complex login or authentication can make the upload process seamless. Lastly, specifying maximum file sizes that can be uploaded will ensure faster upload times and prevent any crashes.
- **Enhancement.** Manually fine-tuning resolution, improving audio, or adding subtitles to hundreds if not thousands of user-generated video content is time consuming and cost-prohibitive. AI and machine learning powered tools that can automate moderate video enhancement during the upload process will greatly improve the ability to adopt UGV at scale.
- **Content moderation.** AI and machine learning based video moderation solutions can cut time needed to review content for unfavorable or offensive language. However, make sure to assess the accuracy of such solutions to avoid false positives. Ideally these solutions should offer the ability to set tolerance levels for various types of content and manual intervention when those tolerance levels are exceeded.
- **Cross-channel delivery.** The more channels the content appears on, the higher the ROI. Find a solution that can enable optimal size compression and video quality across mobile, email, social, etc., at scale.

CHOOSE YOUR STYLE

Trend No. 3: Interactive Video

Consumers no longer want to passively watch a video. Interactive video with features like ability to zoom in on a product or click on links to learn more and even instantly shop products and services, is increasingly gaining momentum.

80% of marketers report higher online sales with an interactive video compared to a standard video

A **Forrester study** reported that the completion rate for a video increases by nearly 50% if it's interactive. Furthermore, according to a study by **Spiel**, nearly 80% of marketers surveyed reported higher online sales when they used an interactive video compared to a standard video.

Challenges

One of the biggest challenges with adding interactivity to videos is integration with multiple tools, apps, data sources such as commerce platforms, content management systems (CMS), and more. Legacy, monolithic platforms further add to the integration complexity and cost.

Adding interactivity to a video typically requires in-house development expertise. Outsourcing such tasks can come at a significant cost.

Key considerations

- **Composability.** The best way to lessen the integration complexity is to invest in a composable, and preferably, MACH-certified, video solution. MACH solutions offer best-in-breed video management capabilities and are simpler to integrate with your existing technology stack, no matter how legacy or monolithic it may be.
- **Configurability**. Investing in a video solution offering out-of-box capabilities for interactive video along with the ability to "configure vs. customize" specific features can speed time to market and save costs. Perform an ROI analysis for such solutions before building in-house or outsourcing to costly agencies.
- **Visual media layer.** Lastly, a single-point solution for a specific use case such as interactive video is not feasible to maintain long-term, so invest in technology that can meet all your current and evolving visual media needs including images, video, 360, 3D, AR/VR experiences, and more.

Next-generation video solution

The future of omnichannel ecommerce will be video-focused, immersive, user-generated and interactive, and designed to keep consumers engaged longer while positively influencing online sales.

To capitalize on these video trends, technology leaders especially within the ecommerce space, need to carefully assess their existing video solution and determine whether it can support:

- Automatic transcoding
- Adaptive streaming
- AI-powered cropping
- Automatic enhancement
- Composable and configurable solution
- Singular visual media layer

Brands that implement the latest video technology advancements at scale will likely maximize online sales and ROI.

Learn how Cloudinary's next-generation video solution empowers brands to engage and convert users online
https://cloudinary.com/solutions/video

About Cloudinary

Cloudinary's mission is to empower companies to deliver visual experiences that inspire and connect by unleashing the full potential of their media. With 60 billion assets under management and nearly 10,000 customers worldwide, Cloudinary is the industry standard for developers, creators and marketers looking to manage, transform, and deliver images and videos online. As a result, leading brands like Atlassian, Bleacher Report, Bombas, Grubhub, Hinge, NBC, Mediavine, Minted, Peloton and Petco are seeing significant business value in using Cloudinary, including faster time to market, higher user satisfaction and increased engagement and conversions. For more information, visit www.cloudinary.com.