



How e-commerce video advertising will strike yet another blow to commercial TV

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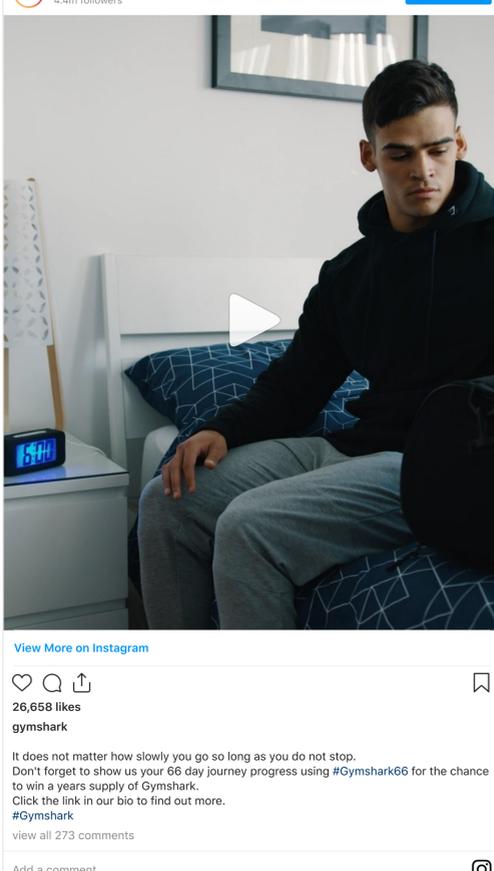
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Tech disrupts most industries – just look at Spotify and music or Uber and taxis. But at least it has the good manners to smash them up one at a time.

So even in this disruptive era, one innovation stands out because it risks damaging three 20th-century industries at once: retail, advertising and commercial TV advertising. The culprit? [e-commerce](#) video.

A casual flick through Instagram will immediately highlight videos for cool fashion brands like [Gym Shark](#) (one of Britain's fastest growing companies last year), or the e-commerce success story [BooHoo](#). The videos are stylish, often subtitled (most online video viewing is done on mute) and short. And it's targeted specifically at you. Almost every fashion brand is using them.



Short form videos link directly or via a “shop the look” button, to a click-to-buy platform. They are now on Facebook, YouTube, countless e-commerce websites like [Net-a-porter](#) and above all, Amazon. This video can be served universally to all comers, A/B tested (meaning different video edits tried on different audiences so that the most successful one can be kept in play), or customised to individuals based on their browsing history through the use of cookies.

Video lengths vary depending on sex, where you are and whether you've browsed the site before. If you spent an hour on the site looking at a specific brand of fishing rods a month ago, you don't need to see an advertising film today. You will more likely to be served up a rod-specific video advert now to hook you in.



Most intriguingly, e-commerce could deal yet another blow to commercial TV advertising, already badly damaged by the [shift to on-demand services](#) like Netflix which bypass commercial TV adverts through charging subscriptions. UK TV advertising dropped 2.9% in 2017, while pure-play internet was 13.3% up, according to media agency [Group M figures](#). It was worse among the TV-shy young: among 16-24 year olds, linear TV viewing will fall by 12% this year, while 16-34 year olds will be 8% down, Group M predicts. Now advertisers can go straight to these individual consumers with videos – in customer-specific targeting with higher return on advertising investment.

Disrupting retail and advertising

Video is disrupting retail because it works. It makes people more likely to buy stuff than simple product listings or photos, let alone the high street. About 29% of people in a [survey](#) I ran with Ipsos Mori had already bought because of it. And as the e-commerce industry surges to [US\\$2.7 trillion in 2018](#) – including 19% of all Chinese retail sales – video is here to stay. It was [74% of all online traffic](#) in 2017.

Video is also disrupting advertising, because e-commerce companies cut out agencies and use their own in-house teams to produce it instead. Fast-growth UK e-commerce companies have their own internal producers, making videos faster and more client responsive. Amazon even has algorithms to decide which video to give people, based on their browsing history.

That opens the potential of hyper-targeted, real-time and engaging video, served to an identified niche audience as a precision tool – as different from broadcast TV adverts as a Predator drone is to a medieval siege cannon. This has already happened in China where millennials increasingly don't watch TV, but [watch programmes on devices](#). A number of startups like Octi are using artificial intelligence to edit video too

The best performing advertising has direct return on spend of less than one – meaning advertisers get back a bit less than they put in. But they chalk up that deficit to building “brand equity” – visible in long-term sales. One marketer, who is focused on the high-end drinks market space in China, told me:

Some video e-commerce campaigns generate a return as high as 3.8. This means for every 1,000 dollars you spend, you get back US\$3800.

Even newer than e-commerce as a whole, video e-commerce as an industry hardly features in academic literature. So I hope my research will address this. It started with an [Oxford University Reuters Institute report](#) to benchmark the critical point when brand integration in content starts annoying viewers. I followed up by testing many versions of the same shopping videos to ask which got the strongest online shopper response. Sticking to the genre, here's a [video](#) sample of the findings.

The attention economy is now measured in the “flick”, [Facebook's new unit of time](#). Anyone who has seen a teenager speeding through their Snapchat feed will know how short that time is. But understanding what drives people during the flick to stay and buy could be one of the most existential questions for retailers, advertisers and TV channels of the next decade. Whoever cracks that global creative challenge will collect lots of money. And then brands will fill up their social feed with targeted shopping videos.

Advertising Video e-commerce Television advertising

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