



Branded Content

This is Not Your Father's Advertorial

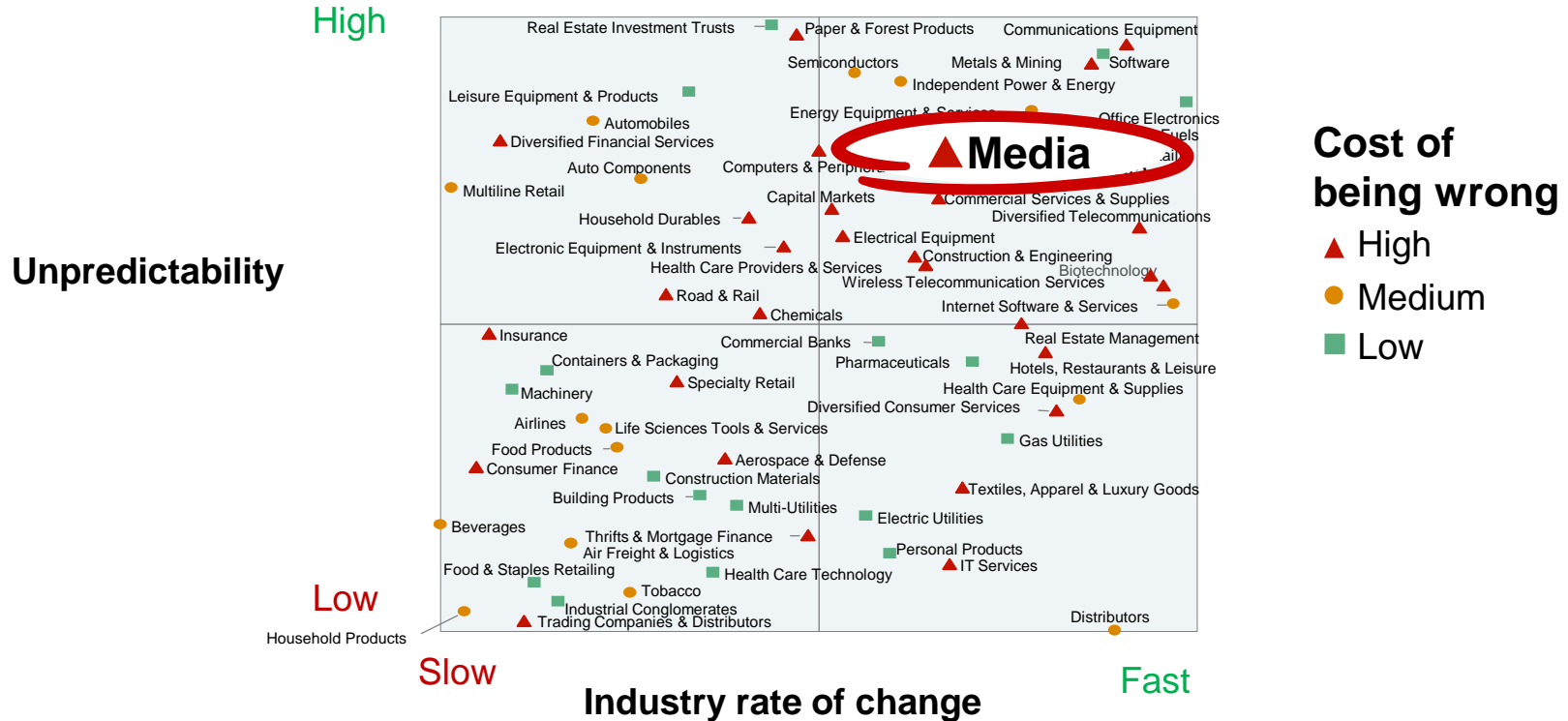
May 11, 2015

THE BOSTON CONSULTING GROUP

The Power of the Press



Media in the center of a storm of turbulence, uncertainty...



Note: Based on ordinal rankings along each dimension. Does not include Marine, Transportation Infrastructure, Water Utilities

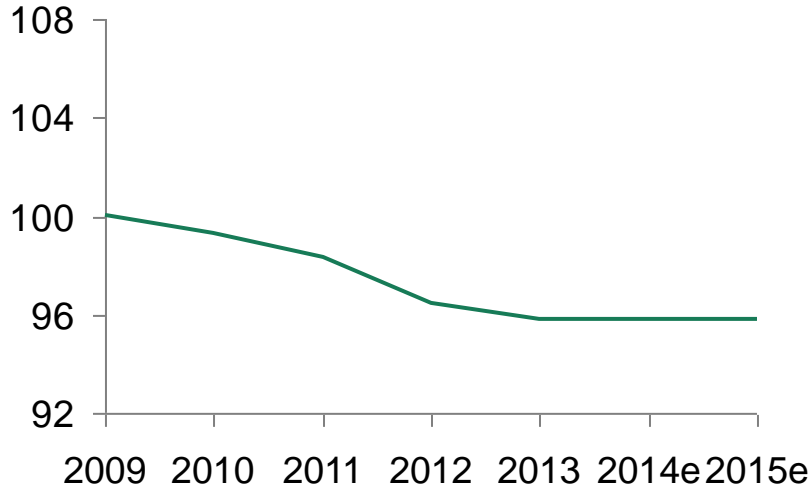
Source: BCG analysis

V5 150506_INMA Speech Large Format_v8_FA notes.pptx

...translating into a need to transform the print business while growing digital

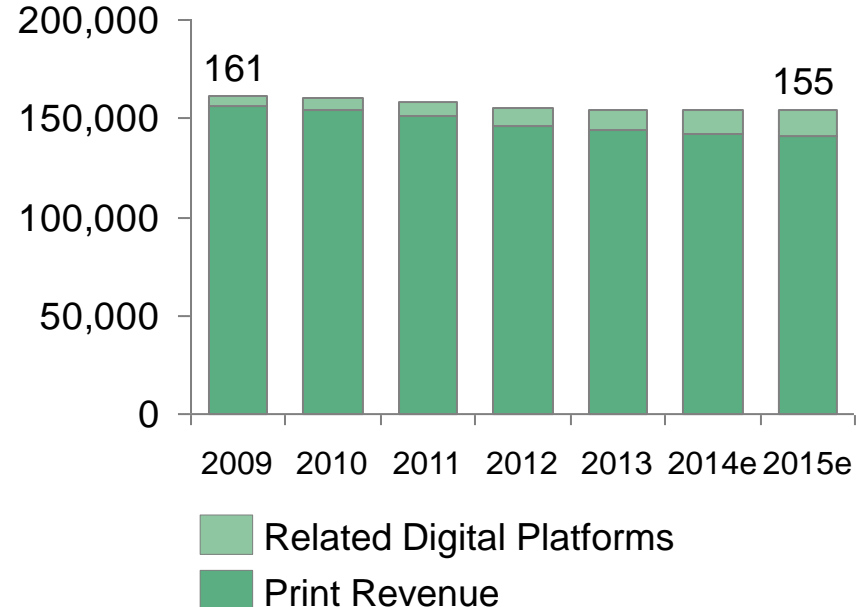
International newspaper revenues flat over near term ...

