

SPENDING STUDY

A Look at How Corporate America
Invests in Branded Content

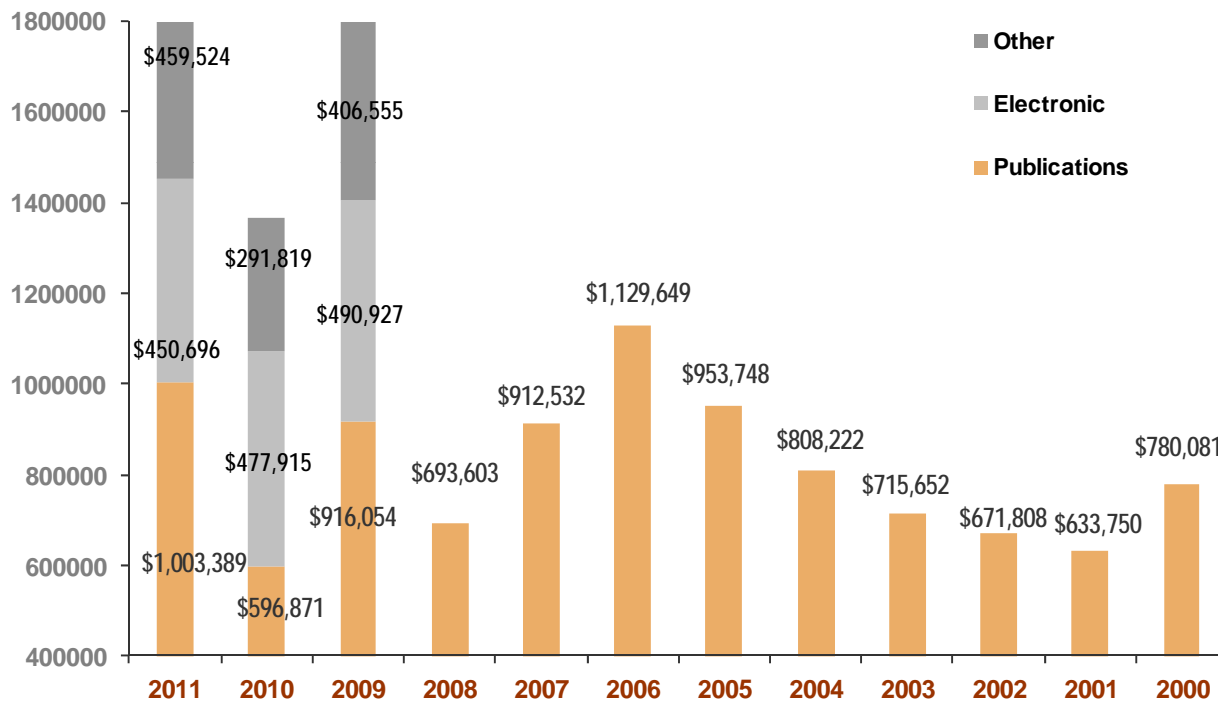
2011

ContentWise



Overall Spending

AVERAGE SPENDING BY COMPANY



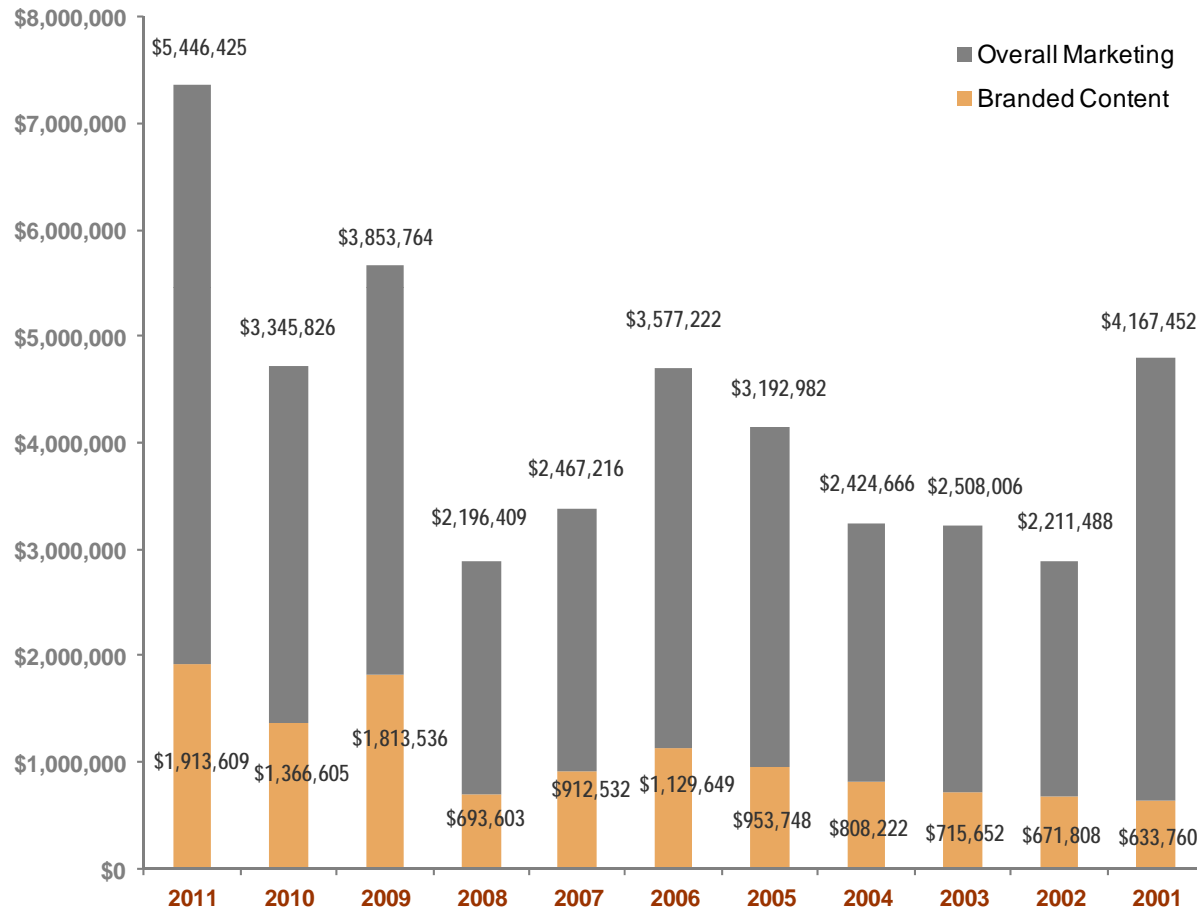
Summary

- ▶ The total spend on branded content per company rebounded significantly in 2011, to the highest level ever: \$1,913,609 per company. This closely matched the previous record set in 2009 of \$1,813,536
- ▶ The biggest driver of the growth from 2010 to 2011 was in publication budgets, which increased by 68% and were at their highest level since 2006.
- ▶ Other forms of branded content posted a 57% increase while electronic forms of branded content remained more or less steady (posting a modest decline of 6%).

