

CUSTOM GUIDE 2010



For years, advertising and marketing practitioners have talked about the importance of integration in communicating marketing messages, but they could only bring themselves to take baby steps. Now, spurred in part by tight marketing dollars during these difficult economic times, the custom media industry is at the forefront, pulling everything together.

"In many ways marketers who embrace custom content are leading the way because they have no constraints," says Lori Rosen, executive director, Custom Content Council. "The only true requirement they have is to produce top-quality content. That's what engages and sells audiences."



Lori Rosen

Every channel plays a role these days, says Andrew Seibert, president-publisher, SmartMoney, who also is VP-SmartMoney's Custom Solutions.

Eric Schneider, president-CEO, Totem Communications Group, formerly Redwood Custom Communications, agrees: "We are not seeing initiatives anymore that are in the narrowness of just a custom magazine. At a minimum, we would create a related Web site."

Most initiatives today start with a core business objective, the executives say. "We then create a communication architecture designed to move customers through a journey using media and touch points relevant in the lives of the specific target groups," Mr. Schneider says. "It's all incredibly integrated."

Arjun Basu, editorial director, Spafax, says every proposal his company submits assumes multimedia—even if an RFP indicates just one distribution method.

However, because of the way client companies are organized and how budgets are allocated, incorporating digital can take some time. More departments often need to be involved.

For instance, Mr. Basu says, if some area is already sending electronic newsletters to its best customers, "you don't want to send more and inundate people. What we [as custom media firms] present has to fit into what structure the client already has."

"Our clients ... recognize that consumer cross-channel behavior is the norm today," says Chris Schraft, president, Time Inc. Content Solutions and Liquid Dialog, a dedicated digital unit. "Now that over 70 percent of U.S. households are online, marketers cannot afford to ignore the fact that online consumers also buy offline and that cross-channel consumers research offline and buy online."

For savvy custom content companies, that can be a big advantage. "What custom publishing—or custom content (note the CPC's move to rename itself the Custom Content Council)—has going for it, more than media that is advertising-supported, is its chameleon character," says custom council Chairman Michael Winkleman, president, Leverage Media. "In fulfilling a sponsor's need to provide reader-driven content that advances a sponsor's position, sells a sponsor's products or services, or establishes a sponsor's thought leadership, custom content, by definition, can take any form that is appropriate. It can be a magazine, or a Web site, or a podcast or a tweet, or anything in between."

But what should always come first, say custom media experts, is creating a brand story designed to meet objectives. "You've got to unify your story platform, your brand platform, then make sure the touch points are consistent across all chan-

nels," says Simon Kelly, chief operating officer, Story Worldwide.

This has become so important for custom that when Redwood changed its name to Totem earlier this year, the agency created a new tagline: Brand stories. "This captures our strength in crafting the kind of messaging that engages customers on a narrative journey," Mr. Schneider says. "Be it the subject line of an e-mail, a feature article or a multipage photo-essay, the imperative of great storytelling is the core of our customer-focused approach. We've even created a new term to describe the craft employed by the talented staff that creates brand stories, and that is 'marketing journalists.'"

When the Internet is involved, "you've got to think like publishers" and create a content plan for continually building traffic to a site, Mr. Kelly says. In the early days of digital, everyone would create a massive brand site, buy Google Adwords, make sure the site was optimized, send out some e-mails, generate traffic and call it finished. "The world has changed now," he says.

Valerie Valente, senior VP-publishing director, Rodale Custom Publishing, agrees that as the custom industry embraces all these ways to engage with audiences, it makes for a much more complex process. Programs are driven by the needs of the business, not by the format, she says. "In some cases, it's for customer relationship marketing, sometimes customer acquisition, some to sell product directly on the Internet, some to enhance social media."

With so much focus on digital, the question that always arises is whether print is history. Absolutely not, custom media experts say. People still love print, and it's still a very ad-friendly place, while digital has a long way to go to catch up, they say. The challenge with print is the cost, and it's not as much the cost of printing as it is shipping and distribution for global companies.

A national poll conducted by Roper Public Affairs on behalf of the Custom Content Council last year found that, while



Valerie Valente

electronic options have increased, print still has the edge when it comes to branded content. The study, based on telephone interviews conducted with 1,000 adult Americans age 18 and older in February and March 2009, found that 36 percent of consumers at least occasionally look at the electronic custom publications they receive. This is significantly less than the 59 percent of consumers who said, at a minimum, they occasionally pick up and look through print custom publications.

When asked whether they would prefer to receive publications in print or electronic form, 56 percent of respondents said they would rather receive a print version, while 37 percent said they would prefer to receive publications electronically.

While tight marketing dollars in the difficult economy contributed to the explosion in digital, there were other factors. Marketers were already aware that consumers increasingly weren't sitting still. As channels of communication, whether TV

networks or Internet sites, proliferated, audiences that could be reached with a single channel were getting smaller and smaller.

With the migration away from traditional advertising, a harder-to-reach mobile consumer, shrinking audiences reachable through a single channel and reduced budgets, one might say it's a "perfect storm" for custom content, Mr. Kelly says.



Chris Schraft

While digital may be seen as less expensive, that can be misleading. "People just think, 'Let's just take that newsletter and make it digital,'" Mr. Seibert says. "But then nobody reads it because they don't open the e-mail. I have some customers who have 80 percent readership on their magazines, and their e-mail open rates are under 30 percent. The question is, is the decrease in cost worth it?"