Total revenues, indexed to 2009 (=100)



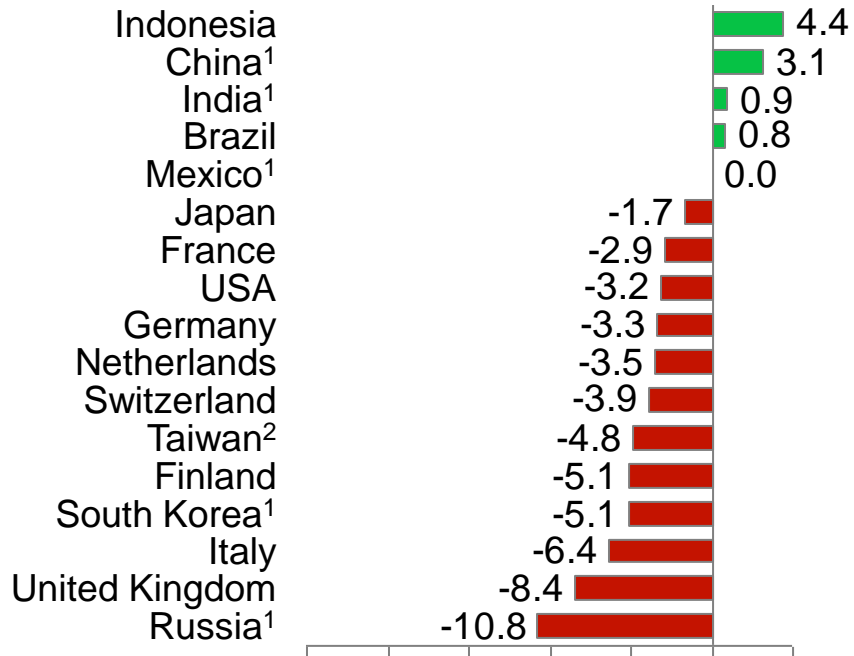
... but this relies on digital revenues comprising a larger share of the total

Revenue Global, \$ M

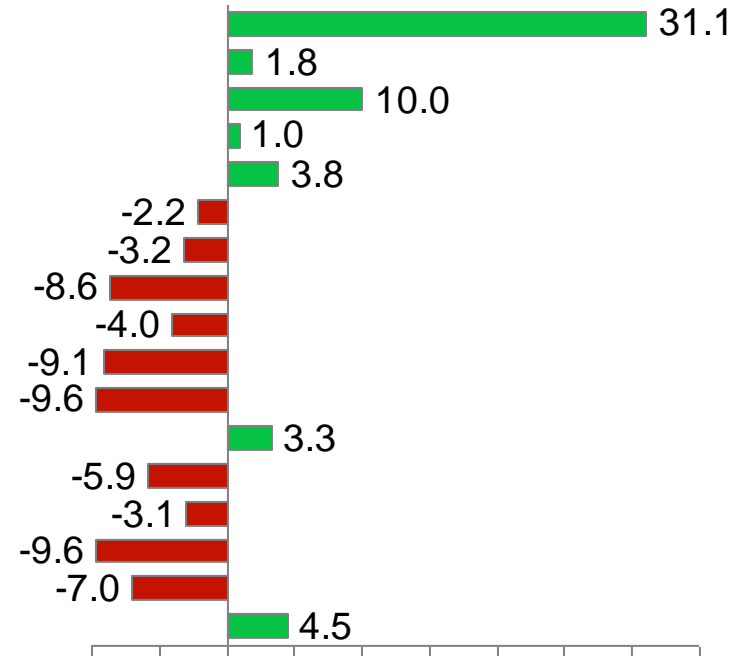


Mature markets face a significant decline in print media circulation and advertising revenue

Print circulation CAGR (%)



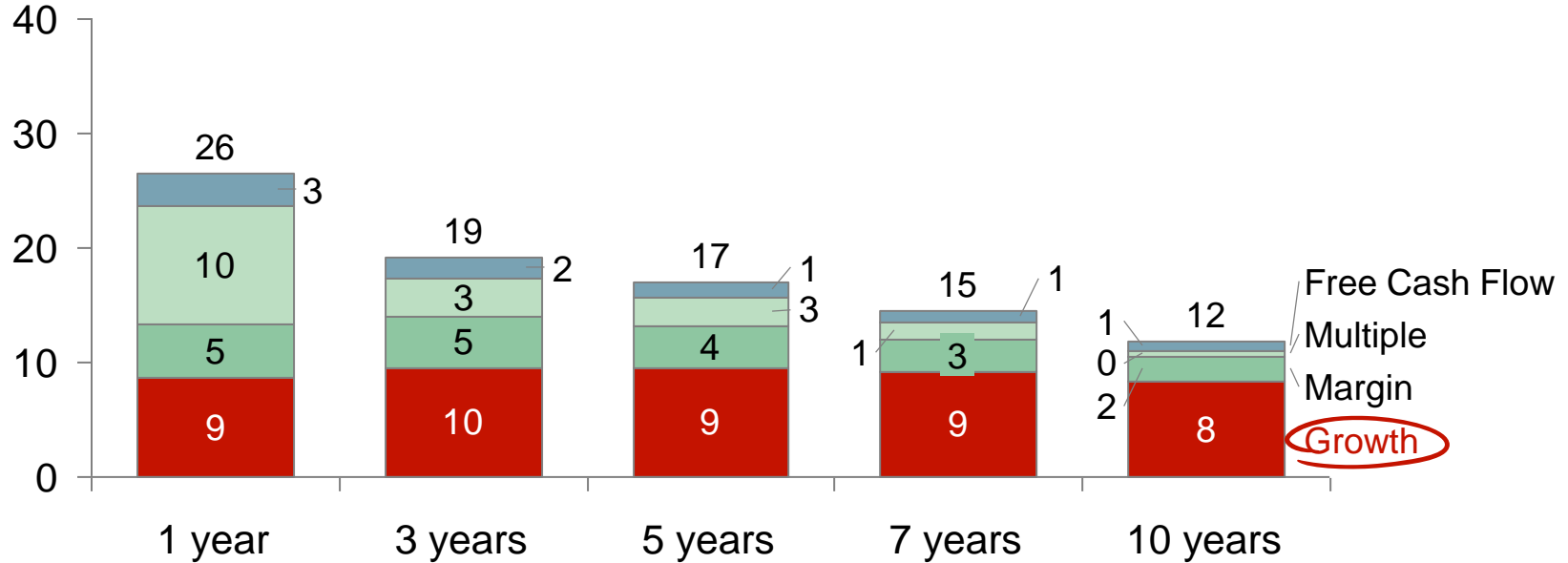
Print advertising CAGR (%)



