



State of the Industry: Branded Content Marketing

April 2013

Presented by

Mail Online

 **Digiday**

The overwhelming majority of both brands and agencies participating in the April 2013 State of the Industry Survey on Branded Content Marketing – 70 percent and 77 percent respectively – say they have used branded content for marketing or advertising purposes in the last year. Even with the self-selective nature of such a study, it is clear that branded content marketing is enjoying great popularity and adoption.

Yet, how well understood is this emerging tactic, and how sustainable is it in the overall digital marketing mix?

MailOnline, the world's most widely read news and entertainment website and a publisher that offers branded content integration to media buyers and planners, and Digiday partnered to shed more light on what defines branded content as an effective media marketing tactic, and what factors will shape its future.

We reached out to and heard back from over 600 readers of Digiday publications, past attendees of Digiday events on digital media and marketing practices and trends, and prior survey takers in an effort to determine:

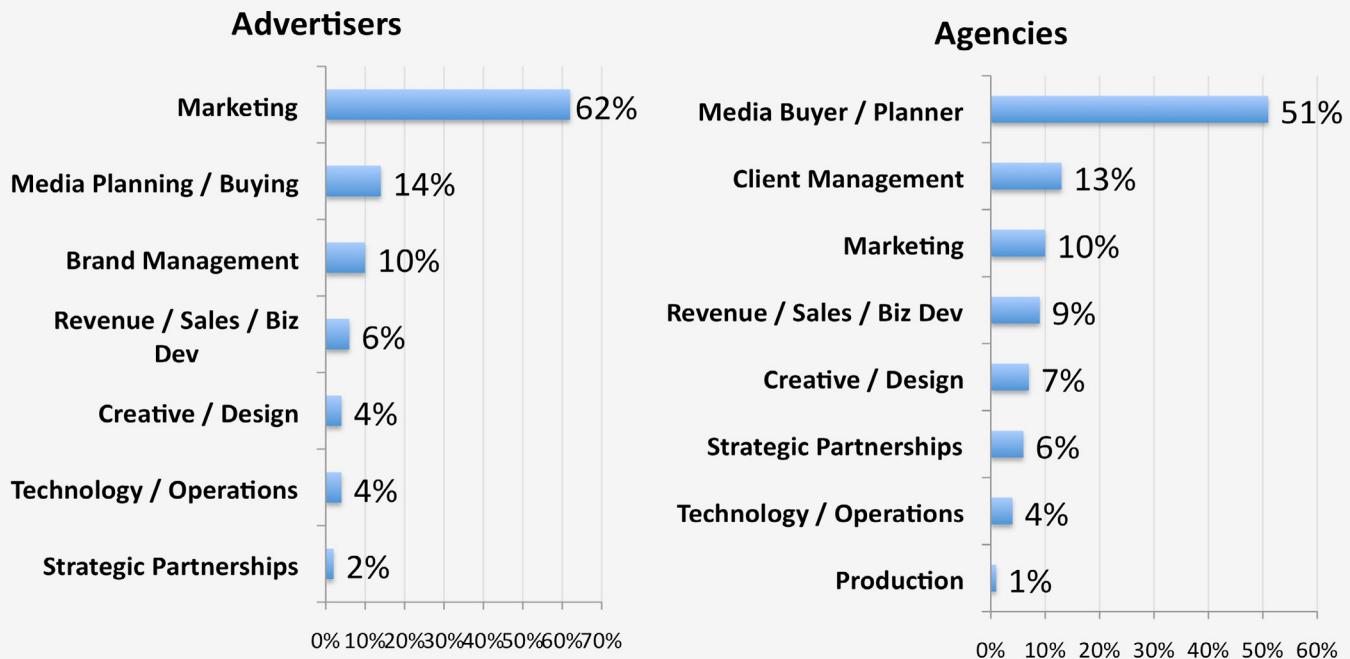
- What defines branded content marketing from the perspective of both the buyers who practice it and sellers who often help create it??
- What are the most important attributes for the successful application of branded content?
- Is it likely to increase? If so...
- What will drive its growth?
- How do its practitioners know that it's working?
- Who is shaping the future of the tactic, and
- How is branded content likely to evolve?

Methodology

The majority of the respondents to the survey, were media buyers – 17 percent brands and 47 percent agencies – with the remainder (36 percent) being publishers.

Depending on how the respondents profiled, they were asked between 15 and 25 questions. The survey was fielded for three weeks and combined both qualitative and quantitative research. Among buyers, the majority of brand participants were in marketing; the majority of agency contributors were either media buyers or planners.

