

DOES PRODUCTION QUALITY MATTER IN VIDEO ADVERTISING?

A WISTIA REPORT

BY BARB GAGNE + PHIL NOTTINGHAM

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EXECUTIVE SUMMARY

METHOD

RESULTS

CONCLUSIONS

KEY INSIGHTS

RECOMMENDED ACTIONS FOR 2019

METHOD

Hi! We're Wistia, a video software company from Cambridge, Massachusetts, and we wanted to explore how much video production budget really affects the efficacy of an ad. We asked ourselves: Do companies really need to spend hundreds of thousands of dollars on actors, cameras, and a glossy finish to generate a return—or will an iPhone and a video budget of a thousand bucks do the trick? Or, does the ad-making magic lie somewhere in between these two extremes?

We had to find out. So, we reached out to our friends at Sandwich Video in L.A. with the creative challenge of making three videos, all for the same product, with three radically different budgets:



\$1,000



\$10,000



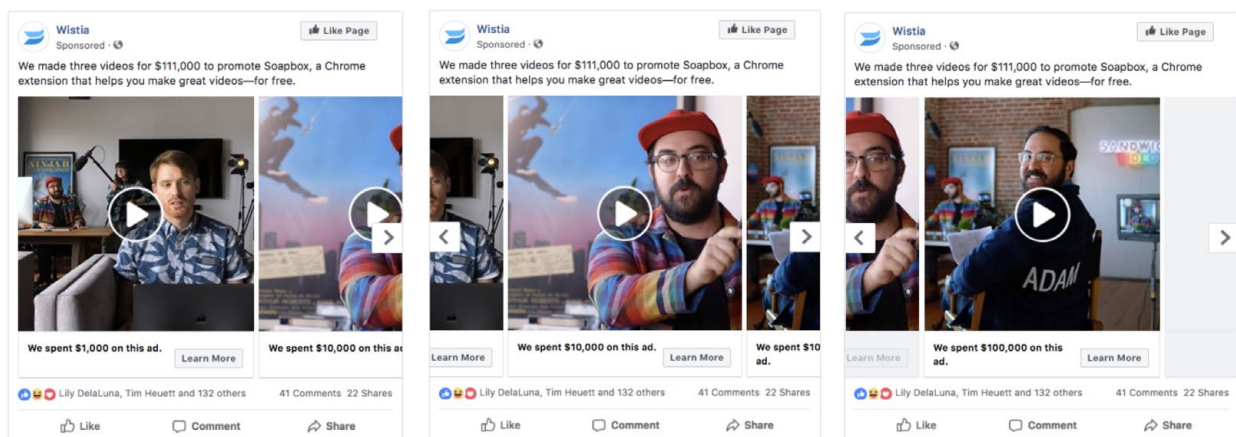
\$100,000

Lasting about two minutes each, Sandwich used each ad to tell somewhat of the same story about using our video creation tool, Soapbox.

Want to see the ads for yourself? Check them out [here! →](#)

We launched the ads on YouTube and Facebook with similar targeting and copy—with our goals set around driving Soapbox installations, with a key performance indicator (KPI) of Cost Per Install, and boosting overall brand awareness (with a KPI of viewers watching 25% of the video).

Then, to test the idea of having multiple ads forming a single campaign, we also tested two innovative ad formats on Facebook. One, we experimented with sequential advertising (e.g., if you viewed the \$1K ad, then you'd be served up the \$10K version, and so on.) Two, we used the Facebook carousel ad format to display the three video ads, so viewers could watch and compare them all at once.



RESULTS

COMPARING THE ADS AND CHANNELS

	Youtube cost per install	Facebook cost per install	Youtube cost per view *	Facebook cost per view *	Youtube cost per 25% view **	Facebook cost per 25% view **
1K	\$12.74	\$54.04	\$0.08	\$0.14	\$0.37	\$1.09
10K	\$6.66	\$23.57	\$0.08	\$0.10	\$0.46	\$0.65
100K	\$10.75	\$77.54	\$0.09	\$0.18	\$0.43	\$1.53

COMPARING THE AD BUYS (I.E. ALL ADS COMBINED)

	Cost per Install	Cost per View*	Cost per 25% View**	Total Spend	Views	Impressions
Direct Response Youtube	\$11.18	\$0.08	\$0.40	\$7,363	90,761	409,147
Direct Response Facebook	\$35.02	\$0.13	\$0.87	\$9,212	72,910	247,467
Carousel Facebook	\$34.89	\$0.35	\$1.80	\$23,970	68,180	523,352
Sequential Facebook	\$280.61	\$0.09	\$0.89	\$6,173	68,888	599,678

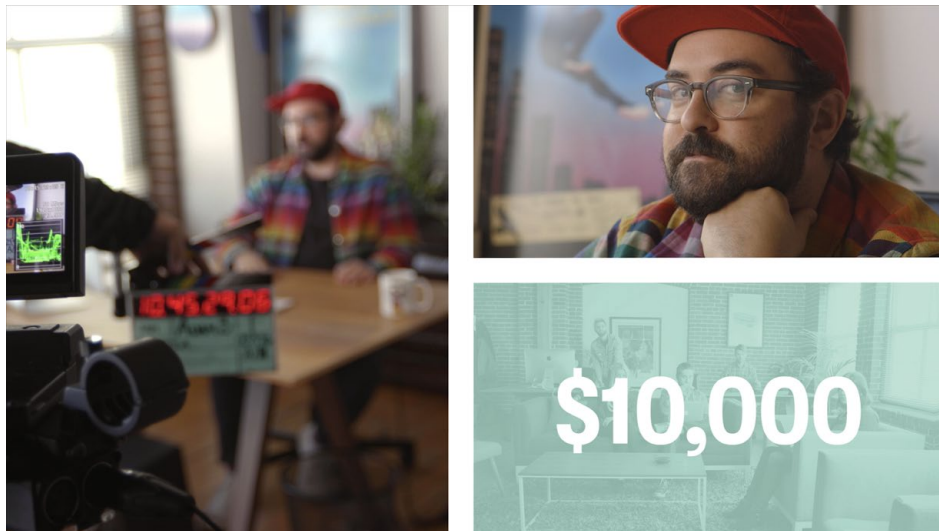
* “Cost Per View” indicates that the video was played for more than 3 seconds on Facebook and according to YouTube’s individual calculations.

** “Cost Per 25% View” indicates that at least 25% of the video was watched. In our case, this means a view lasting 35 seconds or more.

