



Calculating the ROI of Video Marketing for Your Business

Video marketing has become a crucial element for businesses looking to enhance their online presence, engage their audience, and drive sales. However, understanding the return on investment (ROI) from video marketing efforts can be challenging.

This guide will help you calculate the ROI on video for your business, ensuring that your marketing efforts are both effective and profitable. Plus, we have done the heavy lifting for you and embedded those tricky formulas so all you need to do is simply input your figures and we'll take care of the maths! Let's get started...

What is ROI?

Return on Investment (ROI) is a performance measure used to evaluate the efficiency of an investment. It calculates the return of an investment relative to its cost. The formula for ROI is:

$$\text{ROI} = \left(\frac{\text{Net Profit}}{\text{Cost of Investment}} \right) \times 100$$



5 Steps to Calculate ROI for Video Marketing

This is our 5 step guide to helping you calculate the ROI from your video marketing.

1. Identify your objectives

Start by defining clear objectives for your video marketing campaign. Common goals include:

- Increasing brand awareness
- Driving website traffic
- Generating leads
- Boosting sales
- Enhancing customer engagement

2. Determine the costs

Calculate all costs associated with creating and promoting your video. These costs may include:

- Your VideoScribe subscription
- Professional voiceovers
- Equipment
- Any additional resource costs (script writing, storyboarding, etc.)
- Distribution and advertising (paid promotions, social media ads, etc.)
- Overhead costs (salaries, utilities, etc.)

3. Measure the benefits

Quantify the benefits your business has gained from the video. Key performance indicators (KPIs) to consider include:

- Revenue and/or sales conversions (purchases made from video leads)
- Views and impressions
- Engagement metrics (likes, shares, comments)
- Website traffic (referrals from the video)
- Lead generation (sign-ups, inquiries)

Use analytics tools to track these metrics accurately. The key metric for the ROI equation here is the attributable revenue generated.

4. Calculate the net profit

Net profit is the total revenue generated from the video minus the total costs. This can be calculated as: $\text{Net Profit} = \text{Total Revenue} - \text{Total Costs}$

5. Time to generate the ROI

Finally, apply the ROI formula to calculate your return on investment:

$$\text{ROI} = \left(\frac{\text{Net Profit}}{\text{Total Costs}} \right) \times 100$$

Input your costs

TOTAL COSTS

Input your revenue figures

TOTAL REVENUE

NET PROFIT

Open with Adobe Acrobat for the formulas to automatically update. Otherwise download the Excel version here to access the ROI calculator.



Cost savings with VideoScribe

Choosing VideoScribe over third-party freelancers can save you lots of money with every video. One subscription unlocks new video potential with access to more than 5 million pre-animated images, our editable templates, the royalty-free music library and so much more!

→ Take me to my subscription options

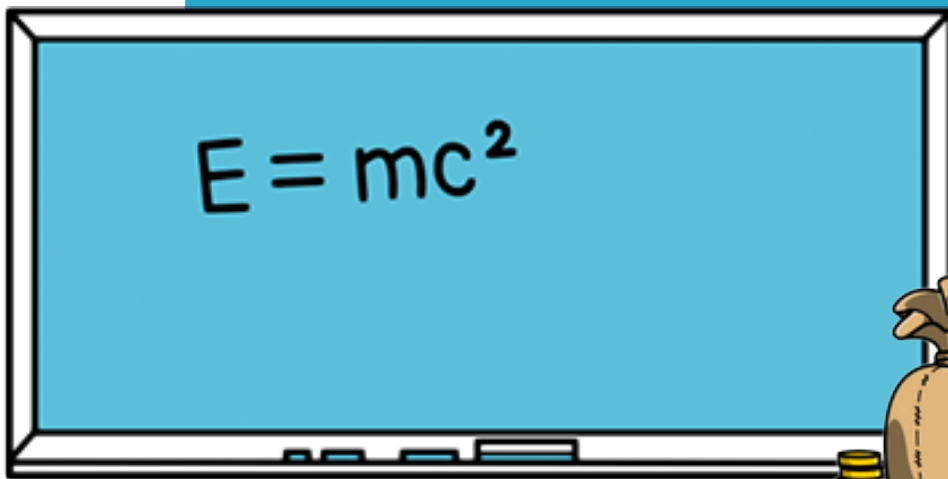


Did you know?

We've got some exciting freebies for you! You can download our free editable storyboarding template, and learn all about effective script writing in our helpful article.

→ Downloadable storyboard template

→ How to write the perfect explainer video script



Let's Create an Example Equation

Suppose you invested \$5,000 in a video marketing campaign and generated \$15,000 in revenue. The net profit would be:

$$\text{Net Profit} = \$15,000 - \$5,000 = \$10,000$$

Using the ROI formula:

$$\text{ROI} = \left(\frac{\$10,000}{\$5,000} \right) \times 100 = 200\%$$

This means you received a 200% return on your investment.

Your ROI Calculator

Now input your figures below to generate the ROI from your very own video marketing campaign.

$$\text{ROI} = \left(\frac{\text{[]}}{\text{[]}} \right) \times 100 = \text{[]}$$

Tips for Improving Video ROI

- Target Your Audience: Ensure your video content is tailored to your target audience to maximize engagement and conversions.
- Optimize for SEO: Use relevant keywords, tags, and descriptions to make your videos easily discoverable.
- Leverage Social Media: Promote your videos across various social media platforms to increase reach and engagement. This can be done organically requiring no additional media spend.
- Analyze and Adapt: Regularly review performance metrics and adjust your strategy based on what's working.

Calculating the ROI on video marketing allows you to gauge the effectiveness of your campaigns and make informed decisions for future investments. By following these steps, you can effectively measure the performance of your video marketing efforts and how they positively contribute to your business's bottom line.



VideoScribe
from Sparkol