Advertisers & Agencies: Job Descriptions

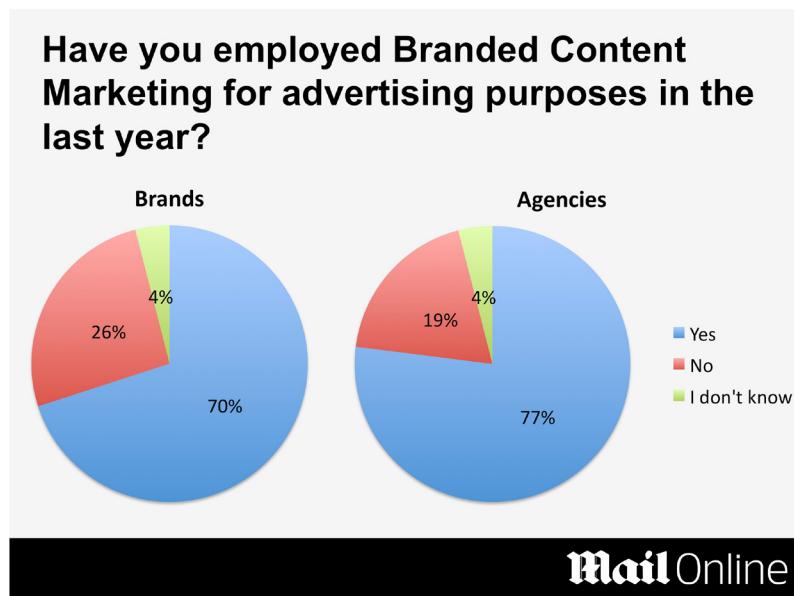


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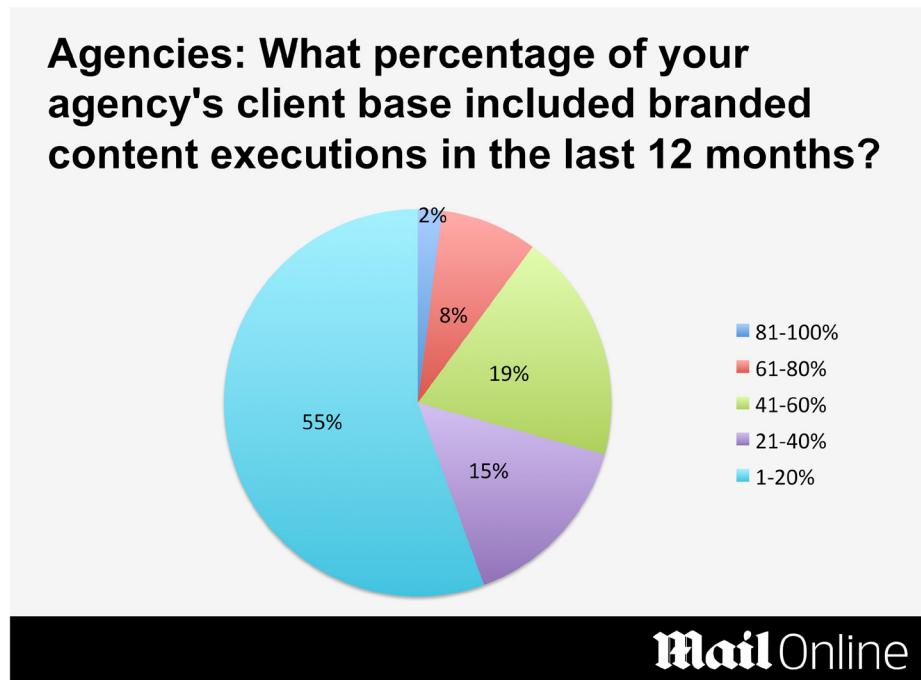
Current Trends in Branded Content Marketing

Among survey participants:

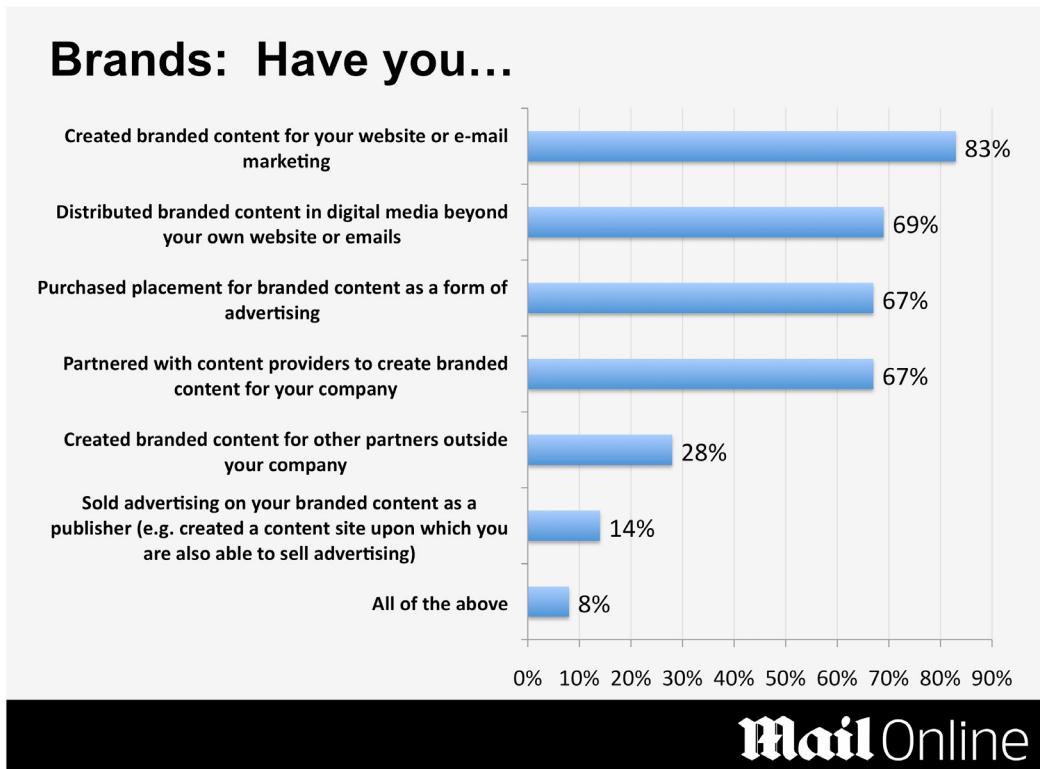
- Greater than 70 percent of media buyers say they've used branded content marketing for advertising purposes in the last 12 months.



