



Branded Entertainment: A New Production Financing Paradigm

White Paper 1: The Branded Entertainment Landscape

By Duopoly

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Note:

This paper has been prepared with the input of many branded entertainment and media industry leaders, listed in Appendix A. The authors thank these individuals for their contribution to this study.

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Introduction

The goal of the Canadian Media Production Association (CMPA) is to promote and stimulate the Canadian production industry. The CMPA represents almost 350 film, television and digital media companies and provides a range of membership services including labour negotiations, government relations, professional development and research on changes to the industry due to technology, consumer behaviour, regulation and other market forces. The CMPA has actively tracked the digital transformation of the industry and has made the identification of alternate sources of production financing a priority for the organization and its membership. The goal of this inquiry into the branded entertainment industry is to provide Canadian producers with a better understanding of the opportunities that this burgeoning sector of the industry may offer.

a. Scope of the Study

Branded Entertainment: A New Production Financing Paradigm

Brands have been deeply engaged in original content since the dawn of electronic media. From integrated radio advertising in the early 20th century, to TV soap operas in the 50's and 60's, to the BMW film series near the turn of our century, sponsors have always underwritten – and helped create – new content.

According to a recent survey conducted by the Custom Content Council, branded content which includes the production and distribution of print, web, email, video, virtual events, white papers, podcasts and e-Zines is now a \$44b business, with the pace of change and innovation accelerating. And, among all of the tools available to brands, video is the fastest and most consistently growing medium for content marketing. According to the CCC, “Funds that were previously earmarked for print are being shifted to

social and video content.” Sixty-two percent of respondents surveyed in the study report using video in their content marketing. Brands have become important players in funding, promoting and distributing original video content.

Format of the Study:

This study aims to explore the field of branded entertainment in three white papers: the first to be released at *Merging Media* in Vancouver, November 6-7, 2013, the second at the CMPA's *Prime Time in Ottawa*, February 19-21, 2014, and the final paper later in April 2014.

The three white papers will each present a different aspect of the branded entertainment industry:

White Paper 1: The Branded Entertainment Landscape – primarily an introduction to the terminology and practices of the industry today;

White Paper 2: Branded Entertainment in Canada - the issues facing Canadian independent film, tv and digital media producers seeking to partner with brands as well as an examination of challenges and opportunities in the screen-based industry;

White Paper 3: The Future of Branded Entertainment – where the industry is headed and an exploration of some of the industry's most innovative case studies.

Introduction

b. Scope of White Paper 1

White Paper I: The Landscape for Branded Entertainment

As brands have adopted a more integrated approach to building brand awareness and loyalty by engaging audiences in their messaging, producers of content face new opportunities to collaborate with brands in the creation of these campaigns. In this first paper, we will explore the current landscape for branded entertainment in order to first clarify the definitions and the types of brand involvement in content creation.

As brands move to more complex and integrated content campaigns across multiple platforms, the parameters and trends guiding branded content have evolved significantly. These trends – from improved analytics, social media as well as affinity campaigns – are changing the tactics and characteristics of branded content marketing. Financing models for branded content are also evolving and may offer points of entry for independent producers. Finally, the role of key players in the branded entertainment arena offer direction on how the industry is rapidly evolving.

Source: <http://www.customcontentcouncil.com/news/nearly-44-billion-new-survey-shows-rise-content-marketing-budget>

What is 'Branded Content'?

Content Marketing is the act of creating content that consumers want to see opposed to ads that they have to see. That content can include everything from an individual blog post to a 12 episode reality TV show and all the white papers, Vine videos, Slideshare decks and infographics in between.

– Ron Tite, CEO, Toronto agency, The Tite Group

Simply put, any time a sponsor takes an active role in underwriting or producing original material, it can be considered branded content. For many years, this has meant paying for production, essentially as an advertiser, or simply placing product throughout a piece of content, without really affecting the story. For the last 15 years or so however, a broader definition has emerged. According to Forrester Research, branded content “is developed or curated by a brand to provide added consumer value such as entertainment or education. It is designed to build brand consideration and affinity, not sell a product or service. It is not a paid ad, sponsorship, or product placement.” Brands are evolving from pure marketers, “pushing” messages about themselves to audiences, to bona fide storytellers, engaging the audience – often in a two-way conversation – hoping to cultivate a much deeper connection with consumers.

Marking this shift in the industry, in 2012 the Cannes Lions Awards added a category for Branded Content and Entertainment defining it as the creation of, or natural integration into, original content by a brand. Entries are required to "demonstrate how a brand has successfully worked independently or in association with a content producer or publisher to develop entertaining and engaging content for their audience ... by creating original content or programming for a brand or by naturally integrating a brand into existing formats by partnering with a publisher or media partner."