1. 2009-2012 CAGR; '13 not available 2. 2009-11 CAGR; 12-13 not available
 Source: WAN IFRA WPT 2013 country-level reports; BCG analysis
 V5 150506_INMA Speech Large Format_v8_FA notes.pptx

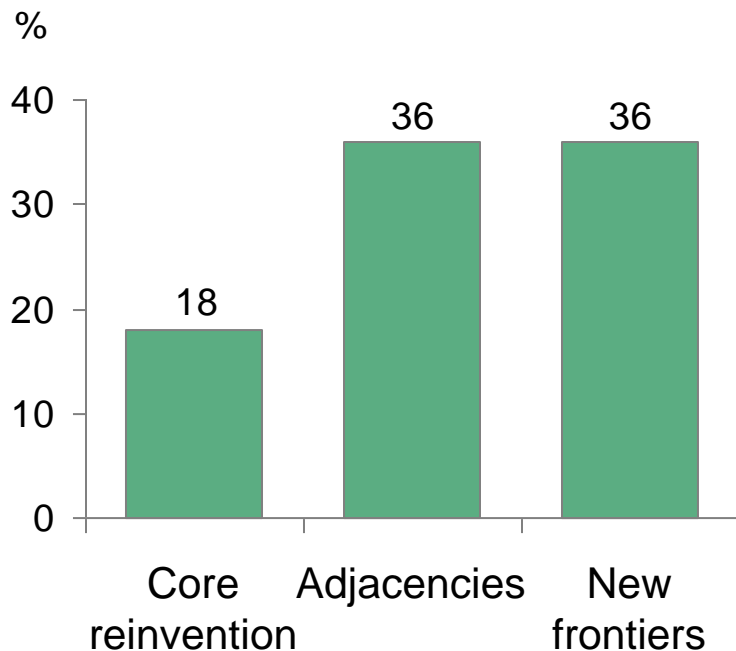
Growth is good – S&P 1200, 1991-2008

Annual TSR change (%)

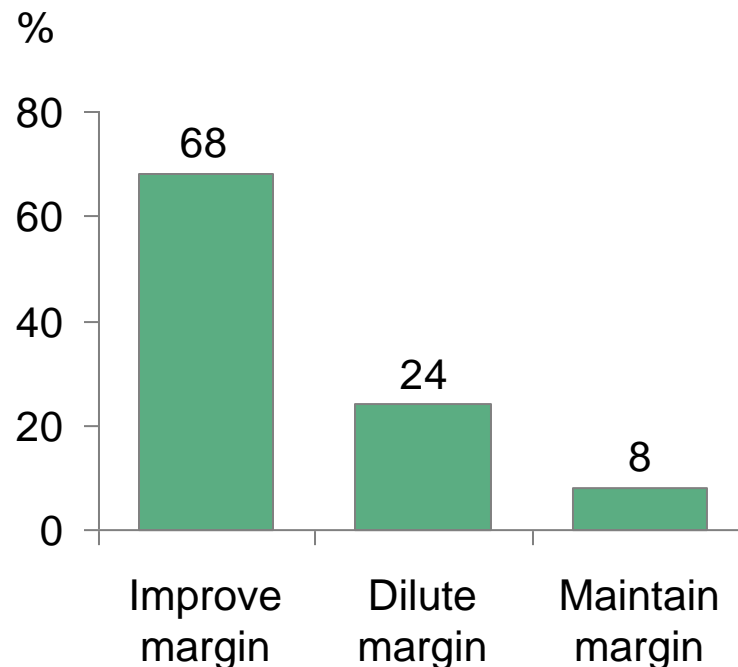


Growth comes mostly from places away from the core...while maintaining your profit margins

While investing for the future...



...Maintain or improve margins



Publishing companies have taken different approaches to growth and diversification