- Among agencies, approximately 1/3rd of their clients included branded content executions in their media mix in the last year.

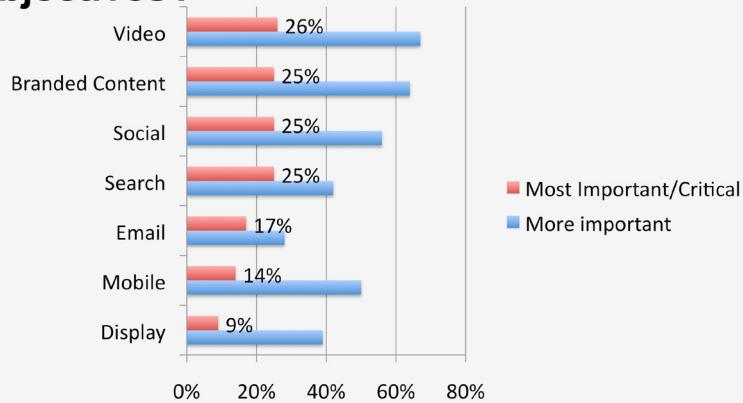


- When asking brands specifically what form their branded content advertising has taken, 83 percent said they've used it for their website or email. But more than two-thirds have partnered with content providers to create and distribute branded content beyond their own websites.



- And, it seems to be working, particularly as a brand-building mechanism. When asked to “rate the following tactics for their ability to achieve your branding objectives,” brands cited Branded Content as amongst the most effective, virtually tied with Video as either “most important” or “more important” than Social, Search, Email, Mobile or Display advertising.

Brands: Rate the following tactics for their ability to achieve your branding objectives?



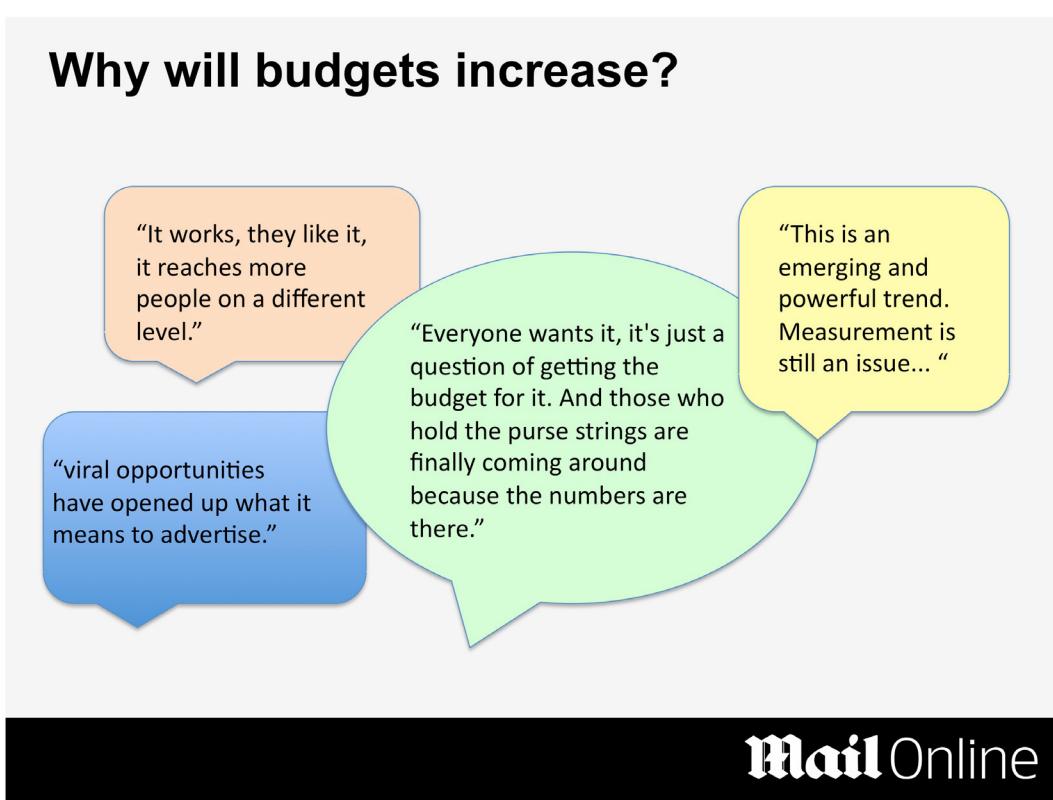
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- Among brands, 15 percent on average of their digital advertising budget goes to paid distribution of branded content.
- 72 percent of brands say spending on branded content increased in the past year, and
- 69 percent predict a budget increase in the next year.
- Among agencies, 71 percent said their clients spent more in the last year on branded content marketing and 73 percent said that spending will increase over the next 12 months.
- 57 percent of brands who haven't yet paid for branded content distribution plan to in the next 12 months. For agencies, that number is 84 percent.
- When asked “How important do you consider branded content to your marketing mix?,” 66 percent of brands and 65 percent of agencies described it as Very Important or Most Important.