As the Venn Diagram suggests, the “sweet spot” is in creating content that fits a brand’s message (sometimes without even mentioning the brand); appeals to a demonstrable audience interest; and speaks to issues of its particular time and place. As we will see, brands like Red Bull, Toshiba, Expedia, Coca Cola and Volkswagen have absorbed these goals, creating compelling content along the way.

Sources:

<http://thetitegroup.com/blog/content-marketing-2/nobody-wants-to-be-pitch-slapped-content-marketing-explained/>
<http://blog.ander-group.com/branded-content-what-is-it/>
<http://www.forrester.com/How+To+Build+Your+Brand+With+Branded+Content/fulltext/-/E-RES92961>

Varieties of Branded Content

Seeking a deeper connection with its audience, the Brand has become the storyteller, the studio, the producer, and... even the distributor or publisher. – Barefoot Proximity, Creative Agency.

As the lines between branded content and entertainment blur, the definitions and parameters within which brands can support original content have also evolved. How we define brand involvement may fall into several categories, while at the same time brands may increasingly employ multiple or even all categories in a single campaign. The most recent 'celebration' of how ubiquitous branded content has become in popular culture is the 2011 Morgan Spurlock documentary, *Pom Wonderful Presents: The Greatest Movie Ever Sold* where the filmmaker seeks to raise \$1.5m from advertisers to support his film about branding.

1. Sponsorship: Sponsorship is perhaps the most traditional and certainly the least invasive way for a brand to connect with an audience. Methods such as the tag line 'brought to you by... your proud sponsor' have also evolved in today's media landscape. In the case of the Spurlock documentary, the juice brand Pom secured exclusive presenting sponsor position for \$1m along with significant product placement within the film. Other examples of sponsorship include Coca Cola's underwriting of *American Idol* in the network television environment and Microsoft's sponsorship role in Felicia Day's series *The Guild* which generated enormous goodwill in the closely knit gaming community. Today, these sponsorships typically extend into social media.

2. Product Placement or Integration: Like sponsorship, product placement has been common in film and television for many years, and is similarly an important part of the new media landscape. For example, Lady Gaga's 9.5-minute video for *Telephone* includes 10 product placements and generated more than 4 million views in its first 24 hours and over 175M cumulatively. (Placements include Virgin Mobile, Diet Coke, Chevrolet, Heartbeats earphones and Wonderbread.)



Sources:
<http://digitallabblog.com/wp-content/uploads/2010/09/Branded-Entertainment.pdf>
<http://www.pqmedia.com/about-press-20100629-gbem2010.html/>
<http://www.nme.com/blogs/nme-blogs/lady-gagas-telephone-video-how-many-products-can-you-spot>

Varieties of Branded Content

3. Native Advertising: The term “native advertising” has been known by other names such as “advertorial” and connotes that the branded content is seeking to emulate the editorial environment around it. When it is not ‘ham-fisted’, native advertising can effectively influence consumers’ purchase decisions. In Canada, Rogers Media has successfully partnered with Walmart on an in-store and digital publication called Walmart Live Better which has demonstrated a 33% sales lift in any item mentioned. Other recent examples include a popular YouTube video (over 9 million views) on how McDonalds styles the Big Mac for photo shoots, or Oreo’s “rainbow cream” posts to celebrate Gay Pride Month, which generated nearly 300k Facebook Likes.

4. Brand-centric Original Content: In this type of branded content the product or service is overtly featured in original material created specifically to highlight itself. Many experts continue to reference the BMW Film series *The Hire*, now over ten years old, as a defining moment in branded content. “The movies were viewed over 11 million times in (the first) four months. Two million people registered with the (BMW) website and a large majority of users, registered to the site, sent film links to their friends and family.” Its combination of star power, embrace of new platforms and legitimate entertainment value still resonate. The 8-film series which starred Clive Owen was viewed over 100M times in its four-year span. A more recent example of brand-centric original content is the creation of a ‘Shark Observation Cage’ from an operational Volkswagen Beetle for the three-part Discovery Channel’s *Shark Week*. In this instance, the brand’s goal was to improve the popularity of the Beetle among men and according to their agency, Mediacom, sales of the car to men indeed increased (by 20%) after the television, online and social media campaign.

