



THE FUTURE OF RETAIL:

STREAMING INTO YOUR LIVING ROOM

With 85% of retailers looking to target consumers in their living rooms, we examine the sector's future in the digital realm.



INTRODUCTION

For years, traditional television has ruled the roost. Despite the rapid rise of mobile video, social video and over-the-top (OTT) content, the living room has remained a safe haven for media companies, who have continued to command global TV audiences largely unchallenged.

Until now, perhaps. Rather than other broadcasters or newer 'born-digital' players, it's Brands that are increasingly looking to take advantage of the ongoing explosive growth in viewership, and make their way into the media domain.

Whether we look at Volvo's **partnership** with CNN to present a two-hour live-stream experience of the summer's solar eclipse, Comedy Central's **decision** to replace the traditional ad-break with a single piece of two-and-a-half minute branded content once per month, or LEGO's surprisingly clever step into the movie business, it's clear that more and more brand marketers are recognising the untapped opportunities for consumer engagement, increased revenues and competitor differentiation that reside in the living room.

By streaming an array of digital content to consumers for them to experience from the comfort of their sofas, retailers may just have landed on the future for their sector.

Delivered in a way or on a device that viewers can passively engage with — for example, in the same way viewers 'lean-back' to watch TV in their living rooms — these longer-form, TV-like video content experiences are moving retailers from short-form advertising to more traditional TV programming, and giving them the opportunity to connect with consumers on an entirely new level.

But just how far has this trend progressed? Are we looking at a future where all retailers will be media companies?

Why Read This Report?

In June 2017, Brightcove commissioned research firm Vanson Bourne to look into this growing trend — exploring the extent to which retailers are experimenting with TV-like digital video experiences to engage with their target customers, and gauging the subsequent consumer readiness for this.

Comparing the responses of 200 retail decision makers and 2,000 consumers across the UK, France and Germany, this report sets up an interesting future interplay between retail content producer and audience, highlighting a clear and growing opportunity for TV-like brand content and providing valuable pointers for those retailers who wish to successfully navigate the transition.

THE INDUSTRY VANGUARD

The trend has been quietly bubbling under the surface for several years now, yet many of the retailers we spoke to are already well on the path towards a lean-back content offering. Indeed, over six in ten (**61%**) confirmed that their organisation is currently offering TV-like content experiences, and a further third (**33%**) have plans to do so within the next two years. Speaking more generally, **85%** of those surveyed said they are looking to target consumers in their living rooms.

Of those respondents whose organisation is already offering TV-like content experiences, the majority are doing so via either an owned online video channel or portal (**57%**) or a third-party one (**48%**). Over two in five (**43%**) have entered into a partnership with a broadcaster to offer sponsored content — such as the relationship between **Matalan and ITV**, or **Iceland and Channel 4** in the UK — while a third (**37%**) have been experimenting with live programming such as streamed event coverage. This approach was also the most popular (**37%**) with those retailers who are planning to offer TV-like content experiences in the future.

With subscription-based platforms like Netflix continuing to prove popular with audiences worldwide, four in ten (**40%**) retailers are also using an over-the-top (OTT) content application or streaming device. For this, the top four platforms of choice were YouTube (**72%**), Amazon Fire TV (**68%**), Apple TV (**56%**) or Android TV (**50%**).

With such a clear effort being made by so many, just how successful are these early adopters in their media endeavours? Are the benefits matching the expectations to date? Or is the initial outlay proving too much for the eventual outcome?





INDUSTRY LEADERS

RED BULL

Perhaps the most famous example of a brand turned media company is that of Red Bull. Originally solely an energy drinks retailer, the company is now known worldwide for its production of high octane, top-quality sports and youth-oriented content. From TV shows to magazines, movies, and more, its hugely popular broadcast content is churned out across every media channel going — including TV, theatre and web streaming.

In 2012, the company famously created, produced and distributed Felix Baumgartner's **record-breaking leap** from outer space to Earth — something which earned them more than 8 million live views on YouTube alone ([source](#)). To put it into perspective — that's an equivalent viewership to the season six finale of Game of Thrones. What retailer wouldn't want a slice of that?!

More Recent TV Trialists

CHANNEL 4

Channel 4 has partnered with UK frozen food experts Iceland to offer a brand new **cooking show**, *Eat the Week with Iceland*. Presented by well-known British TV chef Simon Rimmer, the ten episode series will focus on making mealtimes fun again for families, while also showing people how to use frozen food to reduce food waste.