Why will spending on this tactic increase? Agency responses could be categorized as one of the following reasons:

- Money follows success
- Popularity / awareness / client comfort
- Expanding digital budgets will move in more creative directions
- Clients are seeking differentiation / “to stand out in the marketplace”
- Clients are seeking to integrate more with daily life
- Wider publisher adoption
- Lower production costs
- Novelty / “an emerging and powerful trend”
- Programs that started with social media will grow into paid content, and
- Engagement / “you get more face time with the consumer if you provide branded content.”

Why will budgets increase?



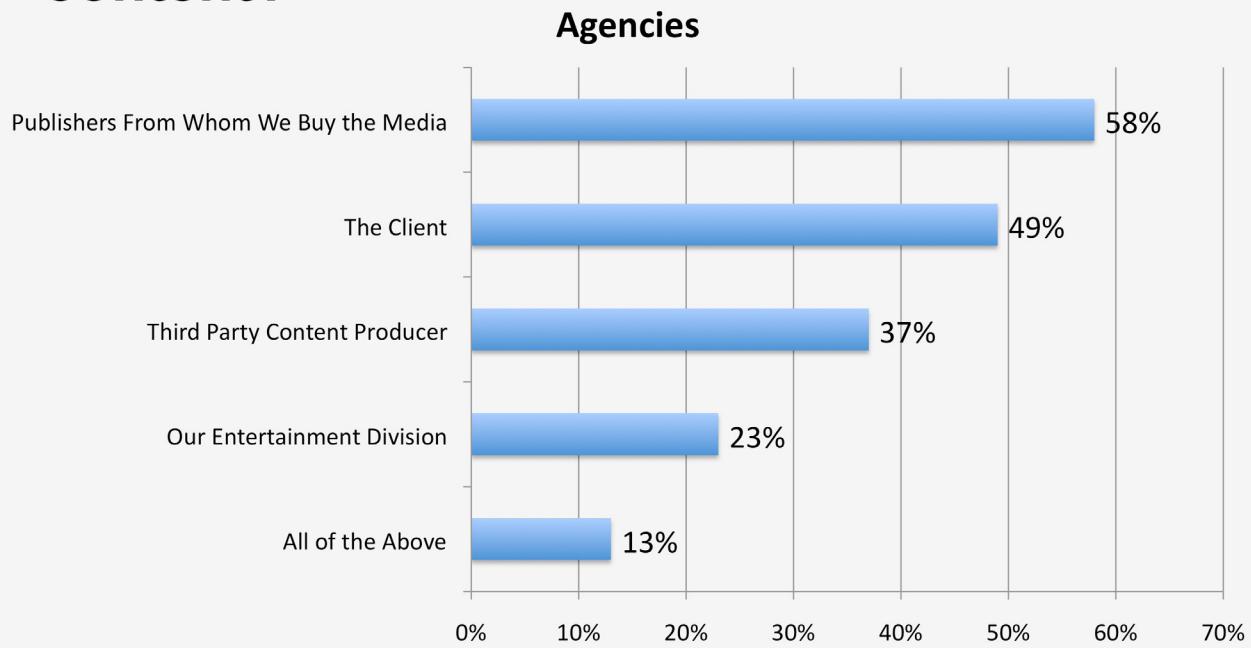
Challenges To Using Branded Content

Among all the brand and agency survey responses, there were a few hurdles that were most commonly cited.

First, most brands, and many agencies, lack the resources to develop the content and the creative that can be most compelling in a Web or mobile environment. Product manufacturers are not, by nature, content developers. True, there's a history of legendary brand marketers like Unilever and Procter & Gamble who have created engaging content (or more accurately contracted for others to create sponsored content for them), but creating great content is a very distinct skill-set – one that a scarce few can claim.

Addressing the “resource” issue appears to be the role of media partners. Asked where they acquire their branded content, agencies’ first response is media partners. Some 71 percent said they partner with the publishers from whom they purchase their media placements. This tactic leads all others, perhaps because only 35 percent of agencies in our survey said that they have a separate entertainment or content division to help their clients produce and distribute branded content.

Where do you acquire your branded content?



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The second hurdle to greater use of branded content marketing is distribution or “reach.” Product manufacturer websites are typically not content destinations for consumers. Most brands have websites, and many of them are extremely robust. But the volume of traffic reaching those sites pales in comparison to that generated by the online publishing giants.

Note that 17 percent of agencies and 24 percent of brands said, “Nothing – We’re fully committed to branded content marketing.” Interestingly, the same number of brands asked to say what would keep them from investing more in branded content marketing said “Nothing,” as said scale or reach. But for agencies, the player most often tasked with distributing their clients’ content, ranked it third among difficulties that could retard the growth of branded content marketing.