Core

s a n o m a

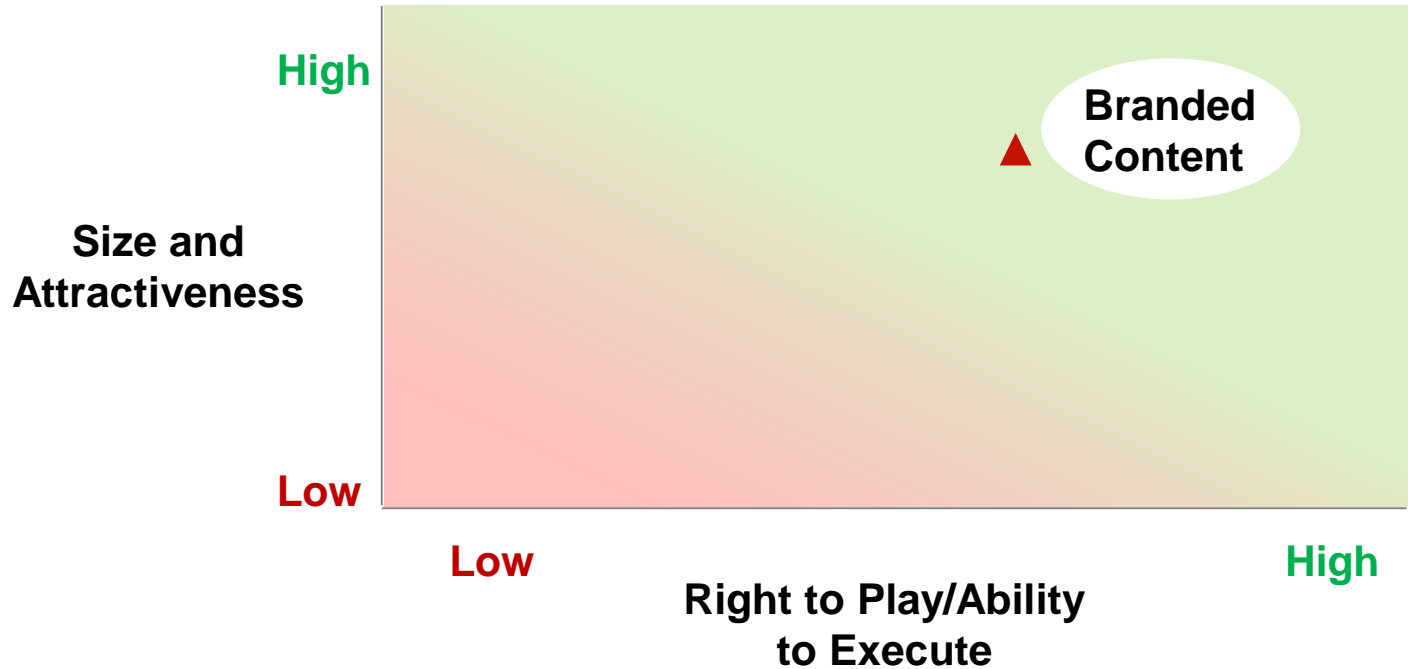
Adjacencies

DMGT

New frontiers



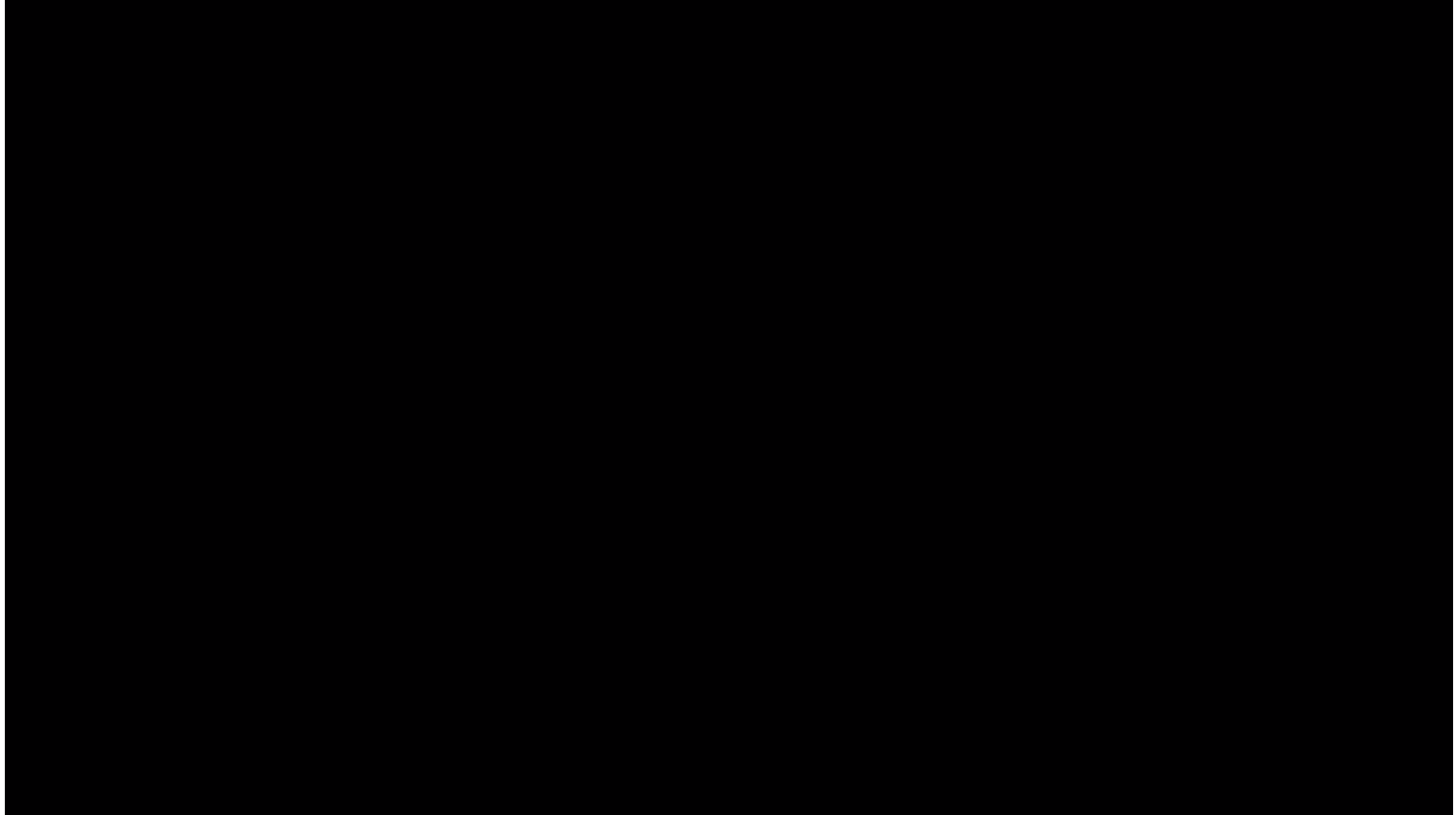
Branded Content: next big opportunity?



Digiday asks...



Branded Content Video



Branded content means a lot of different things to a lot of different people



Branded content means a lot of different things to a lot of different people



What we're going to do today

- 1 Bring some order to the chaos of "branded content"**
- 2 Learn how consumers actually feel about and are interacting with "branded content"**
- 3 Discuss some opportunities for you – media companies—to win in this space**