Sources:

McDonald’s video: <http://www.youtube.com/watch?v=oSd0keSj2W8>

<http://flipthemediacom.com/2013/01/4-examples-of-this-native-advertising-youve-been-hearing-about/>

<http://www.imediainconnection.com/content/546.asp>



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Varieties of Branded Content

Producing content that's relevant to your audience is actually really hard, especially if that's not a core competency of what you do.

--Susan Jurevics, Sony

5. Affinity Content: Affinity content is perhaps the most powerful new entrant in the world of branded entertainment. In this model, the brand does not necessarily appear in the content; rather, the brand acts as a publisher of content that builds a strong 'affinity' message or alignment with the brand's 'value' characteristics. In this way, the content fits a brand's image, and – crucially – its audience's sense of the brand, without necessarily referencing the brand itself. And while most brands are 'de facto' publishers by posting on Facebook and tweeting about their products, the full-out commitment to 360° content creation is still relatively rare.

The gold standard example of this approach is Red Bull's support, through its Stratos project, of Felix Baumgartner's 24-mile skydive from the edge of space in October, 2012. Live viewing of the jump exceeded 8 million viewers on YouTube which was also broadcast on more than 40 networks across 50 countries. Over 3 million tweets were sent about the jump including those from people encouraged by Red Bull to send their questions for Baumgartner's post-jump press conference.

Through its Red Bull Media House launched in 2007, the brand has become a global media company that produces, distributes and publishes entertainment programming in the action sports and lifestyle genres across multiple formats including short non-fiction and news clips, magazines, reality formats, full-length feature films, games and apps. The company licenses its content to a variety of platforms and has over 2.9 million subscribers to its YouTube channel.

Sources: <http://www.nytimes.com/2013/07/31/business/media/ipg-to-turn-brands-into-publishers.html?>
<http://www.telegraph.co.uk/finance/businessclub/business-club-video/consumer-and-retail-sector-video/9610517/Red-Bull-stratos-Felix-Baumgartner-stunt-worth-millions.html>

Building affinity with consumers is about communicating a brand's core values, not just selling them on a product. At heart, the best brands are already telling a story. Examples, as cited by agency head Ron Tite, include:

- Red Bull: Your life can be more exhilarating.
- Lululemon: We can make the world a healthier place.
- The Economist: The right information can help you be a more successful person.
- Whole Foods: Communities should look out for each other.

Creating content consistent with the brand's 'story,' which is also entertaining in its own right, can enhance brand status without ever mentioning the product. That's why, in part, Red Bull is so admired for the Stratos project. In this respect, the new frontier of branded entertainment is in creating less overtly promotional content that can stand on its own merits and earn bona fide, non-paid circulation from consumers who adopt and share it. Described as "authentic content" by marketers, it carries and communicates the brand's core values and, as such, has exponential marketing impact if embraced and shared by audiences and eventual consumers.



<http://thetitegroup.com/blog/content-marketing-2/nobody-wants-to-be-pitch-slapped-content-marketing-explained>

Evolution of Branded Content

Content marketing isn't new...but a plethora of low-cost tools and ever-lower barriers to entry puts content creation in everyone's grasp at a time when consumers are becoming more cynical about advertising and are better able to tune it out.

– Rebecca Lieb, Altimeter Group

Over the past ten years, content marketing like all sectors of the media industry has been transformed by digital and social media. Critical variables that have had an impact on the new marketer-as-publisher equation include:

- a. Consumer control: portability, search and access
- b. Lower costs of content production and distribution
- c. Social media: direct communication with customers
- d. Analytics & measurement of ROI
- e. Cross-platform opportunities
- f. Converged media campaigns: earned, owned and paid media

a. Consumer Control: In a world where audiences with DVRs can routinely skip broadcast ads, brand integration and branded entertainment offer important new avenues for companies seeking to engage consumer interest. Furthermore, in a world where audiences are no longer tied to appointment television viewing, but carry multiple, portable devices for email, social media and entertainment consumption, consumers now wield enormous control over choice of content as well as when and how to consume it. This dramatically increased consumer control – and expectation of control – has demanded that brands respond with higher quality content and content experiences than ever before. In fact, in a survey of content marketers, 36% of respondents cited 'producing engaging content' as their biggest content marketing challenge, followed by 'producing enough content' (21% of respondents).

Sources: Rebecca Lieb. Content Marketing. Que Publishing. 2012.
http://www.contentmarketinginstitute.com/wp-content/uploads/2010/09/B2B_Trends_2010.pdf

b. Lower Costs of Production and Distribution: While costs to produce and disseminate text-based content via websites, Facebook, e-Zines, blogs, and twitter are considerably lower than print runs of hard copy publications, warehousing and physical distribution, high quality video production may still present a hurdle for content marketers. But many brands have opted for lower budget solutions – with great impact.