The final hurdle to further adoption of branded content marketing is repeatability, which in turn rests on marketers being able to demonstrate the ROI of branded content marketing in a reliable way.

Said one agency respondent who couldn't report that his clients' budgets would increase, "They see the success and want to see if it'll maintain before they put more money into it. (i.e. not a 'one hit wonder')."

This is a fair expectation, but not just of content marketing. All marketing efforts aim for repeatable success.

It will be difficult to address this final hurdle, however, without better agreement between brands and agencies on the KPI's that should be applied to determine the success of this form of interactive marketing. The number one preferred method of measuring the effectiveness of content marketing programs? For agencies, number one is "brand lift" at 30 percent; for brands, number one at 32 percent is "sales lift."

Below is the full roster of measurement methods cited by buy-side respondents in our survey and their relative preference by both marketers and agencies. A brand respondent commenting on what one thing could most improve his/her experience

What is your preferred method of measuring the effectiveness of your content marketing programs?

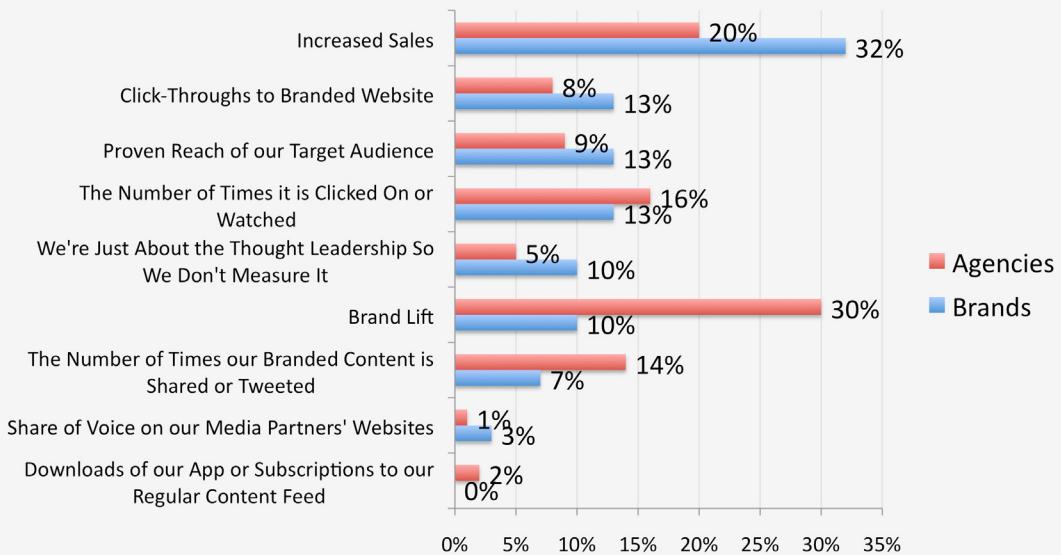
**#1 for Agencies:
Brand Lift (30%)**

**#1 for Brands:
Sales Lift (32%)**



with branded content marketing said, "Better ability to measure success / ROI." Another that doesn't use branded content marketing, when asked what one thing might induce the practice said, "Proof that it could drive sales or at least a large lift in purchase consideration within a certain time frame and using 3rd party tools to measure...", and a second in this camp cited, "case studies from industry peers."

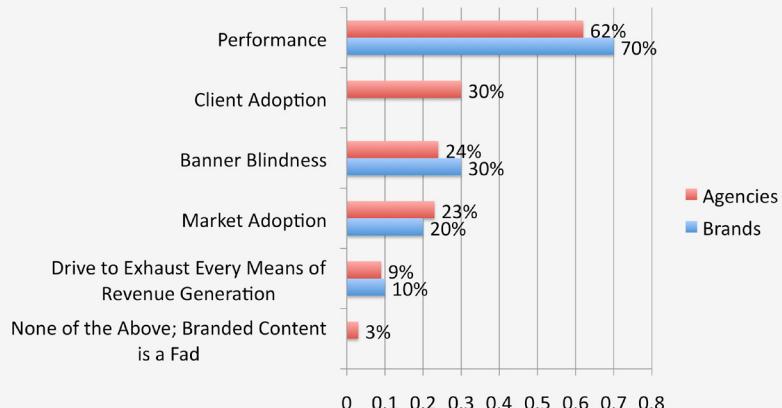
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The bottom line for brands and agencies asked what will drive the adoption of branded content marketing was "Performance," followed by "Client adoption" in the view of agencies, and "Banner Blindness" in the view of brands.

What factors will drive continued adoption?