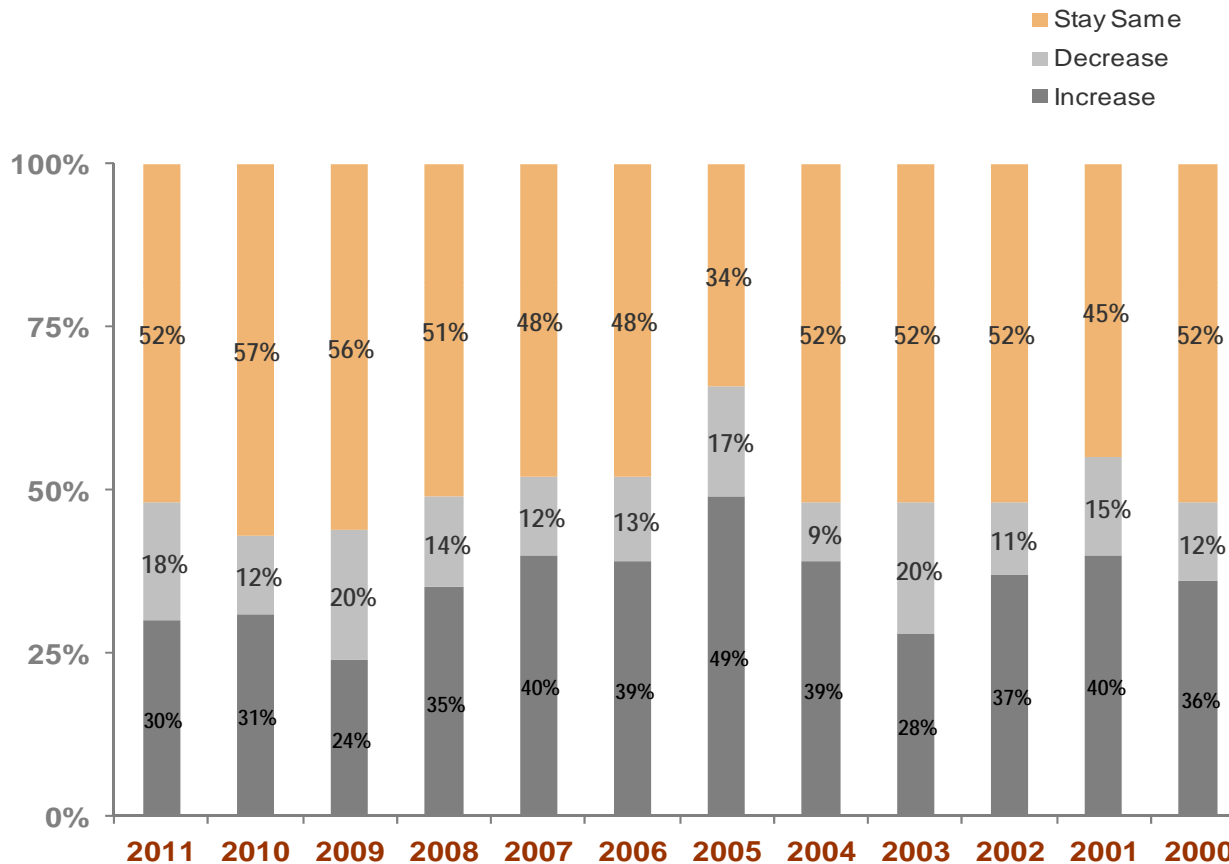
SPENDING AS PART OF THE MEDIA MIX

Summary

- ▶ Of the average overall marketing, advertising and communications budget, 26% of the funds were dedicated to branded content.
- ▶ This actually represents a slight decrease from 2010, when 29% of average marketing, advertising and communication budgets were dedicated to branded content.
- ▶ The decrease in percentage is a result of large increases in overall marketing, advertising and communications spending. After all, the average branded content spend was at an all-time high in 2011 at \$1,913,619 per company.



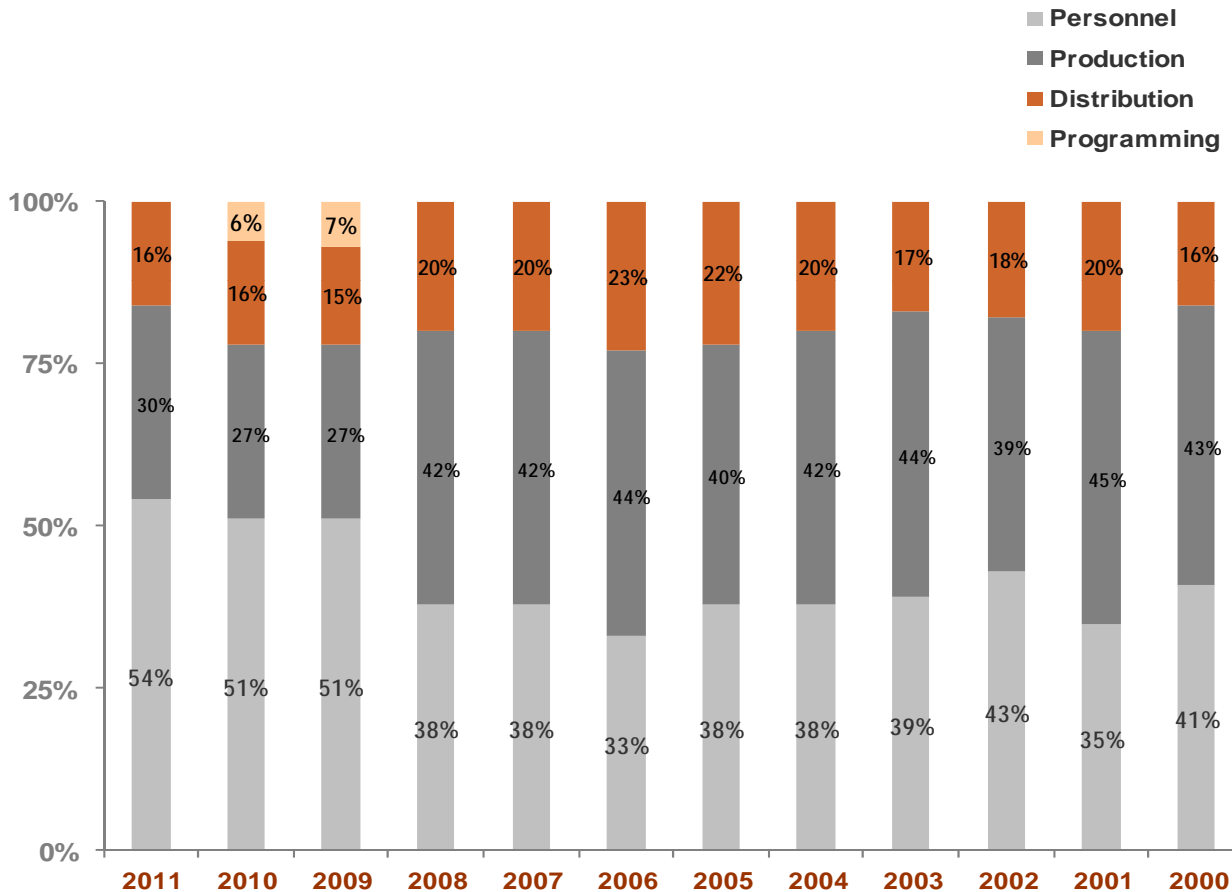
PROJECTED CHANGE IN BUDGET SIZE



Summary

- ▶ 30% of respondents felt that their branded content budgets would be increasing in the coming year, a number, which was close to the same percentage reported last year but still showing signs of post-recessionary conservatism.
- ▶ When broken down by type of branded content, respondents were most bullish on electronic (39% increase/10% decrease) and other forms of branded content (37% increase/5% decrease) as opposed to print (16% increase/33% decrease).
- ▶ It's worth noting that the uptick in outlook from 2009 to 2010 played out in 2011, given the rebound in spending that occurred.

