

Viral Video Marketing Survey:
The Agency Perspective

Summary

Viral video marketing is no longer the new kid on the block.

In light of the success of viral videos sponsored by big brand names like Levi's' "Backflip Into Jeans," Gatorade's "Ball Girl," and Nike's "Kobe Jumps Over Car," advertisers and agencies are evaluating the value of adding viral video to their online marketing mix.

Faced with a tough economic climate, marketers are hurriedly seeking new methods to reach web audiences in the most cost-effective manner. Viral video – which is generally less expensive to produce and market than traditional advertising – is now getting its industry close-up.

But what of the new practice of advertisers creating video less as a commercial and focusing more on its entertainment value? What do the practitioners of new marketing techniques think about viral video and its usefulness?

The term *viral video* refers to video clip content that gains widespread popularity through the process of Internet sharing, typically through blogs and other media-sharing websites.

To answer these questions, Feed Company conducted an online survey of 40 executives at the top US creative ad agencies and media buying firms.

For survey methodology and a complete list of survey participants, please refer to the final page of this report.

Among the highlights:

- ▶ **Brands and agencies are both aware of and interested in viral video.** Eight in ten marketing and advertising professionals are "very familiar" with viral video, and just under half of agency clients (48.8%) are "interested" in viral video, with 23.3% expressing high levels of interest.
- ▶ **Viral video campaigns are likely to produce desirable results.** The majority of respondents (56%) reported being "pleased" with the results of a viral video campaign. Less than 3% say they have been displeased.
- ▶ **Marketers still have not established a benchmark for success.** Some 27.8% say a video must get more than one million views to be considered a success, but 22.2% would say so if it was viewed 100,000 times, 250,000 times, or 500,000 times.
- ▶ **Advertisers are seeking more accountability.** Approximately 95% of those surveyed indicated the need for improvement in the area of tracking and reporting effectiveness of campaigns.
- ▶ **Exponential views and brand engagement are greatest benefit.** More than nine out of ten (92.3%) marketers labeled "exponential views" as the leading benefit to viral video marketing, followed closely with 87.2% choosing "brand engagement." Online reach and the brand seen as "forward thinking" were also rated as highly positive factors.
- ▶ **Budgets for viral video will stay strong.** Ad budgets for 2009 are under pressure, but those designated for viral video marketing are growing. A substantial 70% of agencies reported an intent to increase their budgets in the category.

Key Findings

Brands are ready for viral video

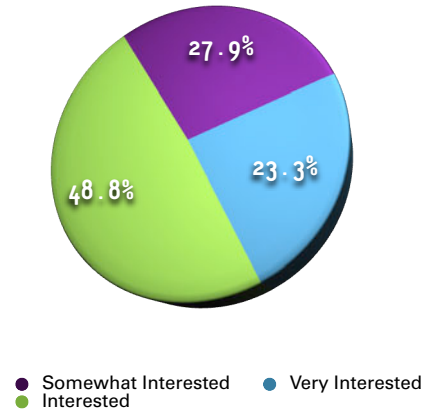
According to agency executives, some 72.1% of their clients **expressed interest** in using viral video as an integral part of their marketing campaigns, with just under half (48.8%) "interested" and about one-quarter (23.3%) "very interested."

Not a single agency executive reported a complete lack of interest in incorporating viral video in their marketing strategy. However, as one respondent pointed out viral video marketing is still viewed as supplemental to TV, radio, and print advertising.

"Our clients are interested in the social effect and sharing potential of online video content because it provides a more meaningful interaction and an organic and relevant distribution of that content. However, we have to make sure that this kind of content is part of our overall campaign strategy and goals, and not a one-off strategy that's forced out on the web."

- Hashem Bajwa, *Digital Strategy Director*, Goodby, Silverstein & Partners

How interested are your clients in viral video?



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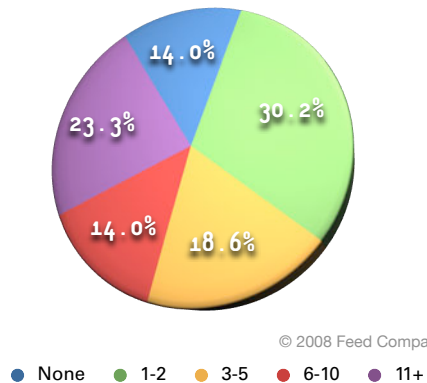
Viral videos are a tool of many

There is a myth that online video production and promotion is dominated by a few key players. But findings show that viral video marketing is actually used - albeit lightly - across a **wide spectrum of brands and agencies**.

So far this year, 30.2% of respondents have made one or two videos, 18.6% have made 3-5, and 14% produced between 6 and 10. This means that almost half (48.8%) of those who have used viral videos are still in the early stages with the medium.

About one-quarter of those surveyed said that they have produced more than 11 viral videos in the first eight months of 2008.

How many viral videos has your agency office produced this year?