CONCLUSIONS

1. GOOD STORYTELLING MATTERS FAR MORE THAN PRODUCTION QUALITY.

When we reviewed the data, the \$10K video performed twice as well as the \$1K and \$100K ads, with nearly half the Cost Per Install (CPI). On YouTube, the \$10K ad had an average CPI of \$6.66 vs. >\$10 for the other two ads, and on Facebook, the difference was even more dramatic.



Internally, we felt the \$10K version had the strongest overall narrative and connection to the product, and our audience seemed to agree, as seen in blog comments on [this post.](#) →

“The \$10K ad connected to me most. The \$100K ad seemed too much like a commercial and too polished...The video was outstanding, but the \$10K ad felt more genuine. When I see some videos [that are] SUPER well-produced, my brain instinctively thinks of it as a larger corporation trying to sell me something. When it’s not as well-produced, I think of it as more small business or mom-and-pop.”

2. A GLOSSY FINISH DOESN'T MEAN GREAT RESULTS

Throughout this campaign, we discovered that production quality may not matter very much at all. In fact, we found that across the board, the ad shot on an iPhone performed just as well (if not better) as our video shot with a full Hollywood film crew. On Facebook, we spent \$1.09 getting someone to watch 25% of the \$1K ad, and nearly 50% more—at \$1.53—getting the same impression on the \$100K video. The average Cost Per Install for the \$1K ad on Facebook was 30% less than the \$100K variant. Cost Per Install on YouTube was fairly similar for both videos, with the \$100K taking the edge by a small margin.

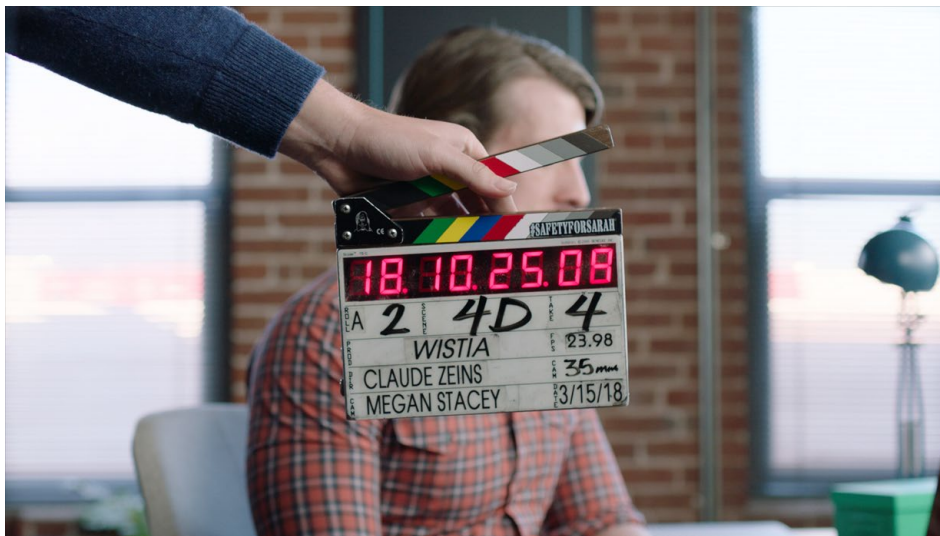
We think the storytelling in both \$100K and \$1K videos is of similar quality, so consider this some proof that production quality is, at a minimum, of relatively low overall importance in video advertising.

However, that's not to say gloss is never important. Often times, if you're trying to elevate the perception of a new brand or product, a flashy, polished video will help to prove legitimacy, as well as

demonstrate care and attention. But for this campaign in particular, the finish didn't hold as much weight as we thought it might.

3. THE BIGGEST VARIABLE IN VIDEO ADVERTISING IS THE VIDEO ITSELF

In every comparative test we ran, the \$10K video performed best overall, regardless of targeting, the type of advertising, or the supporting copy. In fact, even our worst performing variant of the \$10K ad out-performed our best performing variant of the \$1K or \$100K ads. On Facebook, with all other variables held constant, the \$10K video provided a Cost Per Install of \$23.57, while the \$100K video cost more than three times as much for the same results, with a CPI of \$77.54.



4. YOUTUBE WON'T AUTOMATICALLY GIVE PREFERENCE TO YOUR BEST PERFORMING AD

In our tests, the ad which was ordered first in any particular group steadily received the most impressions, and the ad at the bottom of the group had the fewest. A better performance (across all measurable metrics) from other ads in the group didn't lead to a more frequent delivery over time, in spite of our expectation.

We tried to change this behavior by decreasing the Cost Per Install goal, thereby forcing the system to deliver the best performing ad, but it didn't make a difference. It seems separate ad groups would be needed to solve for this, rather than relying on Google's algorithm to optimize budgets.

5. A FACEBOOK "VIDEO VIEW" IS A METRIC WITHOUT A CLEAR MEANING

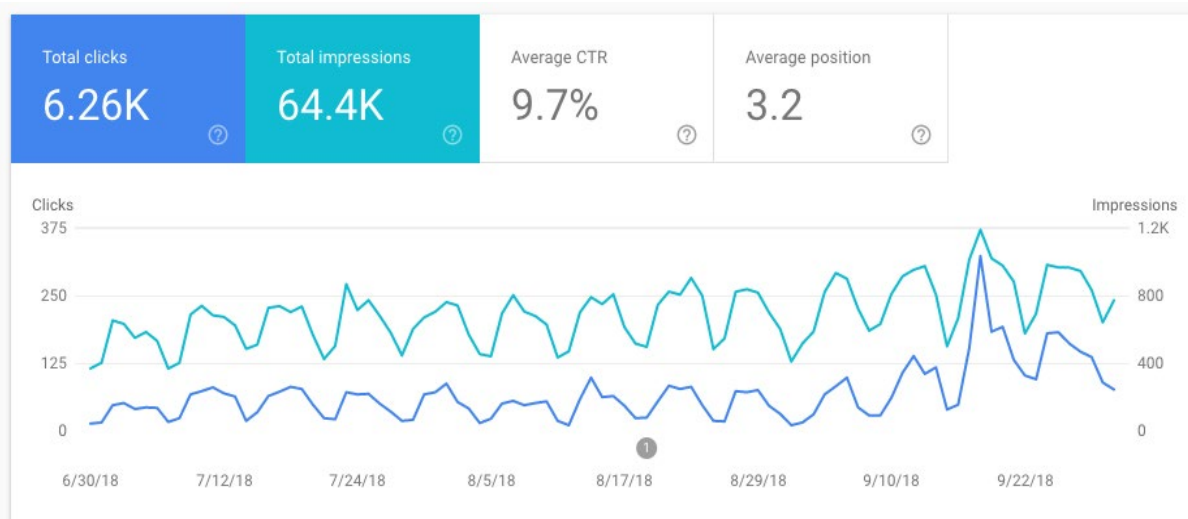
Facebook have come under fire recently for [inflating view metrics](#), but perhaps more egregious than this is how little clarity there is on what actually constitutes a "view" in Facebook's eyes, in a world where many media agencies judge success on a Cost Per View basis. Scrolling past an autoplaying video on a phone or browser appears to trigger a "play" (distinct from a view), as observed by our sequential video campaign which (optimized for reach) which had 398,385 video plays, of which only 17% (69K) actually constituted a view of more than 3 seconds in length. However, a "view" as displayed on the publicly visible view counter appears to be a somewhat arbitrary figure compared with the numbers available in Facebook ads manager - something more than a '3 second view' but less than a '10 second view'.