We believe branded content can be defined against two key elements

Content: desired consumer response



Has **clearly articulated consumer benefit**



Exists **in service of a brand's objectives**



It's **primary purpose is not to sell**

Environment: relationship to setting



Promotion is **natural and seamless**



Promotion's creative is **contextually relevant**

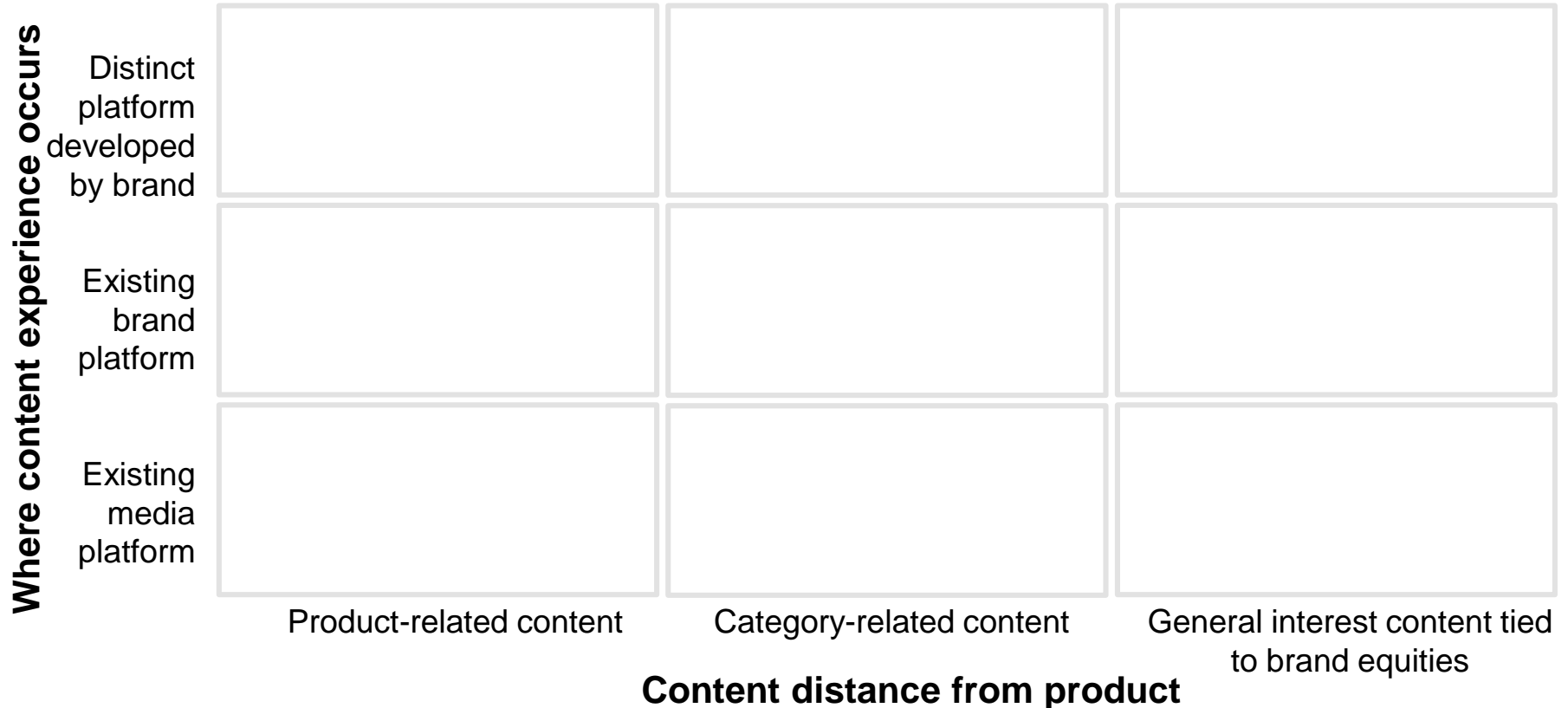


Promotion's tone, style, and format is **creatively aligned with its setting**

Our synthesized definition for branded content

**"Content ... with a consumer benefit ...
in an authentic environment ... in the service of a brand"**

Two key branded content choices—where and how

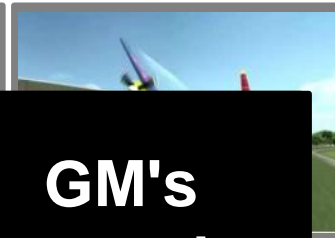
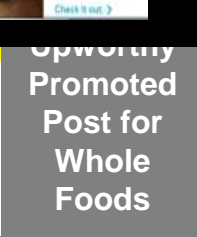
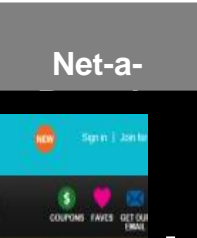
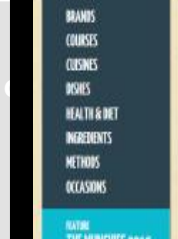
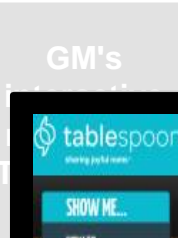
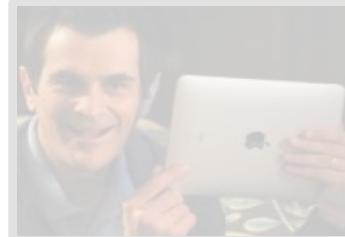
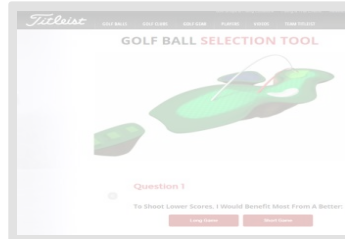
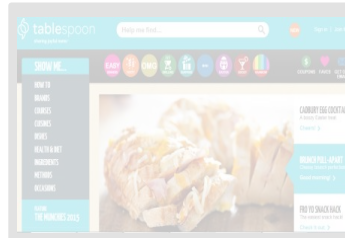


Branded content campaigns mapped to the matrix

Distinct platform developed by brand

Existing brand platform

Existing media platform



Product-related content

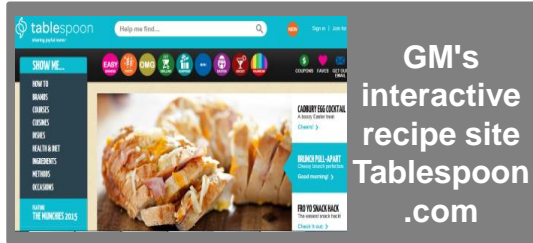
Category-related content

General interest content tied to brand equities

**GM's
interactive
recipe site
Tablespoon
.com**

"Native advertising" fits as a subset of branded content

Distinct platform developed by brand



GM's interactive recipe site Tablespoon.com



Net-a-Porter's "The Edit" magazine



Red Bull Media House

Existing brand platform



Titleist's online golf ball selection quiz



Nike "The Last Game" on Nike.com & YouTube
Nike brand page



Environmentalism on Patagonia's website

Existing media platform



iPad / Modern Family



When distributed digitally, often referred to as "native ads"

Product-related content

Category-related content

General interest content tied to brand equities

Example: New York Times for Orange is the New Black

The screenshot shows the New York Times website interface. At the top, there are navigation links for 'SECTIONS', 'HOME', and 'SEARCH'. The main header features the 'The New York Times' logo and a 'PAID POST' label. Below this, the 'BrandStudio' logo is visible, followed by the 'NETFLIX' logo and the 'ORANGE IS THE NEW BLACK' logo. The article title is 'Women Inmates: Why the Male Model Doesn't Work', with a sub-headline: 'As the number of women inmates soars, so does the need for policies and programs that meet their needs'. The author is listed as 'By Melanie Deziel'. The illustration depicts a group of women in orange jumpsuits, with some wearing identification numbers like 'A0221709', 'F0272381', '0228276', '221709', '72381', and '1709'. The background is yellow with barbed wire patterns.

"The New York Times just published what is probably the **best piece of sponsored content** you will find"

- Sam Petulla, MSNBC, on his Twitter Feed

"**The piece that turned [branded content] mainstream**"

-Ad Age

Source: Company websites; press reports
V5 150506_INMA Speech Large Format_v8_FA notes.pptx

Example: Net-a-Porter's "The Edit" magazine



Example: Red Bull's best-in class multi-format global content ecosystem



Red Bull is no longer alone ... other brands are building integrated media ecosystems



Power out? No problem.
pic.twitter.com/dnQ7pOgC

Reply Retweet Favorite Pocket More



Oreo's Tweet during the Superbowl 2013 Blackout



Branded Content market expected to grow to \$25B by 2019...