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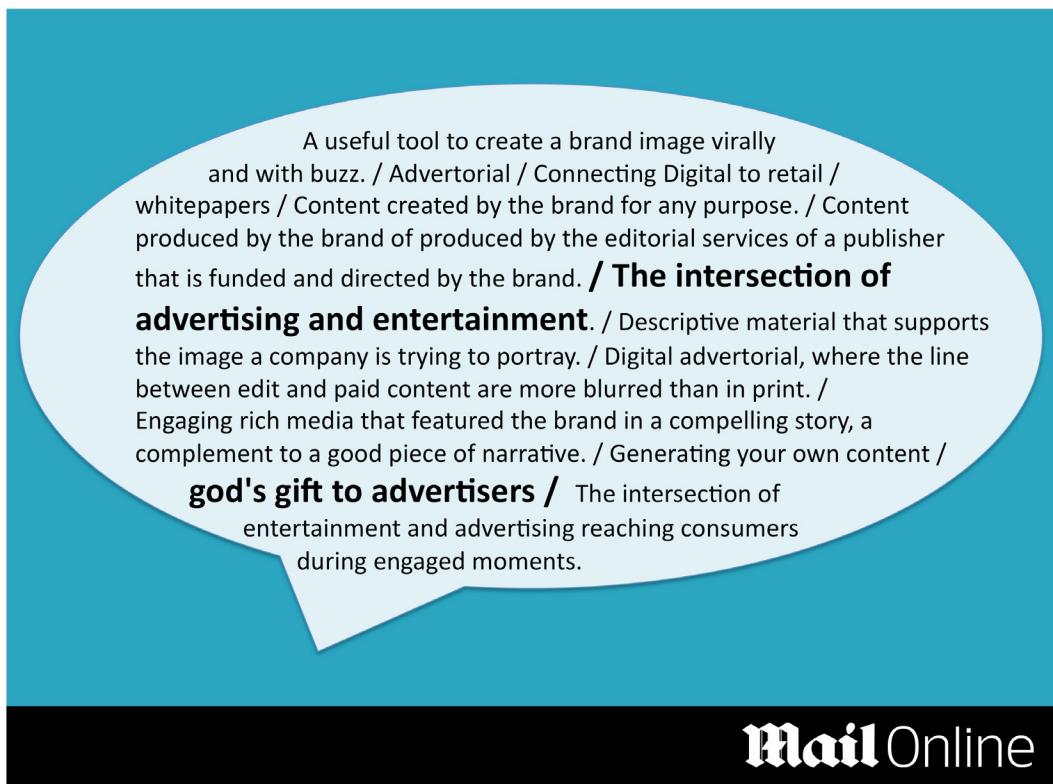
Significantly, what others in the marketplace do or don't do with branded content marketing is less important to practitioners than whether what they themselves are doing works. And, no brands were willing to call branded content marketing a fad.

Defining Branded Content Marketing

The fact that branded content marketing has taken hold still hasn't answered the question of what it is. One agency respondent said that it would help tremendously if there were just, "better definitions between branded and editorial content. Our clients are very confused."

The definition of branded content seems to vary by who is using the term, but generally speaking, respondents on both sides of the buyer/seller equation view content marketing as a kind of marketing that takes advantage of a key difference between marketing and content: content is intended to engage the customer with information or entertainment, while advertising is driving towards a more immediate purchase.

Marketers who employ branded content view consumers as being more guarded against marketing messages. Many brands are, in effect, becoming more adept at publishing information and entertainment content, and tapping into the more "trusted" nature of this content vs. that of advertising. One brand called it, "the intersection of advertising and entertainment," and one fan termed it, "god's gift to advertisers."



Many buyers that were asked to define branded content focused in on the format that such content could take in trying to define it. Some harkened back to a term that it has been used for many years in print: the “advertisorial.”

But with the onset of social media – which is viewed as one of the chief stimuli for circulating branded content – it has garnered new descriptions like “native advertising,” “content hubs,” “branded entertainment” and even “custom video.”

Above are some of the more ways agencies defined it. Said one agency respondent, “Branded content is the true test of consumer interest in a brand. If it’s worthy of genuine sharing and consumer interest, it’s worthy to be called branded content. Otherwise, it’s just glorified advertising.”

Attributes of Great Content Marketing

Since branded content marketing is an emerging medium, it may be easier to describe by its attributes – what it is and is not – than to define it outright. As cited by survey respondents, one of the first attributes of great content marketing is that it delivers more value to the consumer than what would have been delivered by either the marketer or publisher if the collaboration had not occurred. In other words, great content marketing is self-selected; **consumers choose to engage.**

Another attribute of great content marketing is that ***it can, and does, go viral.*** The best content marketing is shared through social media. This greatly extends the campaign’s reach – and thereby increased ROI – for no additional investment.

A third is ***appropriateness.*** The most compelling content doesn’t oversell. All consumers want to buy, but they also resist the impression of being hard-sold. An agency rep alluded to the fact that brands shouldn’t always need to see their shiny product in an ad to consider themselves part of the conversation. Another said flatly that what would most improve the environment for branded content marketing would be “ideas that drive business results, not egos.”