6. YOUTUBE IS A MORE EFFICIENT CHANNEL FOR DRIVING INSTALLS, BUT FACEBOOK MAY BE MORE EFFECTIVE AT DRIVING BRAND AWARENESS

In terms of Cost Per Install (CPI), The Trueview for Action format on YouTube worked most efficiently for us, with every variation of the ad. This format includes a clear “call to action” and only charges advertisers if audiences watch >30 seconds (or 100% of the video if the ad is shorter).

Because this format charges based on engagement rather than pure impressions, it seems to work well to distribute content that fits a “viral advertising” content type—videos between 30 seconds and three minutes, which tell a shareable story, tied to a specific product.

However, Facebook, with its more varied ad options, enabled us to drive the volume of views necessary to drive a big uplift in brand awareness (observed via a bit of an uptick in searches for the word “Soapbox” as shown below):



Despite delivering a very high Cost Per Install, the sequential advertising concept we embraced (serving the \$10K ad to those who watched the \$1K, and then the \$100K version to those who watched the \$10K ad) enabled us to drive nearly 600,000 impressions with a Cost Per Thousand (CPM) of just over \$10, our most efficient by in terms of getting the most eyes on our content.

This is likely because once someone has watched one of your videos, they become more familiar with your brand. Thus, making it more likely that they'll watch more of your videos in the future.

KEY INSIGHTS

→ Brands of all sizes should care far more about telling compelling stories than making flashy videos.

→ SMBs shouldn't think effective video advertising is out of their reach. A lot can be done with tight resources.

→ Big Businesses should invest way more time and resource in telling the right story, rather than expecting production values to see them through. Small improvements in storytelling will have outsized returns compared to big improvements in production quality.

RECOMMENDED ACTIONS FOR 2019

→ If you're just starting out with video advertising, start by creating content with very small budgets, to see if it can work for your brand.

→ If you don't have one yet, hire an in-house video producer who can own the voice of your brand through video.

→ Split test variants of the videos you're using for advertising, not just variables within the targeting and supporting ad copy.

→ Consider that video isn't just for brand awareness, and can be used to drive action from potential customers too. Try direct response, conversion focused video ads rather than just using video to get views on branded content.

→ Consider creating videos that comprise a series, in order to take full advantage of video carousels and sequential advertising on Facebook.



THE FULL REPORT

The rest of this document contains a detailed rundown of the experiment summarized above, including explanations behind our thought-process, how we came up with our plan, and the final results of the campaign.

OUR GOALS, AD BUYS, AND METHODOLOGY

THE RESULTS

WHAT WE LEARNED

WHAT THIS MEANS FOR BIG BUSINESS

WHAT THIS MEANS FOR SMBS

WHAT THIS MEANS FOR MARKETERS

PARTING THOUGHTS

CONTACT DETAILS

APPENDIX

GOALS

At the highest level, this campaign was meant to generate awareness and interest in Soapbox–Wistia's video creation tool—and to acquire new customers (defined as installs of the Chrome extension). But, given that we were creating three conceptually similar ads, with the same creative team, for radically different budgets, we also wanted to answer the obvious question:

“Does production quality make a big difference in an ad’s effectiveness?”

Then, we surmised that if we ran each of our ads against one another—using the same placement, copy, and targeting for each—that it would be easy to discover which ad, at which budget, is the most effective and efficient at driving product installs.

The campaign had two core key performance indicators, or KPIs:

1. Cost Per Install
2. Cost Per 25% view

For the primary KPI, we chose an efficiency metric that easily allowed us to calculate ROI. Most case studies of video advertising focus on the video consumption - number of views - and while views can drive awareness of a brand or product, they don't necessarily always translate into business results.

Most small businesses, like Wistia (we're just shy of 90 people) need to see return from any work they're doing with video advertising, and can't afford to drop hundreds of thousands in the hope that it'll reap rewards somewhere down the line. That's why Cost Per Install is our main focus—it directly ties to our bottom line. As Soapbox is a freemium

product, knowing our average conversion rates to a paid plan made it relatively simply to define a target Cost Per Install that would suggest a positive return on investment. While we haven't revealed that exact target in this report, we can confirm that many of our ad buys crossed this ROI threshold, which has since spurred further investment in video advertising.

Our secondary metric was more about efficacy: Cost Per 25% View. If a viewer watched 25% of the video (which is about 30 seconds) to us, that's enough to leave a meaningful impression. So, if an ad buy was driving a low Cost Per 25% View, we know that our target audience is engaging with the content—even if they're not immediately installing the product.

With a total distribution budget of \$60,000 to run over the course of three weeks, we chose to split the budget across three different ad types:

- "Direct response" video ads
- Sequential ads
- Video Carousel ads

“DIRECT RESPONSE” VIDEO ADS

Simply put: we ran the videos against each other on both Facebook and YouTube, with identical targeting and copy to support all three ads, with the call to action being a “sign up” (Facebook) or to “install” (YouTube).

Running the videos head-to-head provided a straightforward way to set up a simple test. With YouTube, we ran single ad groups containing the three videos together, and with Facebook, we ran each ad separately. By doing this, we knew that we would have the most insightful, and cleanest test data, to evaluate the performance of each ad.

SEQUENTIAL ADS

Having three ads with a strong thematic connection (the stories of the three commercials intertwine somewhat), afforded us the opportunity to test something else: Does an ad “impression” become more valuable if it’s presented as part of a bigger story?

To test this, we embraced the concept of “Sequential Advertising” on Facebook. The ads were set up as follows:

- First, we presented the \$1K ad to kick off the story with our target audience.
- Then, users who watched the \$1K ad once were served the \$10K version.
- Finally, those who watched shown the \$10K were then served the \$100k ad.