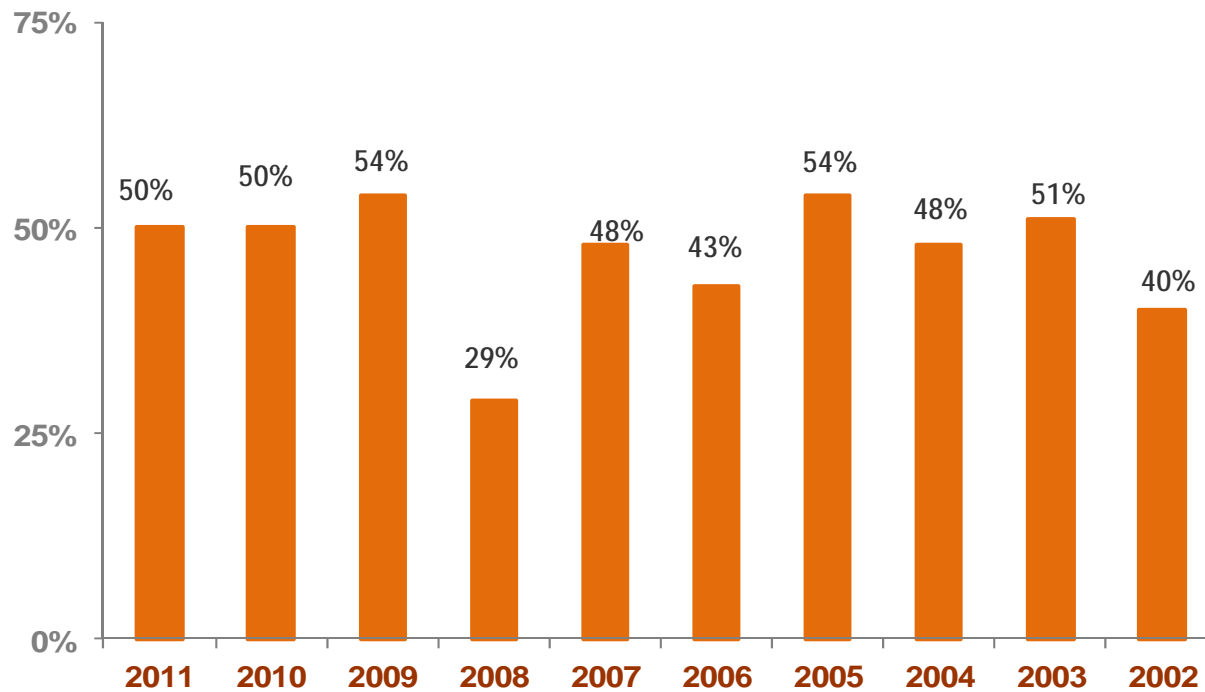
HOW BUDGET FUNDS ARE SPENT



Summary

- ▶ Personnel continued to be the primary use of budget funds, by the largest percentage ever (54%). This parallels other research showing companies increasingly hiring branded content personnel to manage these marketing activities.
- ▶ The average spend for print forms is \$481,627 on personnel (48%), \$341,152 on production (34%) and \$180,610 on distribution (18%).
- ▶ The average spend for electronic forms is spent \$274,924 on personnel (61%), \$112,674 on production (25% -- and as of 2011, this figure now includes "programming"), and \$63,097 on distribution (14%).
- ▶ The average spend for other forms is \$252,738 on personnel (55%), \$137,857 on production (30%) and \$68,929 on distribution (15%).