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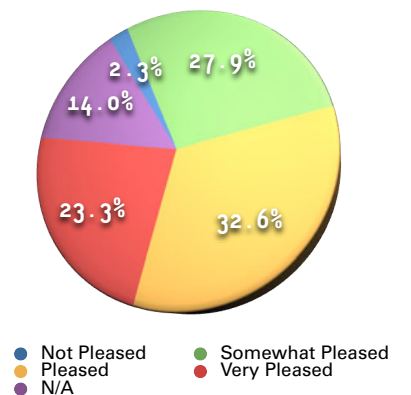
Most agencies are happy with viral video results

About one-third of the respondents that have produced viral videos this year (comprising of 86% of all respondents) stated that they were, overall, **pleased with the results** of their viral marketing campaigns, and about one-quarter were "very pleased."

"A viral video done right can foster stronger relationships between people and brands. We're pleased with the results we've seen and we're optimistic we'll see continued growth in the future."

- Deduc Choi, *Vice President, Strategy & Analysis*, Digitas

Were you pleased with the results?



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Benchmark for video success still unclear

Agencies consider their video a success if it garners **more than one million views**, with 27.8% of them saying so. But an even percentage of respondents (22.2%) consider it successful if it was viewed 100,000 times, 250,000 times, or 500,000 times.

“The benchmark of success for viral video depends on the campaign creative and brand goals. Of course everyone wants more views and reach, but the quality of engagement and conversation matter too.”

- Josh Rose, *Senior Vice President*, Creative Director, Deutsch

Marketers seek better reporting and execution

One of the biggest downfalls of viral video is a lack of adequate **tracking and reporting**, which makes campaign success difficult to measure. More than half (52.6%) point to this as an area that needs improvement, and as many as 21.1% said that it needs "a lot of improvement."

Executives also report a need for **better execution** of viral video marketing strategies. The majority (55.3%) mark this as an area that needs improvement.

Protecting the brand is extremely important for agencies and a huge concern for brand clients. While some found that the industry needs to greatly improve in this area (10.5%), most think it could improve "somewhat" (44.7%) or not at all (15.8%).

Some agencies think that maintaining complete **transparency** during viral video marketing initiatives could use some help. They were most likely to say that it needs slight improvement (36.8%), followed by "improvement" (31.6%), and "a lot of improvement" (26.3%).

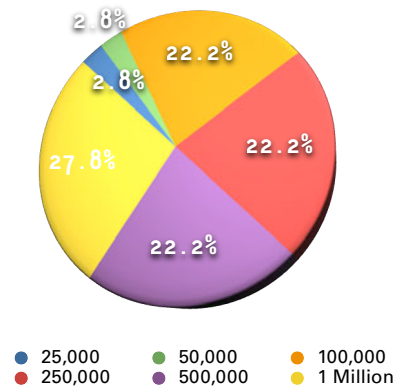
Exponential views and brand engagement are greatest benefit

Despite the challenges inherent in viral video marketing campaigns, such as the importance of quality content, proper seeding, and long-term tracking, the benefits of its success can be invaluable to a brand.

Viral video can bring an extraordinary number of eyeballs due to its ability to **spread views exponentially**. Some 30.8% of agency execs noted that this attribute is "very beneficial" to their viral marketing efforts. More marketing execs found it to be a benefit overall than any other, with 92.3% saying it was a benefit.

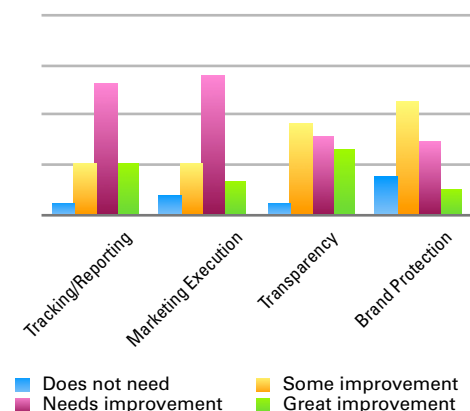
Some 30.8% also found a related attribute, **online reach**, to also be highly beneficial.

How many views make a viral video a success?



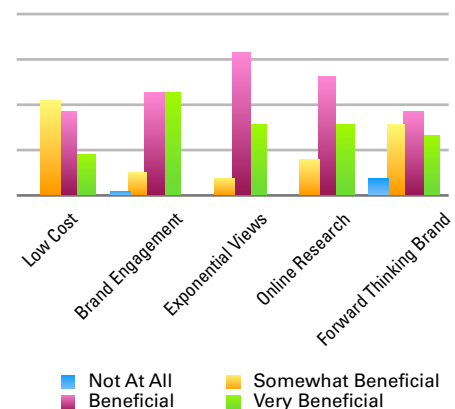
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To which extent do these areas need improvement in the practice of viral video marketing?



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What do you consider to be the greatest benefit of viral video?