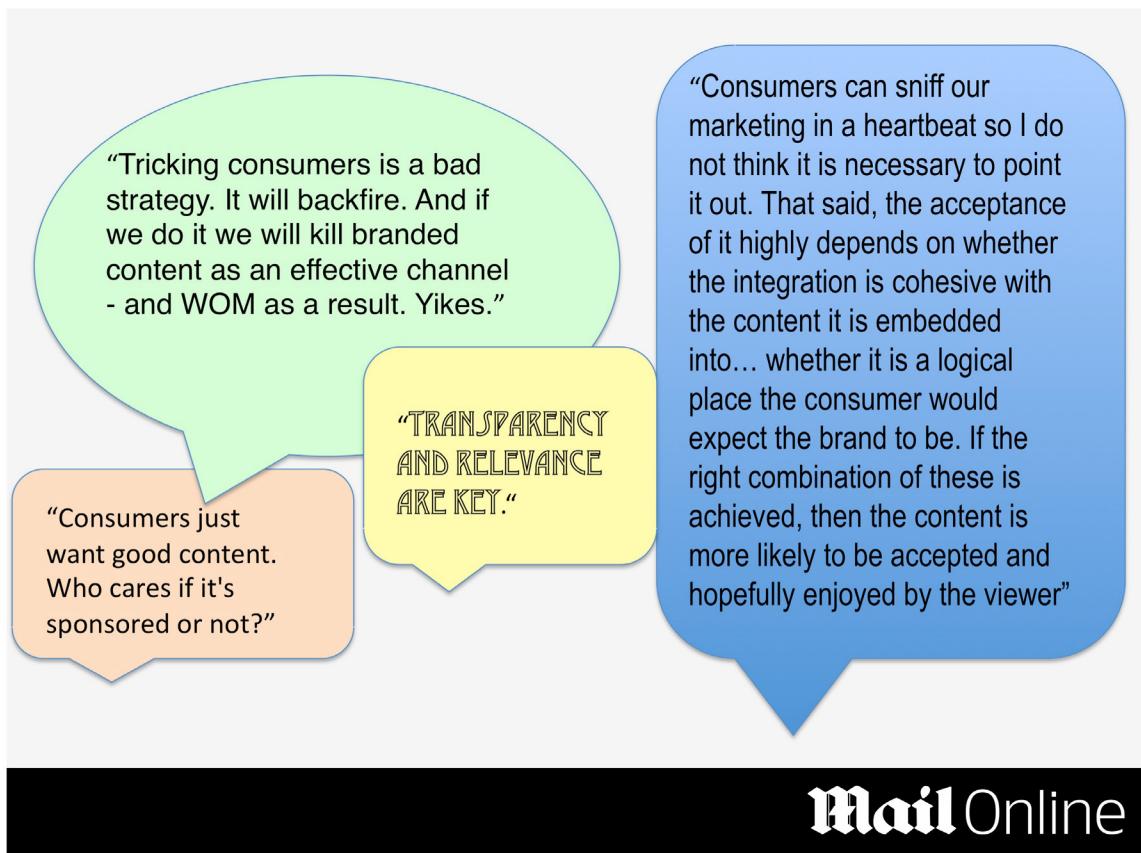
And, while there’s a range of opinion on this subject, if editorial resides within a publisher’s environment, most advertisers agree it should clearly be marked as “sponsored.”

As one agency rep put this principle: "Tricking consumers is a bad strategy. It will backfire. And if we do it we will kill branded content as an effective channel - and WOM as a result. Yikes!" Said another, "Transparency and relevance are key."

The dissenting view may be summed up by this agency comment:

"Consumers just want good content. Who cares if it's sponsored or not."

Observed one agency participant giving voice to the conflicting emotions a few marketers have towards branded content: "Consumers can sniff our marketing in a heartbeat so I do not think it is necessary to point it out. That said, the acceptance of it highly depends on whether the integration is cohesive with the content it is embedded into... whether it is a logical place the consumer would expect the brand to be. If the right



combination of these is achieved, then the content is more likely to be accepted and hopefully enjoyed by the viewer."

Most would agree that compelling branded content is relevant to consumers who discover it in the context of other content that they like. It may sound basic, but a key to the success of branded content is for it to be relevant to the surrounding content and the audience that consumes it.

It should be informative, engaging and entertaining. Otherwise, why would anyone want to engage with it? Think of this as the “golden rule” of branded content marketing: “Great content marketing should be able to stand on its own.”

Who Does It Well?

The run-away winner, by number of mentions at least, among admired practitioners of branded content was Red Bull. Few actual URL examples were used, but American Express was cited for its “approach to producing branded content mechanisms that have grown to become indispensable in their utility,” and for content that is both “valuable and authentic.” Nike’s “Kobe” short subject videos were popular mentions.



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AT&T was lauded for <http://www.awaywehappend.com> & www.whenitcounts.com, and Toyota for www.toyota.com/oneandonly. Dodge received a nod for, “So God Made a Farmer,” and Porsche for Boxster Roadtrip with Men’s Journal.

One liked <http://www.nowness.com/>, LVMH's branded publication about fashion, because "you have to dig a little to know it's sponsored — which is not great for a brand like Target or Converse, but because Siemens and LVM are already trusted sources in their area of expertise and because the content is robust, rich and meaningful, it makes sense."

Another cited "K-Swiss x Funny or Die – The campaign was a great piece of content that just happened to feature a product. <http://www.funnyordie.com/videos/634f52e7d2/kenny-powers-the-k-swiss-mfceo-uncensored>."

MasterCard Business Network <http://www.mastercardbiz.com> was lauded in the same breath as McDonald's Canada www.youtube.com/mcdonalds.ca and www.mcdonalds.ca/yourquestions.

One brand, perhaps not appreciating the pun said, "Oreo's. They crush it," and another liked the Patagonia Channel.

How Do Publishers Market Branded Content?