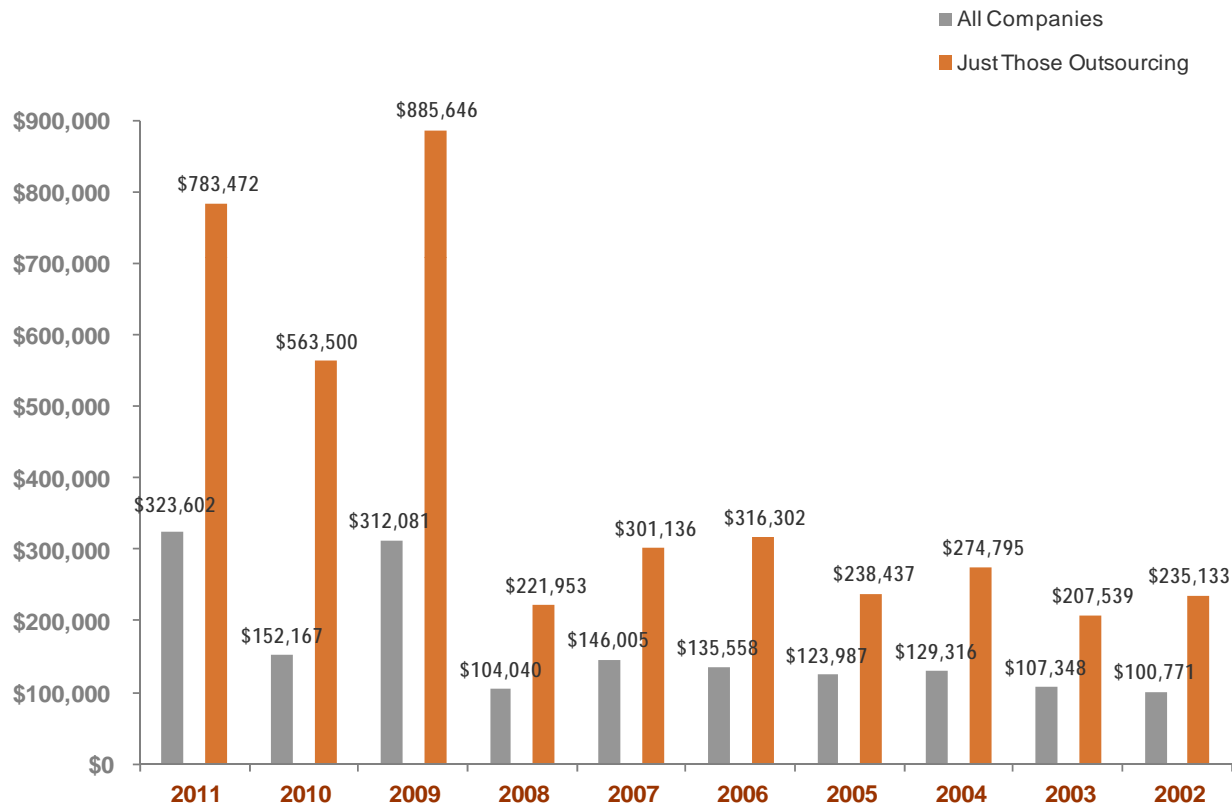
OUTSOURCING BRANDED CONTENT



Summary

- ▶ The use of the services of external agencies (custom publishers, PR/marketing firms, design firms, video production companies, interactive agencies, and others) to handle some aspect of branded content initiatives remained steady, with 50% of companies reporting that they outsourced some portion of at least one type of branded content creation in 2011.
- ▶ Outsourcing was more prevalent among print forms (51%) of branded content, than it was among electronic (31%) or other (35%) forms.
- ▶ Taken as a whole, of all branded content initiatives that were endeavored in 2011 – by both the companies that reported outsourcing along with those who did not – 39% involved external agencies.