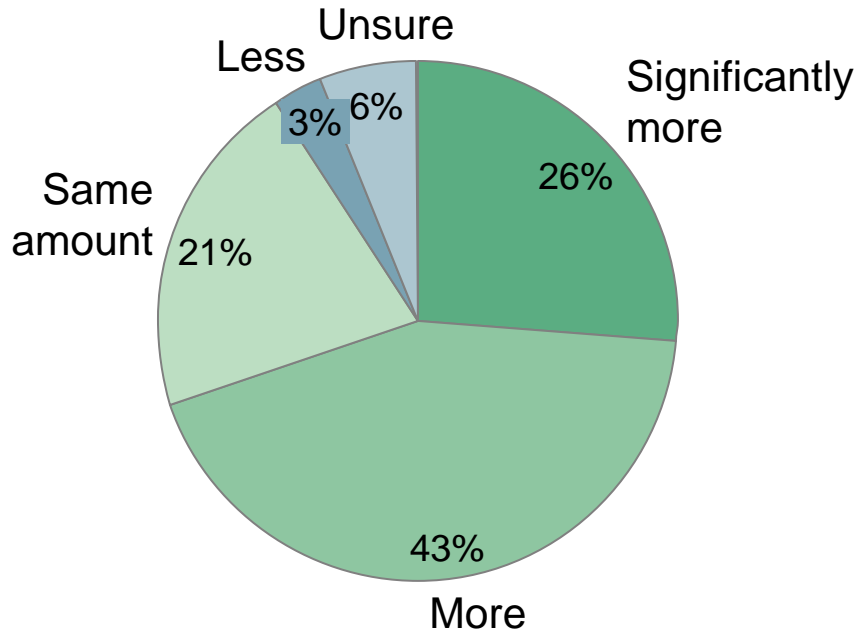
Total spend (native and outsourced content costs); includes about \$750M of programmatic native in 2014



Note: content spending only above the line; does not include below the line expenses such as salary and distribution
Source: Business Insider, PQM Media; Press Releases, BCG analysis
V5 150506_INMA Speech Large Format_v8_FA notes.pptx

...with more growth and attention to come

70% of marketers are expecting to do more branded content next year...



"[Branded] Content marketing is the **only marketing left**"

- Seth Godin, best selling author and marketing expert

"Extending our messaging through **content is a great way for us to continue to convert our customers** from simply seeing a message to considering our brand"

-Walter Frye, Director of Entertainment Marketing & Sponsorships at American Express

What we're going to do today

- 1 Bring some order to the chaos of "branded content"
- 2 **Learn how consumers actually feel about and are interacting with "branded content"**
- 3 Discuss some opportunities for you – media companies—to win in this space

Our survey methodology

Who we spoke to



~1578 respondents



~1000 respondents



~1000 respondents



~1000 respondents

Creative examples we used (U.S. only)



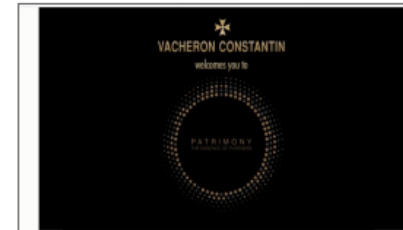
Net a Porter Online magazine



iPad / Modern Family



Red Bull drop from space



NYT for Vacheron Watches

Five key survey findings

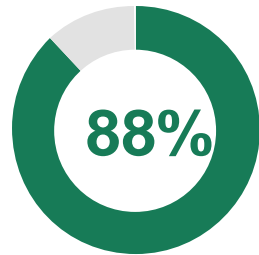
- A** → **Vast majority of consumers have encountered, enjoy and seek branded content**
- B** → **Branded content positively impacts favorability and purchase ROI...**
- C** → **... but magnifies negative sentiment among those who dislike the brand**
- D** → **Consumers are giving media properties permission to play in branded content**
- E** → **Tone and style are critical elements to successful branded content..as like edit**

Vast majority of consumers have encountered, enjoy and seek branded content



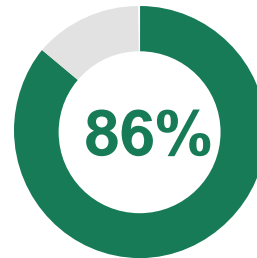
A

Awareness



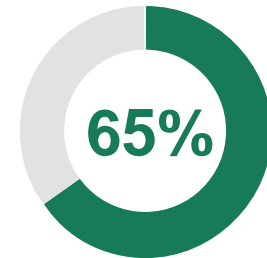
**Have encountered
branded content**

Favorability



**Have liked branded content
that they've encountered**

Demand



**Have proactively sought out
branded content**

BCG analysis. Awareness: Represents the portion of respondents who have encountered either product-level, category-level, or general interest branded content, or some combination thereof, at least once in the past year. Favorability: Represents the portion of respondents who have liked product-level, category-level, or general interest branded content, or a combination thereof, at least once in the past year. Demand: Represents the portion of respondents who have proactively sought out either product-level, category-level, or general interest branded content, or some combination thereof, at least once in the past year.

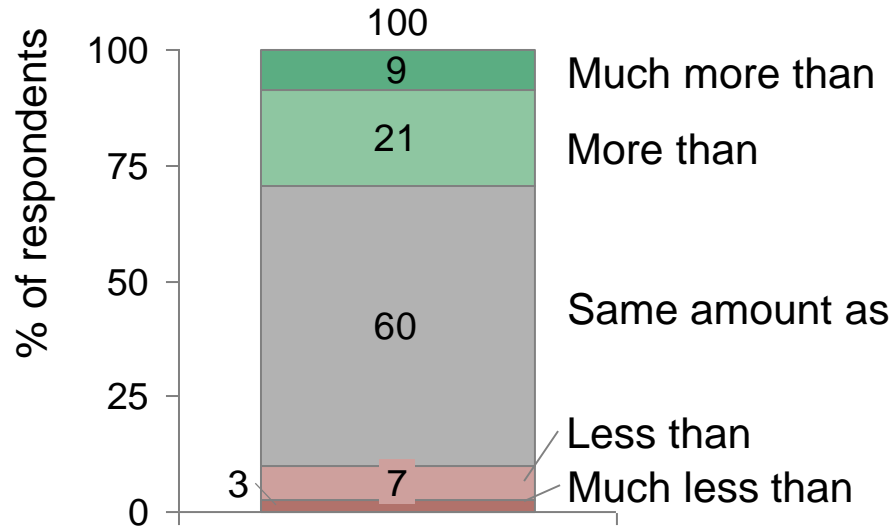
Branded content positively impacts favorability and purchase ROI...



B

Consumers **like** brands more as a result of branded content...