Some 76 percent of publishers who participated in our study have sold branded content inclusions in the last year. Asked how they market the capability to their customers, one wit said, "Carefully."

Because there were so many variations on this response, we've resorted to a word cloud to depict the answers.

For most publishers, the form of branded content inclusions still take the form of a sponsored content area or video, with mobile tablets a surprising third. Branded content may thus be automatically segregated for most content providers.

Most commonly agencies said their clients have used online video (64 percent), branded content areas (48 percent) syndicated content to a branded website (43 percent) and produced branded content for mobile tablets (42 percent). In the coming year, they plan to increase their focus on social networks (60 percent), online video and mobile tablets (55 percent) and smart phones (46 percent), in that order, which will undoubtedly push publishers to think outside of the sponsored content area box.

The conundrum is that, because branded content inclusion typically is custom – something creative publishers and agencies craft for their most favored brand clients – it's less likely to be standardized. But to become more prevalent, at least a few standard executions must emerge.

Examples:

Here are a couple more examples to help less familiar marketers visualize how some of Mail Online's branded content works.



The screenshot shows a custom content hub on MailOnline.com. At the top, there's a navigation bar with links for 'Find a Job', 'Dating', 'Wine', 'Our Papers', 'Feedback', and 'My Stories'. The main headline is 'The Guiltless Pleasures Summer Guide'. Below it, a sub-headline reads 'Guiltless Pleasures ... this summer's fashion must buys'. A text block follows, and then a grid of fashion items including a tan handbag, a red skirt, a black dress, a pair of red leggings, a black high-heeled shoe, a pair of sunglasses, a patterned dress, a white top, and a belt. A 'Betty Jackson Bag' is highlighted with a call-to-action 'Buy Now'. Below the grid, there's a poll titled 'Today's Poll' with the question 'Can work clothes still be sexy?'. The options are 'Yes' (52%), 'No' (40%), 'Don't know' (5%), and 'VOTE'. To the right, there's a section for 'Competition' with a link to 'Win a luxurious stay for 2 at Le Manoir aux Quat' Saison hotel in Oxford'. At the bottom, there are links to 'Download a Brochure' and 'Book a Test Drive'.

Content Hubs have been a popular flavor of online Content Marketing for years, and offer the opportunity for an advertiser and a publisher to collaborate on exclusive real-estate within the publisher's site which can combine product information along with curated content from the publisher, as well as other interactive and social media elements. In the example above at right, Olay collaborated with MailOnline to develop a destination that was featured as a content hub within the publication's existing navigation.

Native Advertising, as a form of branded content, adopts the appearance of the surrounding website or other context in which it appears, and seeks to be consumed as a seamless part of what the consumer does on a particular site.

At left is an example of custom content developed by Volkswagen for MailOnline.com, that is clearly sponsor-driven, but is "native" to the web site's navigation.



The screenshot shows a native advertising campaign for Olay on MailOnline.com. The top navigation bar includes 'Find a Job', 'Dating', 'Wine', 'E-Mail News', 'Feedback', and 'My Stories'. The main headline is 'femail' with 'Advertising Features with OLAY'. Below it, there's a 'GET THIS WEEK'S COVER STAR LOOK' section featuring a photo of Liz McClarnon in a black dress. To the right, there's a 'SPRING & SUMMER TRENDS' section with a video player and a grid of products. The bottom section includes a 'BEAUTY BLOGGERS' list and a 'POLLS' section with a chart showing preferences for 'Who is Olay's best style icon'. The overall layout is designed to look like a regular MailOnline page.

Conclusions

The growing marketing challenge is that, since consumers are more guarded against marketing messages, they need to be created and delivered in an authentic, relevant manner – and one that could drive shares and likes organically.

Well-executed content marketing enables a marketer to check off all three boxes of the modern-day media mix model:

- Paid: where the marketer targets the most appropriate audience
- Owned: where the content is customized to a brand's best customers, and
- Earned: where it is dynamic and compelling enough to draw fans

Marketers who say they're increasingly committed to branded content marketing are partnering strategically with publishers who can complement them in both content development and distribution. The strategic advantage here is the ability to simultaneously increase the quality of their content while gaining distribution to an existing audience. By partnering with publishers of socialized content specifically, marketers say they enjoy the benefits of socialized marketing.

Ultimately, Branded Content Marketing is enjoying a renaissance, being driven by digital media innovation. Like all things in digital, this tactic is sure to evolve. But one thing is certain, Branded Content Marketing is becoming a standard tool in the online marketing kit.

About MailOnline:

UK-born MailOnline.com is the world's largest news and entertainment site with 54 million monthly unique visitors globally, and one of America's top online newspapers with U.S. traffic of 20.2 million monthly unique visitors (comScore Jan2013). It is also ranks as having the #1 most social engagement in its category (Tynt, Mar2013), and its readers spend the most minutes-per-visit of sites in its category (comScore). MailOnline has one of the web's most advanced advertising programs incorporating nearly every form of advertising; from mobile, social and video, to native and ecommerce, with plans for more. MailOnline delivers a highly desirable audience with visitors 22% more likely to live in households with income over \$100k a year, and the site has the highest concentration of upper-income men (\$75k+) of any news site in U.S.

www.mailonline.com/advertising

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