To keep the user’s attention throughout the entire ad sequence, we ensured the copy in each ad hinted at the fact that there was a larger campaign at play. For example, the text copy above the video referenced the larger production budget at stake: “We spent \$111K on three ads to show you why you’re going to love Soapbox, our free video creation tool for business.”

VIDEO CAROUSEL ADS

Lastly, we also decided to also use the [Facebook Video Carousel](#) ad format to display the three video ads in sequence. We had seen prior success in using single image carousel ads to efficiently drive engagement and conversions—but we had never tried running a video in a carousel ad unit. [Most companies](#) use this format to tell a linear story with three, simple short ads. But few we noticed, had created three standalone ads for the same product that all work together to tell a more complex narrative. So, we were eager to test out this approach.

TARGETING

Both YouTube and Facebook have their strengths and capabilities as ad platforms. For example, since you need to be logged into Facebook to view your News Feed, Facebook's ability to target audiences based on their interests is really strong. This then helps fuel “lookalike” targeting based on custom audiences created.

For those unfamiliar, a lookalike audience is a group of people Facebook pulls together because they are similar to the type of people you are trying to reach; in our case sales and marketing professionals.

Another targeting method offered by Facebook is “engagement audience”. This is when you target users who’ve engaged with an ad from another campaign. In our case, we wanted to target those who have watched >75% of another Wistia video on Facebook.

So, with Facebook, we ended up with two core targets:

- Lookalike audience based on a customer match (sales and marketing professionals)
- Engagement audience targeting those who watched >75% of another video

This enabled us to ensure that with Facebook, we were genuinely distributing our ads to the people likely to become future customers.

YouTube, however, is a slightly different beast. Because users are browsing more actively than passively, you already have a captive audience when you run video ads on this channel, with the “skip ad” button allowing them to ignore your ad fairly painlessly.

YouTube's targeting is based primarily on search and browsing behaviors on and off the YouTube platform that you can pull in for targeting your video ads. In this case, we used four types of targeting to reach relevant sales and marketing professionals:

- 1. In-market audiences:** those who have previously searched for advertising, marketing, and/or video software in Google.
- 2. Custom intent:** based on non-brand search terms.
- 3. Topics:** those who have shown interest in marketing, sales, video software search.
- 4. Remarketing:** those who have previously interacted with, or watched our videos on YouTube.

THE RESULTS

Throughout the three-week campaign, we optimized on a weekly (and sometimes daily) basis, shifting dollars between Facebook and YouTube, and focusing on the efficient volume-driving placements and ads.

Here are the numbers:

COMPARING THE ADS AND CHANNELS

	Youtube cost per install	Facebook cost per install	Youtube cost per view *	Facebook cost per view *	Youtube cost per 25% view **	Facebook cost per 25% view **
1K	\$12.74	\$54.04	\$0.08	\$0.14	\$0.37	\$1.09
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COMPARING THE AD BUYS (I.E. ALL ADS COMBINED)

	Cost per Install	Cost per View*	Cost per 25% View**	Total Spend	Views	Impressions
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* “Cost Per View” indicates that the video was played for more than 3 seconds on Facebook and according to YouTube’s individual calculations.

** “Cost Per 25% View” indicates that at least 25% of the video was watched. In our case, this means a view lasting 35 seconds or more.

WHAT WE LEARNED

So, at the end of the day (and campaign), how did the ads perform? Does a business need to spend \$100K on a video ad to be successful, or is \$1K actually sufficient? Or, is the sweet spot actually somewhere in between?

Drumroll, please...

THE \$10K AD PROVIDED THE MOST BANG FOR OUR BUCK

Across the board, the \$10K video ad was the overall best performer, striking the right balance for us between professionalism and authenticity.



On Facebook, the \$10K video ad recorded a Cost Per Install of \$23.57, and on YouTube, it was \$6.66. This is half the Cost Per Install the \$1K and \$100K versions had on Facebook and YouTube, respectively. It also drove

the most efficient Cost Per 25% View on Facebook at \$0.65. However, when comparing the relative Cost Per 25% View on YouTube, the \$10K video was actually the most expensive at \$0.46. Because the \$10K ad on YouTube was our most efficient combination for actually driving installs, we can conclude that individuals who actually watched the video all the way through were most likely to convert, but that perhaps the first 10-30 seconds of the video were not as compelling for our audience as the beginnings of the other ads.

We were not surprised to see that the \$10K video performed the best against our goals. It validated many of our own opinions, and opinions from our audience about which video ad they liked best, and why.

We believe the reason the \$10K performed best probably has relatively little to do with production quality, and far more to do with great storytelling.

A \$1K VIDEO CAN BE JUST AS EFFECTIVE AS A \$100K VIDEO.

Across the board, the ad shot on an iPhone performed just as well (if not better, in some groups) as our video shot with a full Hollywood film crew. On Facebook, we spent \$1.09 getting someone to watch 25% of the \$1K ad, and nearly 50% more—at \$1.53—getting the same impression on the \$100K video. The average Cost Per Install for the \$1K ad on Facebook was 30% less than the \$100K variant. Cost Per Install on YouTube was fairly similar for both videos, with the 100K taking the edge by a small margin.

Therefore, it should be fairly uncontroversial to suggest that high performing video advertising is within reach for most small businesses. That's because,

WHAT WE LEARNED

the essential ingredient for a successful video (despite being often overlooked) is not the style but the story.

That's not to say production quality is never important. Oftentimes, a high-end video can elevate a brand and build trust. Subconsciously, we recognize that a company who has created a high-end, polished video will probably show as much care and attention to their product and customers.

But, as we've shown, especially in the B2B and tech space, it is possible to get great returns doing things in a much more scrappier way.



THE BIGGEST VARIABLE IN VIDEO ADVERTISING IS THE VIDEO ITSELF.

In every comparative test we ran, the \$10K video performed best overall, regardless of targeting, the type of advertising, or the supporting copy. In fact, even our worst performing variant of the \$10K ad out-performed our best performing variant of the \$1K or \$100K ads. With all other variables held constant on Facebook, the \$10K video provided a Cost Per Install of \$23.57, while the \$100K video cost more than three times as much for the same results, with a CPI of \$77.54.

Yet this most critical variable, the content itself is rarely, if ever, accounted for in advertising best practice.