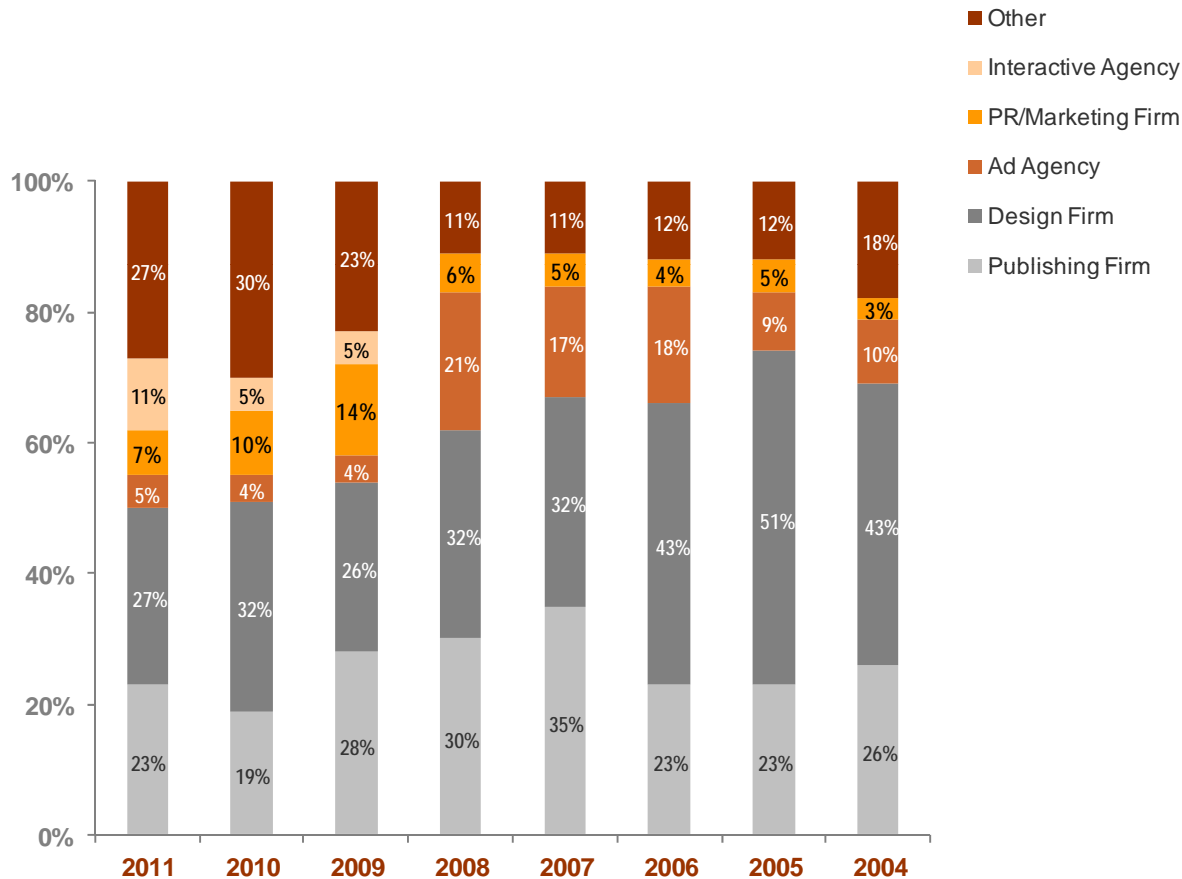
OUTSOURCING SPEND



Summary

- ▶ For all companies (counting both those who did and did not outsource), the average total branded content outsourcing spend was \$323,602, the highest amount ever recorded.
- ▶ Looking exclusively at the companies that did outsource, the average spend on outsourcing spend was (obviously) even higher -- \$783,472 -- although this number fell short of 2009's all-time record (\$885,646).