Zappos, the online shoe retailer, has fully incorporated video into its marketing strategy and presents about 40,000 videos at any given time on its website. In fact, the twelve-person Zappos video team shoots a video for every single item that comes into its Kentucky warehouse – that's about 2,300 videos each week. What's unique about the Zappos videos is that they are written in the tone and style of "real people" – and are intended to feel like advice or guidance offered from a friend.

A 2012 Internet Retailer survey found 60% of customers watched product videos online and retailer sites surveyed have found that customers are up to 64% more likely to buy after watching a product video. Zappos' conversion rates range from 6 to 30% and, more importantly, customers who viewed a video prior to buying were 52% less likely to return it.



Source: Zappos Stays a Step Ahead with Online Sales Videos
<http://www.onlinevideo.net/2012/04/zappos-stays-a-step-ahead-with-online-sales-videos/#ixzz2hvGBomOP>

Evolution of Branded Content

Consumers used to vote with their wallets. Now they vote with their time. – Ron Tite, CEO Tite Group

c. Social Media: For brand marketers, the single greatest disruption from digital technology has been the advent and widespread adoption by consumers of social media. Facebook, Twitter, Vine, Instagram and other social media tools have transformed the traditional one-way communication between content provider and consumer to a dynamic two-way interaction. The enormous buzz (10,000 re-tweets in one hour) of the OREO “you can dunk in the dark” tweet during the Superbowl blackout is just one example of the power of social media. Whether it is a newsworthy tweet that provokes retweeting and sharing, an invitation to vote on your favourite reality show contestant or an opportunity to upload your own video or song, the audience is now an active partner in the creation of a successful entertainment experience. And, for brands and marketers, ensuring that social media is a fully integrated tactic in any branded entertainment campaign has now become essential.



d. Analytics & Measurement of ROI: Where branded entertainment was once considered a “value added” expense, it is now subject to progressively more precise measurement. Unlike traditional media advertising, which is based on a calculation of impressions through mass exposure, digital campaigns can be measured based on individual consumer actions: volume of traffic to a video or a site, click-through rates on ads or specific calls-to-action, online purchases, sharing, downloading or recommending content, or users commenting, voting, or providing other qualitative feedback. For example, metrics from the 2012 Olympics (from iTVX, one of the industry’s leading providers of advanced analytics) reported on incremental viewership generated by branded segments and their influence on viewers.

Most important to brands, of course, are the conversion rates associated with any marketing campaign.

Branded Entertainment During the Olympics

iTVX used its ROBE metrics to evaluate the performance of several brands during the Olympics. The Branded Entertainment Index gauges how many more viewers a campaign brought to the brand. The Q-Ratio measures the influence branded entertainment had on viewers.

Brand	Exact Commercial Audience	No. of TV Ads	Exact Branded Entertainment Audience	No. of Branded Entertainment Segments	Branded Entertainment Index	Q-Ratio
P&G	12,589,387	72	20,263,134	80	161	1.10
COCA-COLA	14,651,249	38	17,950,993	85	123	1.50
AT&T	14,071,916	61	17,220,896	43	122	.84
VISA	15,296,324	40	17,624,740	45	115	.64
CHEVROLET	13,046,207	120	13,934,571	56	107	1.35

www.broadcastingcable.com/article/489087Measuring_the_Bang_for_Branded_Entertainment_Bucks.php

Evolution of Branded Content

e. Cross-Platform Opportunities: In a world where audiences now face a plethora of choices in how to consume their entertainment, brands increasingly seek to develop a complete 360° campaign that hits all platforms, incorporates all available tactics and thus allows for maximum reach and engagement.

A recent success story in branded entertainment that demonstrates a fully integrated campaign operating on multiple platforms is CTV's *The Amazing Race Canada*. Beginning with a call-to-action casting call and ending with over 3.5m viewers on CTV network – an all-time record for a Canadian program – this series integrated several premiere sponsorships including Air Canada, BlackBerry, Chevrolet and Interac. As the series progressed, contestants won flights culminating in a grand prize of Air Canada executive class passes for unlimited flights for one year – this in addition to a grand prize of \$250,000 in cash and a pair of Chevrolet Corvette Stingrays. Similarly, BlackBerry was featured within the action of the show (in one episode contestants had to find a Z10 and access it for directions to their next destination) and the smartphone also offered fans exclusive video and interviews with the teams each week, along with prizes. In addition to the sponsors' own promotion initiatives, an online experience was created (by Toronto-based Secret Location for Insight Productions) to allow fans of the show to see it live on an interactive map and engage in 3-minute interactive video experiences. Each "video gamisode" featured host Jon Montgomery, original interactive footage from the race's course and a casual game experience that allowed fans to compete in online versions of the same challenges the teams tackle on the show. And, fans were rewarded with sneak-peeks at the following week's TV episode if they successfully completed a game.