In every comparative test we ran, the \$10K video performed best overall, regardless of targeting, the type of advertising, or the supporting copy. In fact, even our worst performing variant of the \$10K ad out-performed our best performing variant of the \$1K or \$100K ads. With all other variables held constant on Facebook, the \$10K video provided a Cost Per Install of \$23.57, while the \$100K video cost more than three times as much for the same results, with a CPI of \$77.54.

Video ads are usually created and approved within the closed ecosystem of a marketing department or content agency, while a paid media professional (with an eye on the numbers in real-time) tweaks copy and targeting, constantly making adjustments.

Because a lot of these videos are tested in silos means that companies may never split-test the videos themselves. They may change the language, the landing page, or even the CTA, but they may not ever have the push to update what matters most: the actual video.

DIFFERENT VIDEOS DO DIFFERENT THINGS BETTER.

While the \$10K was the runaway winner across all the metrics we tracked, the story is much more nuanced when comparing just the \$1K and \$100K videos.

On Facebook, the \$1K video had a lower Cost Per 10-Second View (\$0.43 compared to \$0.57), but the \$100K was slightly more efficient at driving visits to our campaign landing page, with a Cost Per Visit of \$18.93 compared to \$19.02.

YouTube shared a similar story. The \$100K had a slightly worse view rate, but an improved conversion rate. Meaning, when people watched it, they actually converted—but for getting attention, the start of the \$1K ad was actually better than the sharp and glossy intro on the \$100K ad.

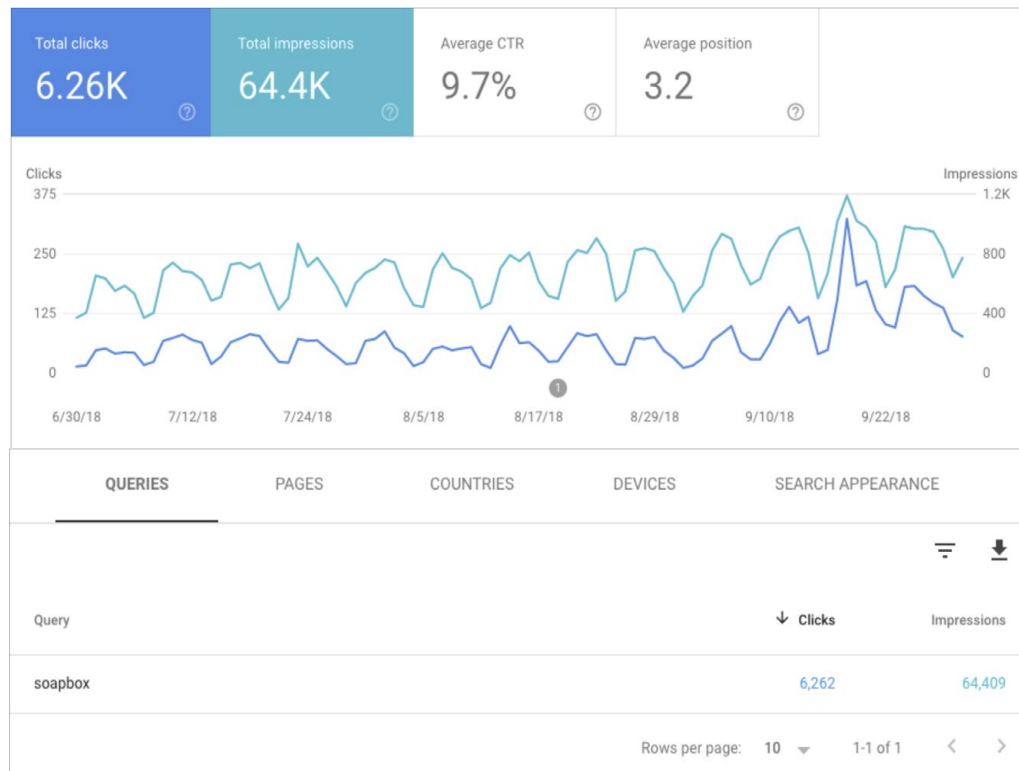
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Because this format charges based on engagement rather than pure impressions, it seems to work well to distribute content that fits a “viral advertising” content type—videos lasting between 30 seconds and three minutes which tell a shareable story, tied to a specific product.

WHAT WE LEARNED

However, Facebook, with its more varied ad options, enabled us to drive the volume of views necessary to drive a big uplift in brand awareness (observed via a bit of an uptick in searches for the word “Soapbox” as shown below):

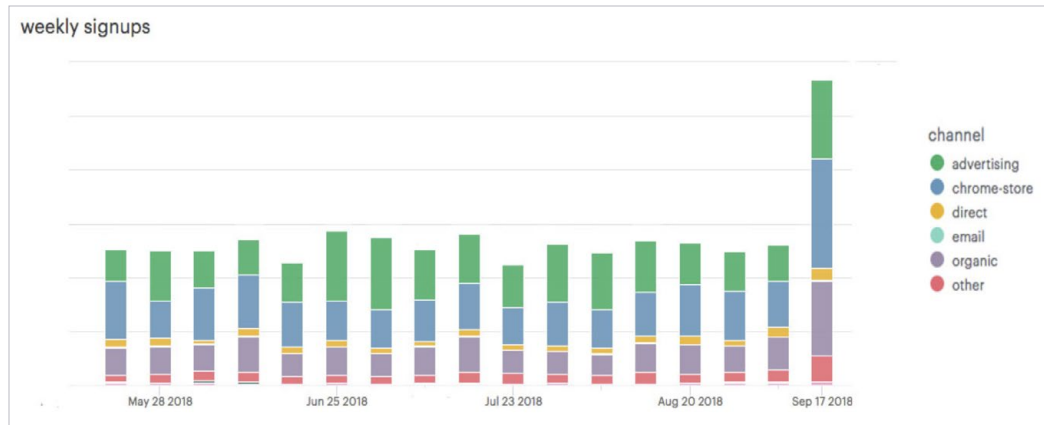


Despite delivering a very high Cost Per Install, the sequential advertising concept we embraced (serving the \$10K ad to those who watched the \$1K, and then the \$100K version to those who watched the \$10K ad) enabled us to drive nearly 600,000 impressions with a Cost Per Thousand (CPM) of just over \$10, our most efficient in terms of getting the most eyes on our content.

This is probable because once someone has watched one of your videos, they're more likely to watch another one.

TRACKABLE INSTALLS ONLY TELL HALF OF THE STORY.

Prior to launching this campaign, we had a fairly stable marketing funnel with a consistent acquisition rate.