OUTSOURCING SPEND BY TYPE



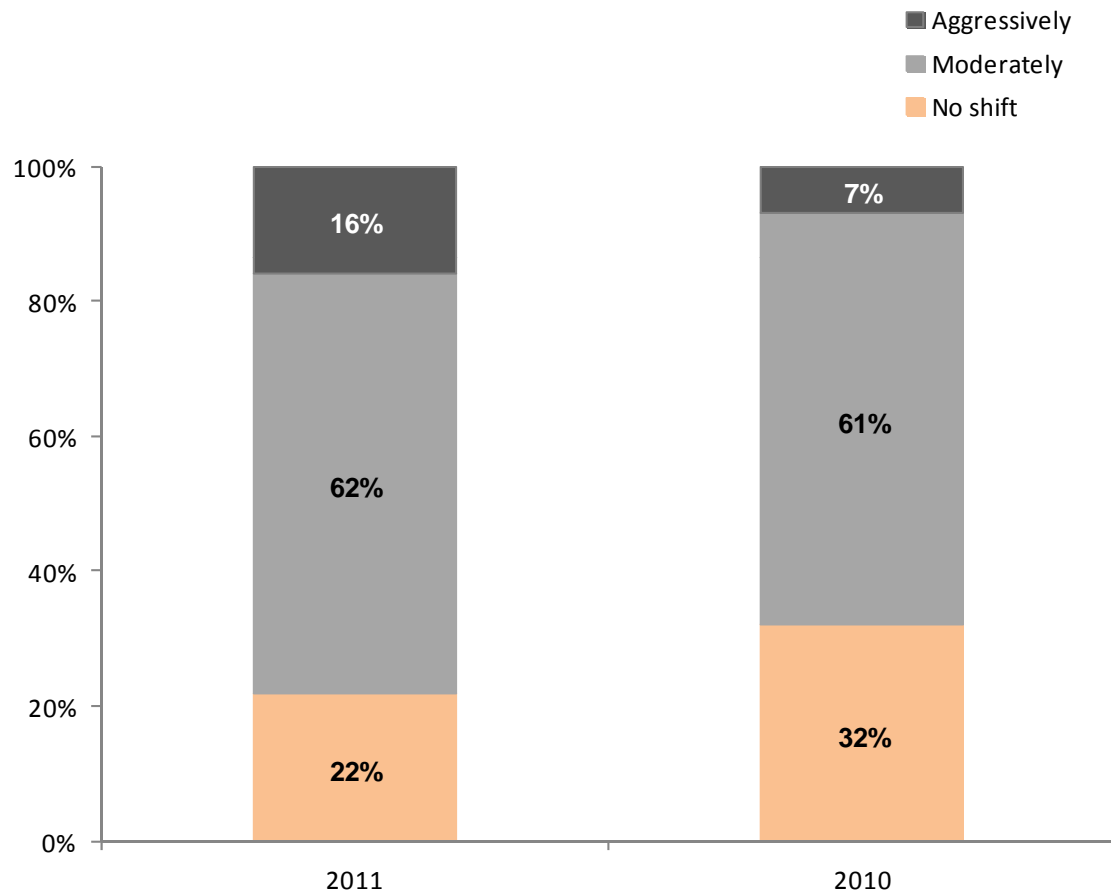
Summary

- ▶ For those companies outsourcing some aspect of their branded content initiatives, the most commonly used types of outsourcing agencies are design firms (27%), other firms (27%) and publishing firms (23%).
- ▶ The same three types of agencies were most used when the form of branded content was print, though not surprisingly, the percentages changed more to the benefit of publishing firms (34%) over design firms (25%) and other firms (25%).

SHIFT IN SPENDING

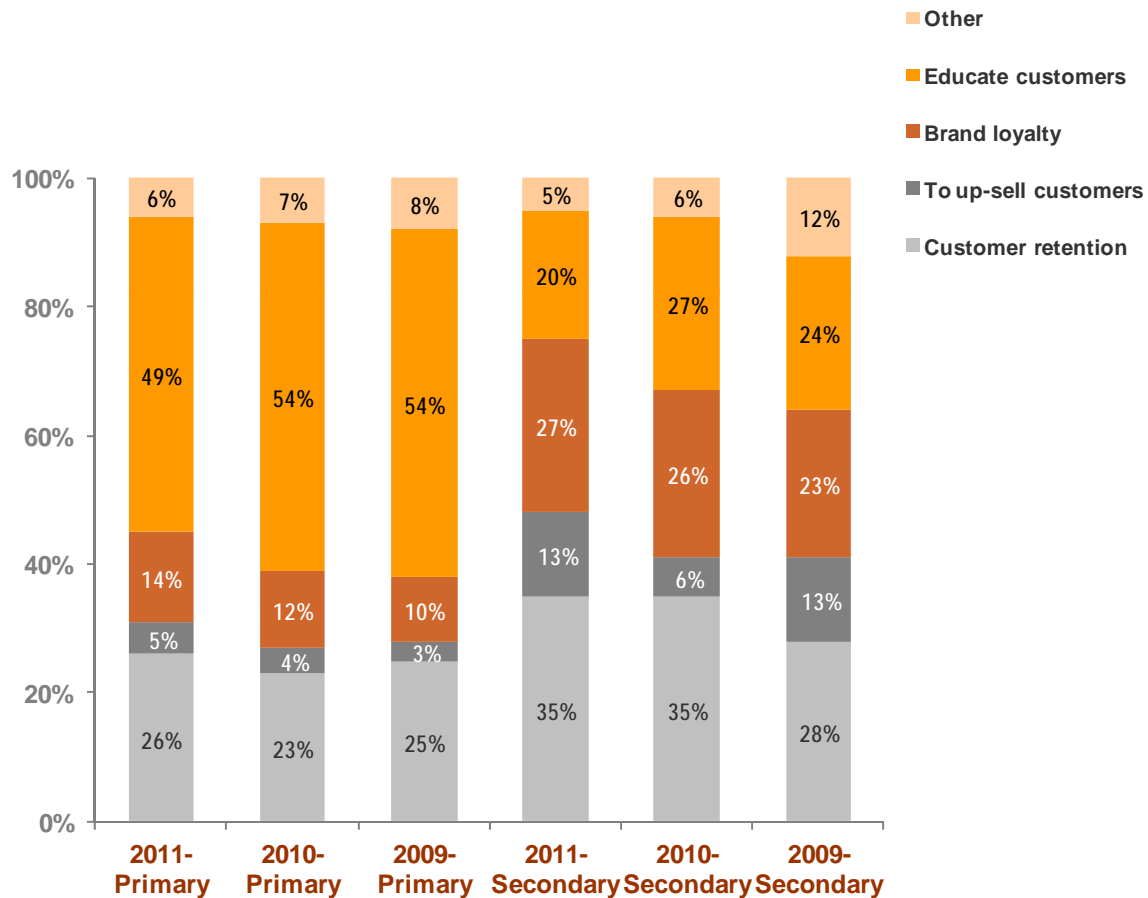
Summary

- ▶ In a positive sign for the content marketing industry, 16% of marketers are now reporting that their companies are shifting aggressively from traditional marketing into branded content.
- ▶ In 2010, the first year we asked this question in our survey, only 7% of marketers reported that an aggressive shift toward branded content was underway.