... and indicate a greater likelihood of purchase



+20%

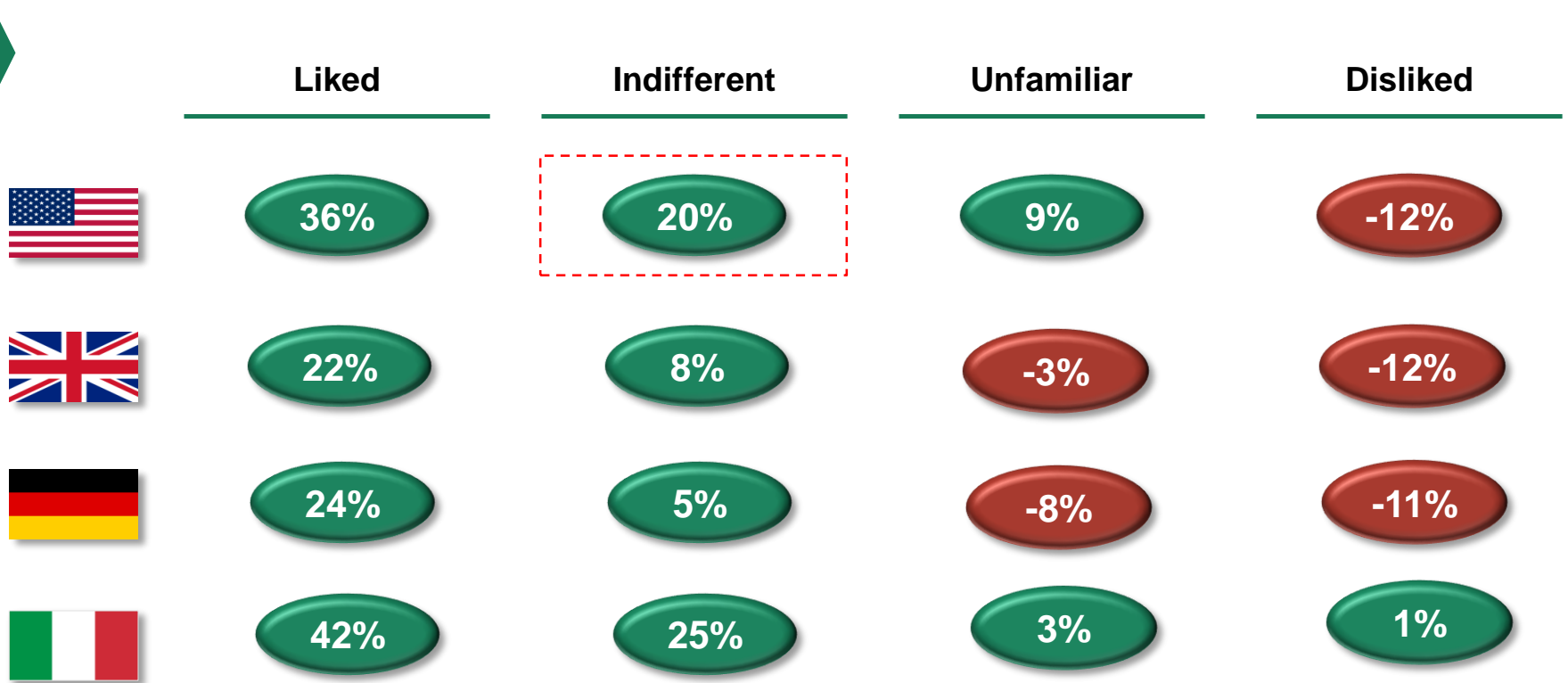
Net increase in **affinity** for a brand

Net increase in **purchase likelihood**

+21%

However, it magnifies negative sentiment among consumers who dislike the brand

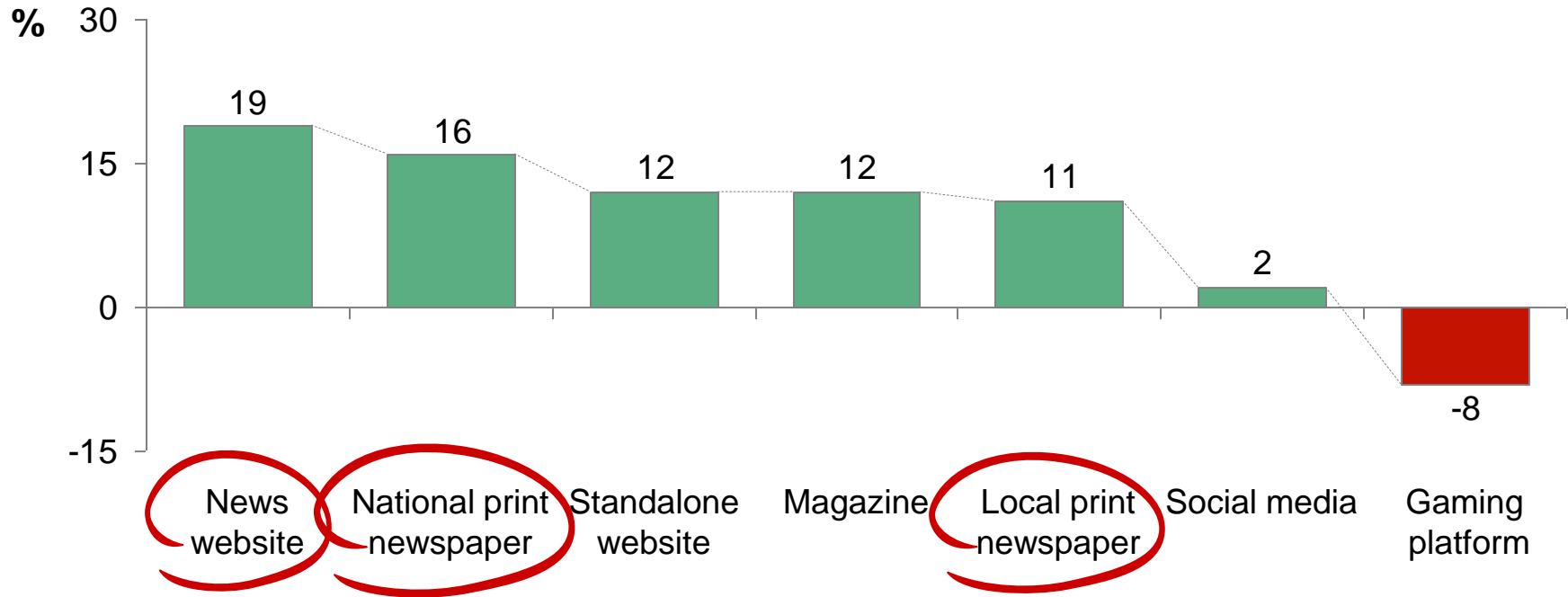
C



Consumers are giving media companies permission to play in branded content...