In the case of *The Amazing Race Canada*, the television broadcast is still the central force that drives audience numbers, although



original content produced for one platform can move to another.

In an example of platform crossover, Yahoo's *Burning Love* - a spoof of ABC's *The Bachelor*—has attracted 11 million unique viewers since its 2012 debut. Yahoo has renewed the series for two seasons (a web series first!) and E! Television picked up the first season. In February 2013, UK-based ad agency PHD bought all the ad inventory in the series, for use by clients including HBO, Foot Locker, Safeway and Lord & Taylor. And reportedly, the lead character in Season 2 will be an avid user of Breathe Right strips while the fireman in Season 3 will frequently use Tums to quell his indigestion.

Source: <http://www.adweek.com/news/technology/yahoos-burning-love-ignites-viewers-making-brands-all-hot-147174>

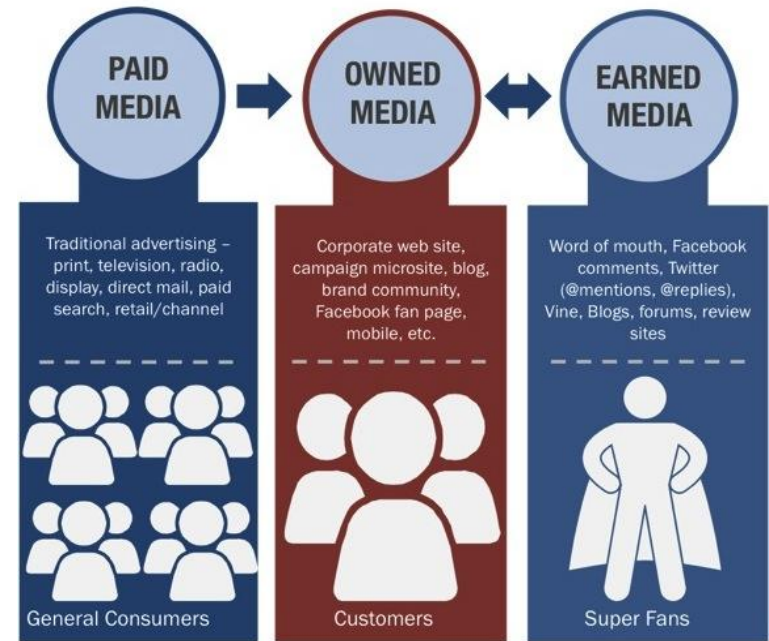
Evolution of Branded Content

With the customer journey between devices, channels, and media becoming increasingly complex, and new forms of technology only making it more so, this strategy of paid/owned/earned confluence makes marketers impervious to the disruption caused by emerging technologies. – Michael Brito, Edelman

f. Converged Media Campaigns: Converged Media is the combination of two or more channels of paid, owned or earned media. Brands have always been able to control their marketing exposure, mostly by buying advertising or sponsorships, building their own sites and social network presences, and utilizing PR in the hope of positive media coverage. Behind the more recent goal of having content “go viral,” lies the power of earned media, where the content is spread by fans via true grassroots networking. As brands become more about storytelling and less about overt promotion, the value of earned media will likely increase. Naturally, targeting “influencers” or superfans who can spread the word becomes a prime objective. Many marketing executives now speak of “Converged Media” as the proverbial sweet spot where earned, owned and paid media overlap, which means that the marketing plan is well coordinated and working in concert.

Coke’s sponsorship of *American Idol* encapsulates nearly every trend in the branded entertainment space with an effective converged media campaign, namely:

- Traditional ad buys, with 30-second Coke spots running throughout each show.
- Prominent product placement, from judges drinking Coke to the Coke-red “green room.”
- Active social media integration with a variety of micro-sites, integrated with Facebook. For example, the “[coming together](#)” microsite focuses on Coke’s efforts to promote healthy lifestyles and community service – an effort to broaden Coke’s brand.



- Two-way communication with fans. A new song, performed on *Idol* by Carly Rae Jepsen, was crowd-sourced, with lyrics and music supplied and chosen by fans.
- Full corporate support and budget. The estimated budget for each product/integration deal is about \$26 million.