Qualitative Questions

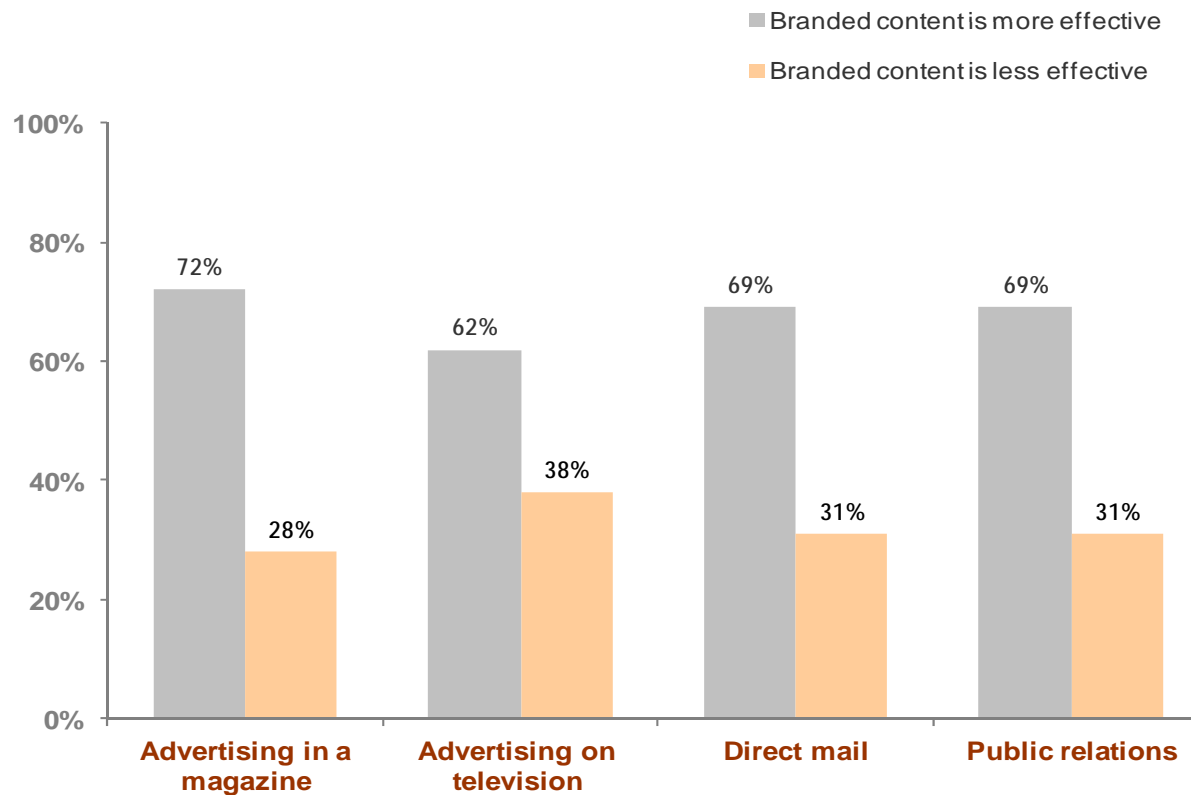
REASONS FOR USING BRANDED CONTENT



Summary

- ▶ The primary reason to deploy branded content initiatives is to educate customers, according to 49% of the companies surveyed. Customer retention (26%) was the second leading primary reason.
- ▶ The leading secondary reasons for deploying branded content initiatives were customer retention (35%) and brand loyalty (27%).
- ▶ Interestingly, despite making modest gains on both the primary and secondary lists (most notably on the secondary list), up-selling customers was ranked as a low priority once again -- indicating that in the minds of marketers, branded content is viewed as an investment in longer-term returns rather than a stimulus for short-term transactions.

EFFECTIVENESS OF BRANDED CONTENT



Summary

- ▶ Branded content initiatives are considered by marketers as more effective than other leading forms of advertising and marketing.
- ▶ The results for 2011 are more or less in line with the results of 2010, although it's interesting to note that branded content made its biggest gain this year against Public Relations, being viewed as more effective by 69% of respondents (compared with 63% last year).

ContentWise

Sponsors

The Custom Content Council (CCC) is the lead trade organization representing custom publishers in North America. The research herein was conducted by the monthly subscription newsletter *ContentWise* (www.becontentwise.com), which is the leading media providing news, information and research on the branded content industry.

Methodology

The research was conducted via online and mailed methods targeting a random sample of companies across all industries. More than five thousand invitations were distributed and approximately 100 surveys were completed and returned, producing a +/- 6% degree of accuracy at a 90% confidence level.

Among the responding organizations were: Booz Allen Hamilton, Cephalon, Graybar, ICF International, State Farm Insurance, Sports Authority, the University of Maryland, and many more.

More Information

For more information on custom publishing go to www.customcontentcouncil.com or call the CCC in New York by dialing 1-212-989-4631. To subscribe to *ContentWise* call 1-602-427-0373 or visit the web site noted above.