Our data shows in addition to driving more direct installs of Soapbox (a conversion), the ad distribution also led to many more installs from organic search, the Chrome store, and other channels including referrals. We estimate for every install we were able to attribute directly to the video advertising, we secured another two installs from other channels. This means we were able to judge the value of the overall campaign past the attribution available from Facebook and YouTube, observing a wider positive impact.

The campaigns that drove reach and frequency also seemed to have a bigger impact on the tangential acquisition channels (organic search and Chrome store) than the campaigns delivering a low Cost Per Install. So, while it's hard to be incredibly precise, the sequential campaign delivering a huge Cost Per Install may have done more to boost overall install volume than the campaigns with a better directly attributable return.

THE VIDEO CAROUSEL FORMAT IS EFFECTIVE BEYOND THE VIDEOS THAT COMPRISE IT.

Our video carousel buys were, in aggregate, our most efficient spend on Facebook in terms of Cost Per Install (\$34.89). However, they were also the most expensive buy in terms of Cost Per View and Cost Per 25% View. This suggests that the presentation of the carousel itself, with three interrelated videos, was sufficient to grab the attention of some users who then clicked the Call to Action and completed a conversion without watching the videos in the carousel (though they were able to see the videos on the campaign landing page).

Therefore, we can conclude that the experience of displaying three interlinking videos is one that users are likely to engage with, and marketers should consider thinking of video advertising campaigns past just a single video in order to take advantage of the carousel format.

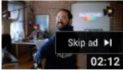
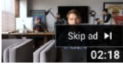



GOOGLE ADS DOESN'T NECESSARILY WORK IN YOUR FAVOR.

Even though the \$10K ad was our best performing video across the board, it was not the variant Google chose to show most frequently.

We set up our YouTube campaigns deliberately agnostic of the video, allowing Google to show each as frequently as it saw fit. As it turned out, Google seemed to prefer the video that was placed first in the sequence, regardless of its performance.

This is likely due to a lack of sophistication in the Google Ads platform, rather than malintent by Google here. However, advertisers on YouTube should be wary to exert control over their ad-groups instead of trusting Google will bias toward the best performing creative.

<input type="checkbox"/>	Ad	Status	Ad type	↓ Impr.	Views	View rate	Avg. CPV	Cost	Earned views	Conversions	Cost / conv.	Conv. rate
<input type="checkbox"/>	\$100k Video - Install Soapbox											
<input type="checkbox"/>		Approved	Video ad	65,234	12,270	18.81%	\$0.11	\$1,352.31	47	135.00	\$10.02	1.09%
<input type="checkbox"/>	\$1k Video - Install Soapbox											
<input type="checkbox"/>		Approved	Video ad	59,723	11,419	19.12%	\$0.11	\$1,231.14	26	109.00	\$11.29	0.94%
<input type="checkbox"/>	\$10k Video - Install Soapbox											
<input type="checkbox"/>		Approved	Video ad	15,196	3,087	20.31%	\$0.11	\$353.95	8	52.00	\$6.81	1.66%

In fact, even when there was a marked difference in Cost Per View and view rate, as per the ad group below, Google chose to spend more time serving the ad with the highest cost, not the lowest.

WHAT WE LEARNED

<input type="checkbox"/>	Ad	Status	Ad type	Impr.	Views	View rate	Avg. CPV	Cost	Earned views	Conversions	Cost / conv.	Conv. rate
<input type="checkbox"/>	\$1k Video - Install Soapbox	Approved	Video ad	132,358	32,457	24.52%	\$0.07	\$2,258.79	91	165.00	\$13.69	0.50%
<input type="checkbox"/>	\$100k Video - Install Soapbox	Approved	Video ad	73,882	16,748	22.67%	\$0.07	\$1,171.49	54	87.00	\$13.47	0.50%
<input type="checkbox"/>	\$10k Video - Install Soapbox	Approved	Video ad	7,450	1,863	25.01%	\$0.06	\$118.55	7	21.00	\$5.65	1.06%

Thus, in the initial stages of our YouTube campaign, we discovered the \$10K was getting the fewest views, despite being the most effective ad according to all measurable standards. This prompted us to adapt our campaign and give Google less control. Advertisers on YouTube should be wary to exert control over their ad-groups, rather than trust that Google will bias toward the best performing creative.

FACEBOOK'S "VIEW" METRIC IS VERY UNCLEAR.

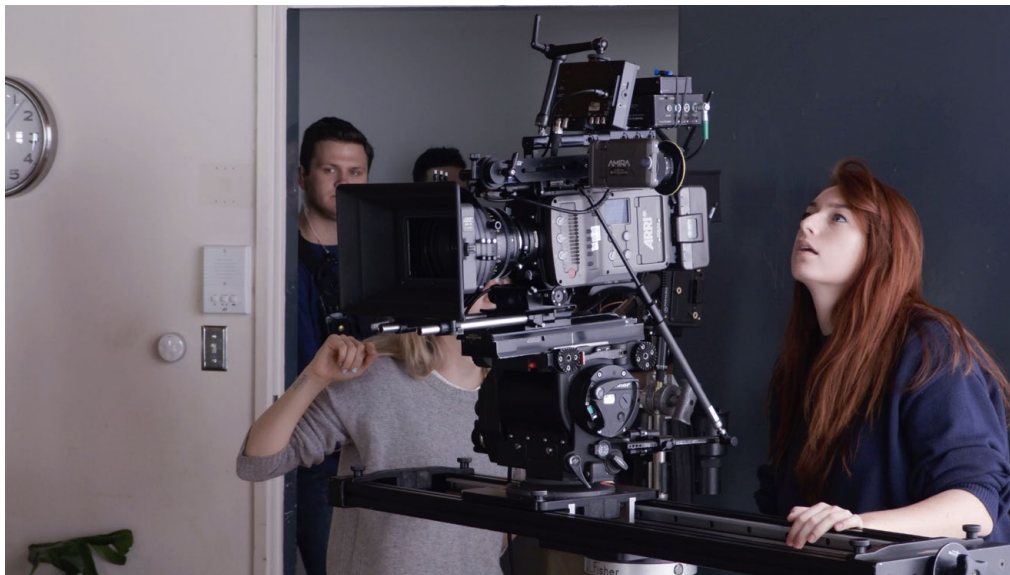
Facebook have come under fire recently for [inflating view metrics](#), but perhaps more egregious than this is how little clarity there is on what actually constitutes a "view" in Facebook's eyes, in a world where many media agencies judge success on a Cost Per View basis. Scrolling past an autoplaying video on a phone or browser appears to trigger a "play", as observed by our sequential video campaign which (optimized for reach) which had 398,385 video plays, of which only 17% (69K) actually constituted a view of more than 3 seconds in length. However, a "view" as displayed on the publicly visible view counter appears to be a somewhat arbitrary

figure compared with the numbers available in Facebook ads manager—something more than a ‘3 second view’ but less than a ‘10 second view’.