HUNGRYHOUSE

Following a successful TV ad in 2016, delivery platform Hungryhouse recently commissioned a new **'mockumentary'** video series about the lives of the stars of the ad, friends Jay and David. From *Chow Mein to Fame* screened in May 2017, and aimed to use comedy to reinforce the UK's favourite pairing of reality TV and takeaway.

MATALAN

Clothing retailer Matalan has teamed up with ITV and Time Inc. to produce *Matalan Presents: The Show* — a bi-weekly fashion **programme** that runs on its website and YouTube. Fronted by British TV presenter Denise van Outen, each six-minute show features industry journalists and experts discussing the latest fashion news and trends.



RESULTS TO DATE

According to our research, the early signs certainly look very promising. Over nine in ten (**94%**) respondents whose organisation offers TV-like content experiences to its customers confirmed they were satisfied with the results seen to date.

In evidence of this, all of those currently delivering TV-like content noted at least one positive business outcome as a result, including increased revenues (**66%**), customers buying a wider range of products (**50%**) and increased website visits (**45%**). Calling back to our introduction, over a third of respondents also called out the fact that offering such experiences helped them to stand out from the competition (**37%**).

And such conviction around the benefits isn't just limited to those that are already trying lean-back content experiences — in

fact, almost all (**99%**) of those who aren't can see the advantages to doing so. For this group, the top three anticipated benefits differed slightly and were — in order — standing out from the competition (**56%**), having increased website visits (**42%**), and experiencing improved customer relationships and loyalty (**39%**).

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POTENTIAL BARRIERS TO SUCCESS

So far so good. However, as retailers broach this new kind of content offering, and despite initial satisfaction, our results revealed that concerns remain about the future success of such activity.

In priority order, the top four concerns of those retailers already producing TV-like content experiences are not having the right staff expertise (**29%**), not having enough content (**28%**), not understanding the value proposition (**25%**) and finding it hard to prove the ROI (**21%**).

Amongst those yet to develop a lean-back content offering, the blend of concerns was slightly different. Almost half of those retailers not pursuing TV-like viewing experiences pointed to a lack of content (**49%**) as one of the main reasons for their reluctance. Other popular reasons included not having the funds to implement or sustain such an offering (**37%**) or not having the right expertise (**34%**) to make it a success. Only **10%** were concerned about the ROI — showing that this is perhaps a later stage consideration versus an immediate barrier to entry.

COUNTRY COMPARISONS

- By a narrow margin, **France** recorded the highest percentage of retailers offering lean-back video experiences (**64%**)
- **UK** retailers seem most completely satisfied with their results to date (**66%** are totally so), and those in **Germany** the least (**53%**)
- Perhaps related to this, the **UK** had the highest number of retailers reporting increased revenues as a result of their new offering (**71%**)
- While most agreed that the quality of the user experience was the single most important consideration for their organisation's lean-back experiences, German retailers were the least concerned about operational costs of the three markets (only **33%** named it as one of the most important considerations)
- **French** retailers were the most concerned about measuring user behaviours (**53%**), and the set-up and operational costs (**53%**) of their TV-like content experiences compared to those in the **UK** and **Germany**

MATCHING VIEWER DEMAND

Regardless of their specific concerns and immediate plans, the move into the living room is clearly one that retailers are increasingly feeling compelled to make. Almost every retailer we spoke to (**95%**) advised that they are seeing demand from consumers for lean-back viewing experiences. In fact, almost three quarters (**73%**) said audience demand was either huge or high.

But does this perception of consumer demand really match the reality? In this regard, the responses from our consumer audience made for some illuminating comparisons, but pointed to even more opportunity in the future.

In what was perhaps the starkest of our results, less than half (**40%**) of consumers could recall watching TV-like content from retailers or brands. More worrying still, the experience they reported having done so wasn't always a satisfactory one. Over four fifths (**88%**) of those who had watched TV-like content from a retailer could see at least one drawback of such content — either it feels too 'salesy' (**41%**), isn't authentic (**30%**), is of poor quality (**25%**) or just hard to find (**23%**).



That said, there were a great number of encouraging signs to be found in consumers' responses to such content. Despite their reservations, nearly nine in ten (**89%**) consumers who had watched TV-like brand content enjoyed the experience on the whole, calling it out for being different (**49%**), fun (**38%**) and educational (**31%**). Equally positive, seven in ten (**70%**) said that they would be open to watching TV-like content from a retailer or brand. Almost half (**46%**) also advised that they want to be able to watch video content that complements a brand's product before and after they buy from them.

If retailers are happy with their results currently, imagine the potential if they are able to broaden their success across the entire consumer base.