Sources: <http://blog.hootsuite.com/converged-media-brito-part-1/>
http://www.mediabistro.com/alltwitter/new-advertising-paid-owned-earned_b43222
<http://www.forbes.com/sites/onmarketing/2011/08/22/the-evolution-of-branded-entertainment/>
<http://money.howstuffworks.com/product-placement6.htm>
<http://www.mobilemarketer.com/cms/news/content/15048.html>

Financing Models of Branded Content

The rapid evolution of the branded entertainment industry makes any general statements about financing of this type of content almost impossible. Financing models for branded entertainment depend both on the ambitions and resources of the brand and on the point of entry for the property – whether through a traditional broadcaster, an online platform, the brand itself, its agency or an independent producer. A full-fledged publisher such as Red Bull is building an entertainment studio with the expectation of exploiting the intellectual property it creates. The reality for producers seeking to develop branded entertainment properties or relationships, especially in Canada, is that the sector and the rules of engagement are in flux. The opportunities and challenges that this uncertainty presents are explored further in **White Paper 2**.

Full Financing. The traditional advertising model involved brands engaging creative and media agencies to produce and place their annual ad campaigns, fully funded by the brand. These campaigns flowed from the brand's annual marketing and sales objectives. According to interviews conducted for this study, most respondents point to the continued expectation of brands to fully control their messaging to consumers and, as a result, to fully finance the creation of this messaging. Clearly, with multi-platform campaigns which include original video production, social media, web content as well as traditional ad spots, the complexity and cost of such undertakings may add to execution and ROI risk and therefore to a brand's instinct for control. This is particularly true where the source of the creative brief flows from the brand in the form of an RFP to creative agencies.

Hybrid Financing. That said, if an agency or producer develops a great concept for a branded entertainment program or film and then pitches a brand, the agency or the producer may be in a position to negotiate some ownership position – such as a share in future exploitation or ancillary sales of the rights to the underlying 'entertainment' property itself. Similarly, where a brand is fully integrated into an existing property such

as a format or reality show, the financial arrangement may more closely resemble a licensing or joint venture partnership agreement. In the US, the financial model for branded entertainment follows the traditional broadcast model, in that ownership resides with the financier - the broadcaster and/or the brand - and rarely with the producer, unless that producer carries enormous industry weight or celebrity status.

Canadian Model. In Canada, where independent producers have access to a variety of financing incentives, the branded entertainment arena is not quite as cut and dried. In order for programming to qualify as 'Canadian content' for the purposes of broadcast content quotas and/or tax credits, the programming cannot be deemed 'advertising'. Furthermore, in order for producers to be eligible for tax credits (as per CAVCO regulations), they must demonstrate that they control and own the production. While these regulations may pose hurdles for those brands seeking to own and control all branded entertainment properties, the Canadian incentives may also present opportunity for cost savings in budgets and/or for co-financing arrangements. While most of the examples of Canadian branded entertainment today flow from the broadcast sector, the Kokanee feature film, *The Movie Out Here*, is a great example of an original property fully financed by a brand (and is the subject of a case study in **White Paper 2**.)



Key Players

There are three 'centers of gravity' in the branded entertainment business: broadcasters, digital platforms and creative agencies. An emerging fourth player, especially in the US, is production companies specializing in branded content. As brands continue to explore more effective means to engage consumers and to establish more comprehensive communications with their consumers, all parties are seeking to demonstrate the efficiency of their platforms' creative solutions to achieve the brands' goals. The balance of power has traditionally tilted toward the broadcasters and that's still largely true, but the others are gaining heft.

a. Broadcasters: While digital media may have revolutionized the branded entertainment field, traditional broadcasters remain in the forefront of some of the most innovative brand integration and branded content initiatives. Not surprisingly, the broadcasters have deep, long-term relationships with brands and as companies seek to expand their footprint beyond the 30-second commercial, the first conversation is often with the broadcaster. All broadcasters today have a team or individual dedicated to developing these 'client solutions' whether for product placement and integration or for more immersive branded entertainment. And while most argue that the first question is always 'Is this a great piece of programming or entertainment?' the next question may be whether it lends itself to brand involvement.

There are many great examples of brand involvement in original television series – but the full integration of the brand in the action or plot of the series is a relatively new phenomenon. The Canadian series *Recipe to Riches*, produced by Temple Street Productions first for the Food Network and later picked up by the CBC, features contestants vying for their recipe to be selected and produced by the sponsoring grocery store chain, Loblaw's. The success of this series – moving from specialty to network television – clearly demonstrates that brand integration is not necessarily a recipe for audience turn-off.