This is somewhat problematic for media companies trying to find digital metrics that equate to the metrics more commonly associated with TV advertising e.g. Cost Per Thousand Impressions (CPM). We think, past conversions and assisted conversions, a “Cost Per X% View” is the best metric to use to judge efficiency of brand impression—since this guarantees that a user has actually watched the video. The percentage chosen will obviously change with the brand and ad in question - but as a rule of thumb, “Cost Per 25% View” is good metric to use in order to quantify the efficiency of video distribution spend on Facebook. “Cost Per ThruPlay”, which means a view longer than 15 seconds, also works.

WHAT THIS MEANS FOR BIG BUSINESS

Big businesses should be wary in assuming that their access to big budgets gives them competitive advantage in the video marketing space, since this is demonstrably not the case. Big brands should therefore use their financial might to be more creative than competition and smaller virals, and ultimately investing in creativity means investing in creative people. We therefore predict an inflation in the market rate for creative video producers in the coming years, paradoxically at the same time that video becomes more accessible to all.



However, creativity necessitates risk. To combat the conservatism and low-risk culture that often kicks-in at large organizations, CMOs in these organizations should try to find ways of encouraging lots of scrappy, small creative projects that can be used as testing grounds for big budget campaigns, and then find the best ideas among these to take forward into a larger campaign.

WHAT THIS MEANS FOR SMBS

SMBs should recognize that successful video advertising is not beyond their means, no matter their size. While the history of TV looms large in our assumptions that video is a “big company” activity, this couldn’t be further from the truth. In fact, video should be seen as a marketing tool that smaller businesses can use to outsmart slower moving and less creative rivals.

Even if \$1,000 is more than a company can afford to make a video, tools like [Soapbox](#) make it easier than ever to get going, and with both YouTube and Facebook offering clear methods of setting conversion goals that directly connect to ROI—it’s a simple question of getting started.

Wistia is an SMB with 85 employees. We have differentiated ourselves, and outpaced the growth of rival, venture-funded firms just by investing in creative video marketing. One of the reasons we’re not worried about sharing so many of our insights in this report is the knowledge that our competitors won’t be able to replicate this campaign, since they lack the magic ingredient that can’t be purchased with venture capital - great creative instincts. Any business in a similarly competitive market can do the same thing, all they need is a willingness to try new things and take creative risks.

WHAT THIS MEANS FOR MARKETERS

Marketers should be aware that the success of a video ad is impacted more by pre-production phase than the production or distribution parts of a campaign. A good, compelling narrative will ensure your ad flies and delivers return on investment, but the absence of one cannot be fixed by a glossy finish, intelligent bidding or good PR.

Paid advertising specialists hold valuable intel about the performance of any video ad, which can tell creative teams how audiences are responding and engaging with the content they've created. Implementing a feedback loop between media and creative is therefore crucial to ensure to both departments iterate and improve on subsequent campaigns.

More broadly, the best marketing teams of the next few years will be those that properly integrate the technical, strategic and creative aspects of their work.

This will mean creative teams recognizing that their standard of “good” is not necessarily aligned with the standard of “effectiveness” defined by the market, and be open to input from marketers who can turn feedback from advertising platforms into actionable advice e.g. “the start is too slow, and we’re losing people at the 20 second mark”. Best practice will increasingly mean testing video creatives before they launch, and amending creative asset after the first wave of distribution in order to achieve better results.

Lastly, and perhaps most optimistically, marketers should be prepared for an increase in demand for the ability to produce and distribute video in a way that delivers ROI. This means, at a minimum, understanding how to write a compelling script that integrates product value proposition, being able to offer quality feedback to creative teams and knowing appropriate channels to distribute the content in question. If you're a marketer with those skills—prepare for a bright future!

PARTING THOUGHTS

THE MEDIUM ISN'T THE MESSAGE.

The unfortunate temptation, especially for smaller businesses, is to think of video as a marketable asset—something that just needs the right distribution tactics to deliver a return.

But the marked difference in performance of the ads when distributed with (near) identical copy and targeting also shows us simply having video isn't enough. You have to have the right video, which has far more to do with good storytelling than it does production value.

The good news is with the right approach and creative mindset, successful video advertising is possible for businesses of all sizes. On the other hand, the difficult truth is a poorly-scripted video, even one produced by the best agency with the highest quality equipment, is unmarketable.

Just as product/market fit is essential for acquiring customers, video/audience fit is essential for acquiring viewers.

INVEST IN PEOPLE, NOT PRODUCTION.

As we've proven, small businesses can (and should) invest in video advertising.

The reason many businesses don't invest in video is likely an assumption inherited from the TV advertising world—that doing video is incredibly hard and expensive.

However, it's not hard in the way many companies think. The critical piece of the puzzle is not amassing a big enough budget to rent the right cameras, but finding the right people to work with—the people who can tell your story in a meaningful and creative way.

There are essentially three ways to do this:

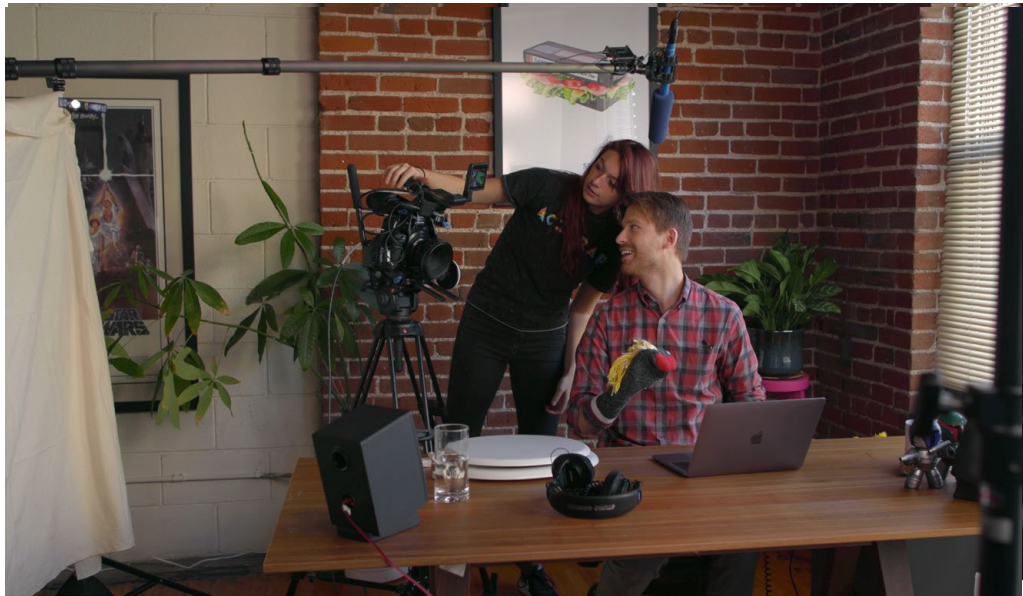
1. **Appoint an agency**
2. **Hire a contractor**
3. **Do it in-house**