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Viral Video Marketing Survey

In contrast, the **low cost** of video production and the effort involved to spread it among websites and blogs was rated as "very beneficial" by just 18.4% of those surveyed.

Having the **brand seen as "forward thinking"** was a benefit for the vast majority, but there were still 7.7% that found it to have no benefit at all - more than any other attribute.

Brand engagement is one of the more popular reasons why agencies are engaging in viral video, with 43.6% saying it was "very beneficial."

Budgets for viral video will stay strong in 2009

Marketers across the board say they **won't be cutting budgets** for viral video production in 2009.

In fact, about 35% of them intend to increase it by 25% and a further 25.6% will up production by 50%. Almost 1 in 10 agency execs said their agency will double viral video production next year.

Account management and digital mostly responsible for viral spends

Within agencies and media buying firms, there seems to be no fixed department for allocating spends to market the produced videos.

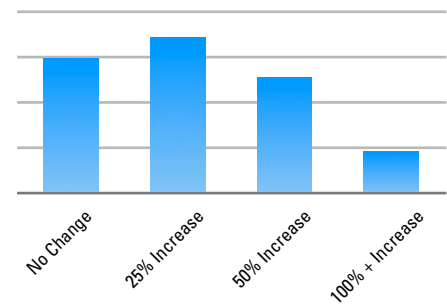
Responsibility is **evenly split** between the digital/interactive department and account management, with nearly 30%.

Media departments handle viral video marketing spend for 11.8% of agencies. According to survey results, production departments do not allocate funds to market videos they have created.

"The real media value of quality viral video is unmatched by paid media for one reason: It's time and attention the viewer has voluntarily given to the brand vs. time and attention a brand has had to pay for. The quality of those two engagements are completely different. In comparison, a paid impression has only fractional value."

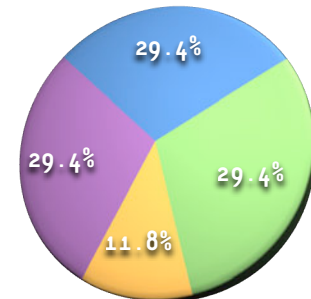
- Greg Andersen, *Director of Engagement Planning*,
BBH USA

Will your agency increase viral video production in 2009?



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What department allocates funds for video marketing?



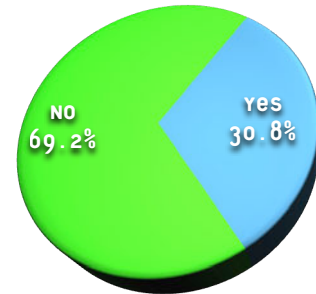
● Account Management ● Digital / Interactive
● Media ● Production
● All of the Above

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Viral video marketing will become more mainstream

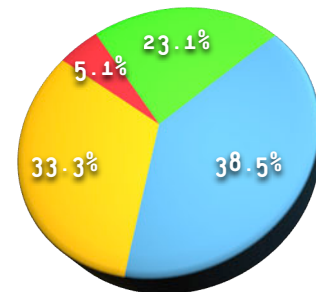
Though nearly 7 in 10 agency professionals do not believe that viral video marketing is a standard practice, 38.5% of those surveyed predict that it will become so within one year. A small number (5%) think it will take much longer - in 4 years or more - while one-third say that it will be a standard practice in 2-3 years. Still, 23% say it will "never" happen.

Is viral marketing a standard practice today?



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When will viral video be a standard marketing practice in the future?



● Never ● Within 1 Year ● 2-3 Years ● 4+ Years

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Methodology

Feed Company conducted an online survey of 40 executives at top U.S. creative ad agencies and media buying firms. The survey took place August 1 - September 12, 2008.

Participating Firms

Anomaly	Draft FCB	Ground Zero	360° Digital Influence/ Ogilvy	The Escape Pod
ATTIK	Deutsch	Kaplan Thaler, Keiler & Co.	PHD	Tribal DDB
AllMighty	Digitas	Marina Maher Communication	Proximity BBDO	Wieden + Kennedy
BBH	DDB Chicago	McCann SF	Publicis & Hal Riney	Young & Rubicam
Cutwater	DDB LA	Ogilvy	RPA	ZenithOptimedia
Cohn & Wolfe	Goodby, Silverstein & Partners	OMD	Tag SF	

About Feed Company

Feed Company, a Los Angeles-based online marketing agency, is the leader for seeding videos on the web for major brand advertisers in the U.S. Feed Company employs innovative marketing tactics and tools to get brand videos exposed to users of popular blogs, video sites, and social networks.

Feed Company's ability to feed engagement makes the agency the first choice for companies who want to ensure their videos are being watched online. Feed Company works with Fortune 500 companies and top-tier advertising agencies including Goodby, Silverstein & Partners and Interpublic Group's Deutsch/LA.

Go to <http://feedcompany.com/category/insight/> to download additional PDF copies of the *Viral Video Marketing Survey*.