COUNTRY COMPARISONS

- Consumers in the **UK** are the most likely to have watched TV-like retailer content (**47%**), while those in France are the least likely (**32%**)
- German consumers who watch TV-like content are most concerned about brand content being too salesy (**46%**) – and German consumers who don't are most likely to say this is because it doesn't interest them (**44%**) of the three markets
- A staggering two thirds of Brits who haven't watched retail content said this was because they hadn't found it (65%)
- Indicating perhaps the biggest battle ahead, only **36%** of French consumers agreed they would like to see more TV-like content from brand





ENSURING ON-SCREEN SUCCESS

So how can retailers ensure they are making the most of consumer's willingness to watch their TV-like content? What can they do to increase views and reap the benefits of their media investments?

For a starting point, our research raised some interesting questions over how hard brands are pushing their content — and where they are doing so. The number one reason given by consumers for not watching TV-like content from a brand had nothing to do with the content itself, but rather that they hadn't found it in the first place (**39%**).

Indeed, when we asked those who had watched TV-like retailer content where they came across it, less than a third (**29%**) reported seeing it advertised, and less than a quarter (**24%**) had been targeted by the brand directly. In actuality, the most common discovery method for consumers was a peer recommendation (**36%**) or simply stumbling across it by chance (**35%**).

When you stop to consider the significant investment retailers must be making in their content, these results are cause for real concern - retailers must think more carefully about their promotion strategies, and even consider investing in technology partners who can help make sure they are giving maximum exposure to their content.

From this perspective, it is worth noting that the vast majority of brand content viewing is currently taking place on social media — over three quarters (**78%**) of consumers reported watching brand content on a social platform. With this in mind, brands need to be making better use of their social platforms as a way to draw consumers to their TV-like content.

A second challenge for retailers, and perhaps one that is slightly more complex to solve, is how to marry the seemingly contradictory messages coming from consumers about the nature of the content they want to see from brands.

For example, **41%** of consumers say that the primary reason for watching TV-like content from a brand — whether they do so currently or not — is to research a product. The secondary reason is to see what other products are available or to look for inspiration (**27%**). Combine this, however, with the previous messages consumers delivered about salesy brand content being a key drawback, and you can see why retailers might be confused about their direction.

Getting TV-like content right becomes about treading the fine line between being salesy and informative, entertaining and relevant, and matching whatever content is produced with what consumers actually want to watch. This is where ongoing audience research and smart use of video analytics can really come into their own - allowing brands to get an exact understanding of how consumers are discovering and reacting to content.

For those able to get this right and find a balance, a wealth of revenue and engagement opportunities are ready and waiting.





A MEDIA FUTURE

As delivering TV-like content continues to work its way up the priority list for marketers — 84% saying that developing or improving on their lean-back video content offering is a top or high priority over the next year — many retail brands are preparing for something much bigger.

The majority of retail respondents in our survey (**81%**) agreed that at some point in the future all retailers will become media companies and seven in ten (**71%**) believe they are already on their way to becoming one.

However, while there might be a consensus about the direction they are headed, there is still hesitation amongst retailers about their current ability to make the shift from brand to broadcaster successfully — with just over half (**54%**) admitting concern.

For more information on the research findings, or to speak to someone at Brightcove about developing your own lean-back content offering, please [get in touch](#).

Equally, before brands can confidently contemplate a future alongside traditional broadcasting giants, there is still work to be done to convince consumers of retailers' place in the living room.

81% AGREED THAT IN THE FUTURE ALL RETAILERS WILL BECOME MEDIA COMPANIES

For our high-street favourites to be truly successful in this new domain, retailers must close the gap between expected demand — what brands think consumers want — and the reality — what they actually want.

As more and more take on this challenge, you can expect to see a great deal of interesting developments in this area over the next few years. We'd suggest you stay tuned.

Research Methodology

Vanson Bourne, the research firm that conducted the survey, interviewed 2,000 consumers aged 18 years old and over, and 200 business decision makers from retail organisations who create online content in the UK, France and Germany.

The respondent breakdown was as follows:

- UK: 1,000 consumer respondents + 100 retailers
- France: 500 consumer respondents + 50 retailers
- Germany: 500 consumers respondents + 50 retailers

Fieldwork was conducted in June-July 2017.

About Brightcove

Brightcove Inc. (NASDAQ:BCOV) is the leading global provider of powerful cloud solutions for delivering and monetising video across connected devices. The company offers a full suite of products and services that reduce the cost and complexity associated with publishing, distributing, measuring, and monetising video across devices. Brightcove has nearly 5,000 customers in over 70 countries that rely on the company's cloud solutions to successfully publish high-quality video experiences to audiences everywhere. To learn more, visit www.brightcove.com.