AGENCY



When hiring an agency, the most important thing is finding a team who really understands your brand, and can do meaningful work within your budget restrictions. While the production of our mid-priced video cost \$10K, it's not possible to hire a top-tier creative agency for this budget. If you can find a little bit of room in your budget to allocate more money to the project, you can outsource the whole creative process. But, if \$10K is your top budget, you'll need to take care of much of the pre-production process in-house, and find a firm confident they can meaningfully execute on your existing plan.

CONTRACTOR

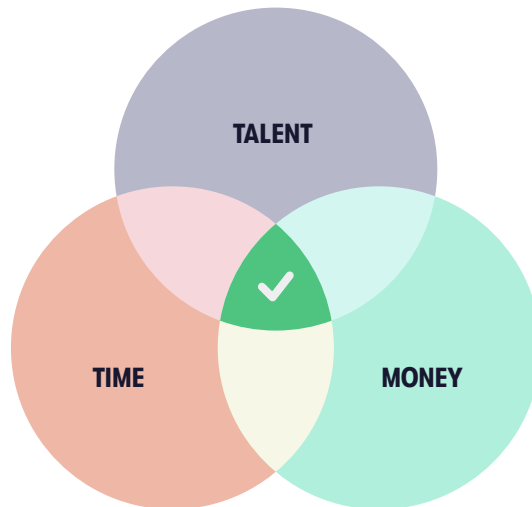


You can probably hire a great contractor to come in and create something for you for \$10K, but the key is finding a well-rounded creative who can write and direct, as well as shoot. If you don't already have a network to pull from, this can be a tough ask. Nevertheless, patience and perseverance are key, and waiting to find a great contractor is usually worthwhile.

IN-HOUSE

When you work on a project in-house, you'll have to hire an in-house videographer full time (students and wedding videographers can be a great place to scout for talent). And for those on a super tight budget (e.g., \$1,000), you might end up creating the video yourself. Luckily, it's never been easier to get started with video, and we've created a whole bunch of content at Wistia to help you get started (all viewable [here](#) →). But, the kicker is that if you're doing it yourself, you need to give yourself time. The \$1K ad was created in a day because the director is highly experienced.

A novice could get the same results, but would need much more time to experiment with different shots and styles while allowing themselves more time to get through difficulties that often come along with any video production or performance.



↑ You need at least one of these.

Low budget video creation is possible if you can make up for tight budgets with time, or existing talent. Wistia didn't have much budget, but we had time, great connections and access to talented in-house creatives to make this work.

But with all three options, the company commissioning the ads still has to do a lot of work. While you can hire good people for both small and big budgets, the one thing that can't be outsourced is the underlying story behind your business, and this story is really what enables video producers to create something meaningful. In many ways, your story is the heart of your business—and that's something you can't outsource.

CONTACT DETAILS FOR Q&A

If you have any questions or comments related to this report, please feel free to contact us at phil@wistia.com, or via twitter at [@wistia](https://twitter.com/wistia).

THE FULL REPORT

APPENDIX

COMMENTS ON OUR METHODOLOGY & LIMITATIONS

This report is designed to compare the outputs in a unique situation where three ads were made for different budgets, although we recognize that not all variables were constant outside of the budgets.

A more direct comparison to determine the absolute value of production budgets would require exactly the same script for each videos, although this may unfairly skew towards the lower budget videos - since the best scripts should be written and edited with budgets in mind.

Additionally, we want to be clear that budgets of the three ads reflected only the production costs—not pre-production, scripting, or time from the creative agency (Sandwich Video) and Wistia. A great video ad requires great creative talent, and this inevitably comes with a cost—the average small business cannot commission an ad from Sandwich video for \$10,000.

With regards to the results and the budgets, we also recognise that the numbers seen in isolation are quite high compared to campaigns from other organizations, and indeed other campaigns we've run at Wistia. Please note that your mileage may vary, and you should not necessarily expect to see similar numbers with your campaigns, as many factors come into play.

In our view, what is important and relevant is the performance of the various ads and formats compared to one another—not the results in absolute terms. Since running the initial campaign in September, we have since optimized the best performing channels and achieved lower Costs Per Install.

PROSPECTS FOR FUTURE RESEARCH

→ What's the ultimate length for a video ad? Three variations of the same script, shot together and edited into three different videos—30 seconds, 2 minutes and 5 minutes.

→ Should you hire actors? Creating the same video with employees vs actors and comparing the results on organic social media and advertising platforms.

→ How much should a video view really cost? Comparing multiple advertising creatives across many businesses on YouTube and Facebook.

→ LinkedIn vs Facebook vs Instagram vs YouTube - Which platform is best for video distribution?

→ Do 'boring' businesses really have a disadvantage? Creating two video ads, one for a company in a boring industry and one for a company in an exciting industry, and comparing which ones performs better

→ Does having a dog in your video really make it perform better? Two versions of the same video, one where Lenny the Labradoodle is present throughout and one where he is missing, which one delivers a better return?

VIDEO MARKETING INDUSTRY FACTS AND FIGURES

- 52% of videos used for marketing are less than 3 minutes in length ([Wistia](#), 2017)
- 81% of businesses use video for marketing in 2018, up 63% from 2017 ([Hubspot](#), 2018)
- Viewers retain 95% of a message when they watch it in a video compared to 10% when reading it in text ([Forbes](#), 2018)
- Nearly two-thirds of shoppers say video has given them ideas for purchases, and more than 90% of them say they've discovered these products and brands on YouTube ([Google](#), 2018)
- People spend on average 2.6x more time on pages with video than without video ([Wistia](#), 2016)
- 43% of people want to see more video content from marketers in the future ([HubSpot](#), 2016)
- 51% of marketing professionals worldwide name video as the type of content with the best ROI. ([Invisia](#), 2017)
- 64% of consumers make a purchase after watching branded social videos ([Tubularinsights](#), 2017).