In the NBC reality series *Fashion Star*, from Electus, competing young designers similarly win the opportunity to launch their collections with three of the largest US fashion retailers. Both concepts would not exist without their brands – and both have demonstrated high entertainment value with enthusiastic audiences.



Key Players

b. Digital Platforms: As many of the online platforms have turned to producing original content – most are doing so in partnership with their advertisers and delivering on their promise of highly-targeted audiences. Comedy has been a leading category online and companies like Cracked, MyDamnChannel, FunnyorDie, and College Humor have been leaders in securing brand underwriting for original web content. Bigger players like Yahoo produce hundreds of hours of programming in the news, entertainment, sports and lifestyle categories and align users' viewing habits with content and associated brands seeking to reach those audiences. Yahoo has pursued partnerships with leading content brands like its exclusive deal with the SNL clip library and WWE as well as with networks producing original news shows with ABC News and a finance show with CNBC. The issue for the Canadian marketplace is the relative absence of homegrown web destinations for original content. To date, few of the US-headquartered ad-driven platforms like Yahoo, MSN or AOL have invested in commissioning original content out of Canada.

c. Agencies: Critical to the innovation equation are the creative agencies and production companies which pitch brands new ideas for engaging audiences. On the agency side, relatively small independent agencies like Pereira & O'Dell (winner of multiple awards for the Toshiba-Intel *Beauty Inside* campaign) and Toronto-based GRIP (recognized for the Kokanee feature, *The Movie Out Here*) have demonstrated the full creative potential of branded entertainment.

In interviews conducted for this study, we found that creative agencies will generally produce all aspects of a campaign in-house with the possible exception of out-sourcing elements of a digital or social media campaign. With respect to video production, many creative agencies are building in-house teams or working with freelance producers to execute campaigns. While those interviewed expressed an openness to co-producing with more experienced production companies, the fact remains that producers generally try to bypass agencies as potential competitors in the value chain.



Key Players

d. Producers: On the production company side, Electus and @radicalmedia (owned by Freemantle) are among the leaders in creating branded entertainment programming in the US. Radical has produced popular branded properties such as *Nike Battlegrounds*, a 3-season street basketball competition series for MTV. An outstanding example of “affinity content” is Radical’s *Iconoclasts*, a six season series (2005 – present) featuring unscripted encounters between influential cultural figures produced for the Sundance Channel in partnership with Grey Goose. Similarly, Electus, owned by IAC, has an outstanding record of developing and producing branded properties such as the NBC TV series *Fashion Star*, and web series such as *Always Open*, a talk show hosted by comedian, David Koechner and underwritten by the restaurant chain Denny’s where the show is set.

In Canada, the production companies which have made the largest splash in the branded entertainment arena (such as Insight Productions and Temple Street) are traditional entertainment players who have developed expertise in branded entertainment as natural extensions of their factual entertainment, reality or format TV businesses. With relatively limited original production being financed directly by digital platforms in Canada, there are fewer well-established production companies with this single-focus. Bent Entertainment out of Toronto is one such new entrant. Another is Buck Productions which is currently co-producing a docu-reality series with Red Bull Media House for MTV Canada about Canadian snowboarding brothers, *McMorris & McMorris*, as they compete around the world.



(c)Aaron Dodds/Red Bull Photofiles

Conclusion to White Paper 1

The branded content industry is exploding, fueled by technological changes in the media landscape and by associated changes in consumer behaviour. Marketing resources assigned to branded content are growing exponentially with video content representing the fastest growing segment within branded content campaign budgets. As brands seek to deepen their engagement with consumers in a direct, two-way dialogue, they are also looking to entertainment initiatives to help articulate their brand story.

The varieties of branded content range from sponsorship, product placement and integration to more editorially skewed initiatives such as native advertising, brand-centric original content and affinity content. The trend in branded entertainment is towards affinity marketing where the brand presence is barely evident, presented only through a strong association of values and brand promise. The forces driving changes in the branded entertainment field are largely digital: lower costs of production and distribution; greater consumer control over the “how, where and when” of content consumption; the prevalence of social media; improved analytics and ROI metrics; and, the emergence of cross-platform opportunities in marketing and resulting converged media campaigns. As the fine line between advertising and entertainment blurs, so do the roles of the traditional content creator, publisher, platform and brand.