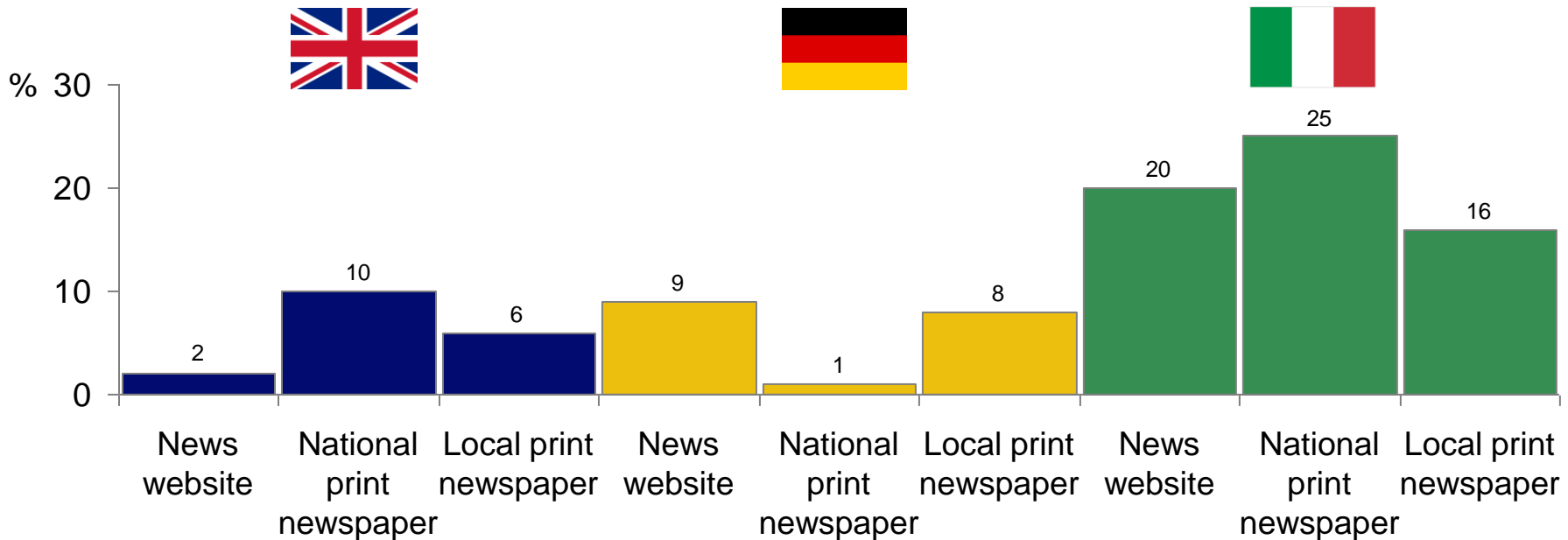


After consuming branded content "I would **trust** this media setting more/less..."



...with slightly lower receptivity in the U.K and Germany, and slightly higher in Italy

D After consuming branded content "I would **trust** this media setting more/less..."



Represents the average results of (1) general interest branded content (2) category-level branded content and (3) product-level branded content

Source: BCG analysis; consumer survey, 1578 U.S. Respondents, 1000 UK, 1000 Germany, 1000 Italian Respondents, March/ April 2015

V5 150506_INMA Speech Large Format_v8_FA notes.pptx

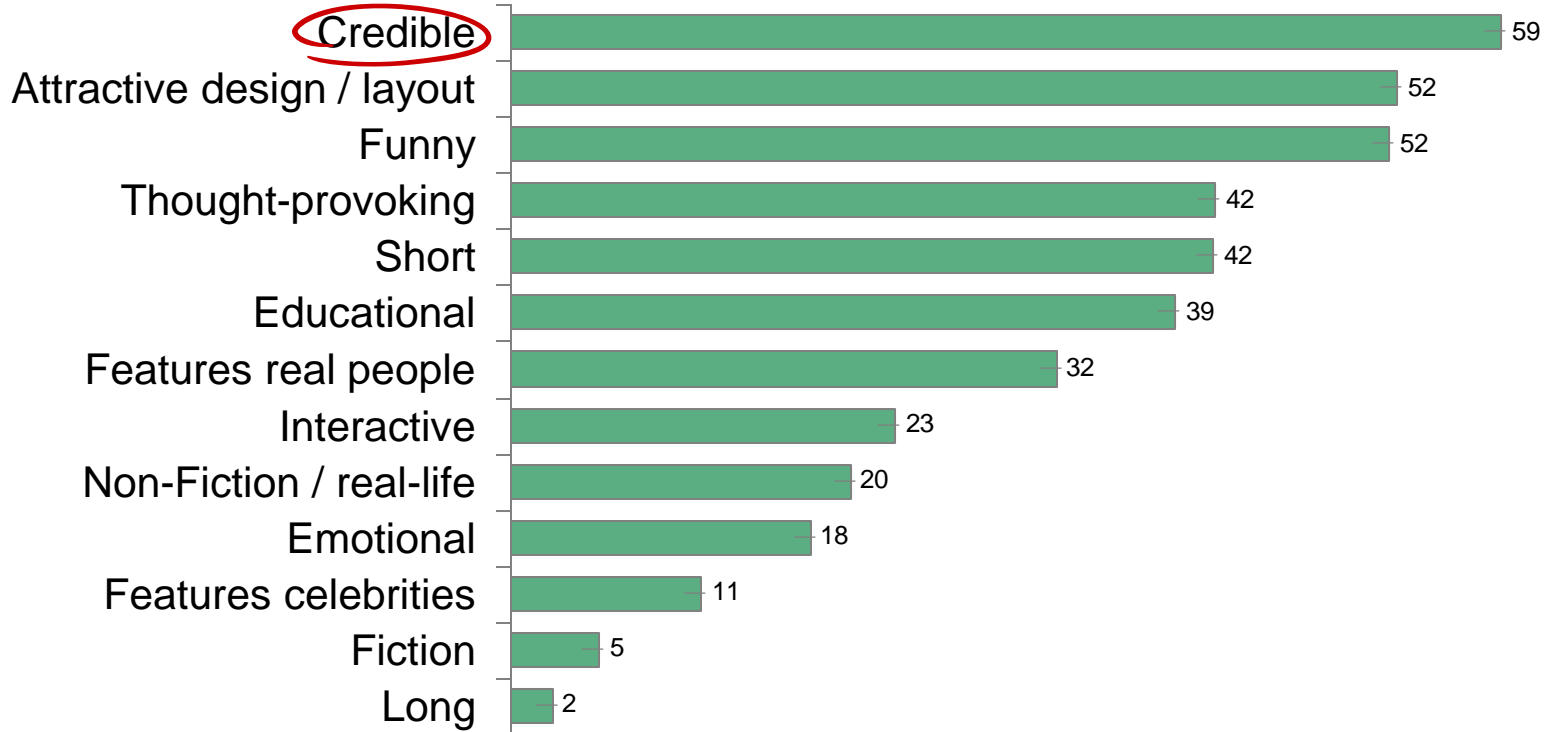
THE BOSTON CONSULTING GROUP

Tone and style are critical elements of branded content...just like edit



E

"Attributes that would make you most likely to read/view content featuring [brand]"



Five key survey findings

- A** → **Vast majority of consumers have encountered, enjoy and seek branded content**
- B** → **Branded content positively impacts favorability and purchase ROI...**
- C** → **... but magnifies negative sentiment among those who dislike the brand**
- D** → **Consumers are giving media properties permission to play in branded content**
- E** → **Tone and style are critical elements to successful branded content..as like edit**

What we're going to do today

- 1 Bring some order to the chaos of "branded content"
- 2 Learn how consumers actually feel about and are interacting with "branded content"
- 3 **Discuss some opportunities for you – media companies—to win in this space**

Overview of opportunities for media companies

Core offering

A

Native ad inventory



B

Content production for MediaCo platforms

New adjacent offerings

C

Full service branded content offering



D

Native sales on MediaCo-run private exchanges



E

Content management services



A conclusion for consideration...