People need to remember that every format is different and the most effective digital programs or cross-platform programs are developed with comprehensive knowledge of what the digital medium can deliver, says Marcie Avram, associate publisher, marketing business development, Rodale Custom Publishing.

Digital means much more than the Internet these days as marketers experiment with mobile and start to think about tablets. But as with other distribution methods, they should be used for a reason, experts say, not just because they are possible. "Professionally produced, quality-branded content and storytelling, which establish a user-first media environment, are not going away," Mr. Schraft says. "These environments may be complemented by user-generated content, mobile messaging or new forms of interactivity, but the purpose of our medium will remain—to communicate, inform, engage, drive behavior and deliver ROI." ■

8 Keys to Successful Custom Integration

- Always** start by understanding the consumer's online and offline behavior, preference and consumption patterns.
- Define** audience goals and key performance indicators at the outset.
- Make sure** you understand your brand's story fully before telling it.
- Remember** that content quality is king regardless of how it's delivered.
- Integrate** and cross-reference your brand's story message across every channel.
- Be usercentric.** Design channels with usability principles in mind.
- Go beyond** building traditional static digital brand sites and understand that the digital world has moved on to collaborative, distributed content experiences across all channels and audiences.
- Know** that content and channels are inextricably connected and need to be viewed together when planning on how to engage.

State of the Industry

The custom media business was not immune to the cutbacks in spending that battered the marketing communications business in 2009, but overall it wasn't hit as hard as other areas.

And so far, 2010 is looking brighter. Says Custom Content Council Chairman Michael Winkleman, president, Leverage Media: "I think that 2010 is likely to be an even better year for custom publishing than 2009 was—and 2009 was a better year for custom publishing than it was for most other forms of published communications. The trick will be figuring out how to keep up with the times. If they can do that, these custom content providers will have an exciting and profitable year."

Still, custom media companies say they could spot no discernible spending trends in the past year.

"2009 was all over the place," says Andrew Seibert, president-publisher, SmartMoney, who also is VP-SmartMoney's Custom Solutions. "We had some customers who increased their budgets and we had others who shut them down, some because they didn't know what to do and others because they were told to. It was all across the board. Within the same industry, people did polar-opposite activities. There was no trend."

At Spafax, where a number of clients reduced but did not eliminate their programs, Editorial Director Arjun Basu says, "We sat with them and devised ways to make it work on a reduced level to ensure that programs still went out there and were

serving their purposes."

Clearly, says Joseph Barbieri, senior VP-marketing & business development, Totem Communications Group, the confusion among marketers about where to put their dollars was reflected in the cutbacks in the media sector is benefiting the custom content industry. "We are seeing there is a clear opportunity for providing marketers content solutions even in a down market, especially in the digital space," he says.

Research from the industry showed an even rosier view than custom media executives indicate. The annual Custom Content Council (formerly the Custom Publishing Council) study released in December, conducted in partnership with ContentWise, a newsletter covering branded content, reported that marketers poured more money into branded content in 2009 than ever before. The study, conducted using online and traditional mail, showed that total spending on branded content was more than \$1.8 million per company, with 51 percent spent on print publications, 27 percent on Internet media and 22 percent on categories such as video or audio, which were measured for the first time. Even without the addition of new categories, 2009 spending was double that of 2008 and the highest amount reported since the council began conducting the survey in 2003.

The survey also found that branded content accounted on average for 32 percent of overall marketing, advertising and communications budgets. Some 59 percent of marketers surveyed said they plan to increase content marketing spending in 2010, compared with 56 percent in 2009 and 42 percent in 2008.

Of the 5,000 survey invitations sent to a random sample of companies across all industries, approximately 200 were returned, including responses from Booz Allen Hamilton, Costco Wholesale, General Electric Energy, Honda Financial Services, State Farm Insurance, VistaCare and World Vision.

In a separate study conducted by Roper Public Affairs on

behalf of the council in 2009, two-thirds of respondents said that companies that provide information about their products in custom magazines help them make better purchasing decisions—an increase of six percentage points since Roper last conducted this survey in 2005. Overall, custom media is a preferred source of information, with nearly three-quarters of respondents agreeing that getting information about companies from an interesting collection of articles is more appealing than getting information from ads.

"With the overwhelmingly positive reaction to print custom media, the growing acceptance of electronic custom media and the explosion of branded social networking sites, blogs and Twitter, consumers are clearly finding the time for custom media products," says Lori Rosen, executive director of the Custom Content Council. "This survey reaffirms what we all know: Custom media works, and that is why our members continue to deliver effective return for their clients, despite challenging economic times."

However, the "Jack Myers Media Business Report's 2007-2012 Advertising & Marketing Spending Report," updated in December 2009, predicted an 18 percent decline in custom publishing in 2009 and another 6.5 percent in 2010. Mr. Myers, who is considered among the most bearish of forecasters, says he does not expect the same upturn in ad spending that several forecasters have projected and that some current general economic indicators suggest. His figures show custom publishing representing just more than 8 percent of total advertising spending.

Practitioners, however, are already reporting increased business activity. "The bold marketers will grab market share. Others will realize it and try to quickly follow suit," Mr. Winkleman says. "The overall market for custom publishing should shape up nicely in 2010." ■