In the context of a multi-platform campaign where consumers may be engaged to share great content with their friends, to create their own content or feedback, and to watch a great piece of broadcast entertainment and then vote on it – the opportunities for brands to “get it wrong” abound. In **White Paper 2** of this study, we will examine through the lens of the Canadian producer the issues, challenges and opportunities related to branded entertainment that may be unique to the Canadian marketplace. In **White Paper 3**, we will explore through a number of innovative case studies how many branded entertainment properties “get it right” and identify the best practices emerging from the industry. ■

Appendix A

Altimeter Group

Rebecca Lieb, Digital Advertising and Media Analyst
Author, Content Marketing

Bent Entertainment, Toronto

David UK, Partner

Canadian Audio-Visual Certification Office

Tracey Doyle, Manager, Policy & Strategic Planning

CBC

Jennifer Dettman, Head of Unscripted Content
Gaye Macdonald, Director of Client Marketing

CINELAN

Karol Martesko, Co-Founder/Managing Partner

CRTC

Daniel Binette, Canadian Program Certification

Electus

Laura Caraccioli, President, Content Marketing

GRIP LIMITED, Toronto

Harvey Carroll, Partner
Randy Stein, Partner

Heenan Blaikie, Toronto

Sara Perry, Lawyer, Marketing & Advertising and
Entertainment Law Groups

JWT

Mike Wiese, Director, Original & Branded Entertainment

OgilvyEntertainment

Doug Scott, President

Rogers Media

Jacqueline Loch, VP Content Solutions

Starlight Runner

Mark Pensavalle, Partner, EVP

Temple Street Productions, Toronto

John Young, Managing Director

Catherine Tait: Project Leader

Catherine Tait is a founding partner of Duopoly, an independent entertainment company that has provided business development services to the media industries in Canada and the United States for the past ten years. Catherine has been engaged by a range of organizations including the Canadian Film Centre, Tribeca Film Institute, Telefilm, the Canada Media Fund and the NFB, to develop strategic plans for digital and multiplatform transformation. In 2006, she founded iThentic, named Digital Company of the Year by Playback in 2012, which produces and distributes digital properties. She is also active in the production of feature films, television and multiplatform properties most recently with GUIDESTONES, an interactive thriller which won an International Digital Emmy and is currently airing on CTV.ca.

Catherine has over 25 years of experience in the public and private sector media business, in a variety of senior executive roles on both sides of the border. In her role as Salter Street Films' President and C.O.O., Catherine took the company public on the Toronto Stock Exchange, built and financed a new media subsidiary, and spearheaded the company's successful bid for digital broadcasting licences including the Independent Film Channel Canada. Prior to Salter Street Films, Catherine was Executive Director of the Independent Feature Project in New York, the largest organization of independent producers in the United States. Before the IFP, Catherine worked in policy and planning for Telefilm Canada, and served as Canada's Cultural Attaché to France. She was a Director of the Board of Aliant, Atlantic Canada's telco; a Director of CHUM Ltd; a Director of eOne's Canadian Board; and currently, serves as a Director and co-founder of a new broadcasting venture, Hollywood Suite.

Al Cattabiani

Al has always focused on starting, building, buying and (occasionally) selling media businesses that target "Cultural Creatives" (adventuresome, leading-edge thinkers). Al currently has interests in several young companies, ranging from original broadband content to electronic distribution of wellness information to new models for releasing music and films. Al was a co-founder of iThentic with Catherine in 2006. In addition, he consults for a variety of clients: from multi-billion dollar conglomerates to mid-sized growth companies to individual artists and producers. He also served on the board of Acorn Media Group, until its recent \$100m+ acquisition by RLJ Entertainment.

Al was President/CEO of Wellspring Media, a company he co-founded in 1993 and sold in 2004. Wellspring was a leading independent distributor - worldwide, in all media -- of arthouse cinema and programming promoting holistic living. Its library of over 700 titles included many Oscar, Emmy and Grammy winners. Wellspring investors enjoyed excellent returns on two separate buyouts. Before starting Wellspring, Al served as President and Chief Operating Officer of Los Angeles-based Pacific Arts Corporation, where he helped create the PBS Home Video label. He serves on the board of the Global Film Initiative, a non-profit foundation to assist filmmakers in developing countries.

Catherine and Al have collaborated on several digital media research studies for the CMPA including:

[February 2013 - Discoverability: Strategies for Canadian Content Producers in a Global Online Marketplace](#)

[February 2012 - Content Everywhere: Mapping the Digital Future for the Canadian Production Industry](#)

[June 2010 - Towards a Framework for Digital Rights](#)