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DigitasLBI

Digital Content NewFronts

Qualitative Study

April 2015

# Today's Discussion

## How are advertisers thinking about content marketing and Original Digital Video?

### Insights and Perceptions

- ✓ Goals for Original Digital Video content marketing and how it fits into the larger marketing mix
- ✓ How Original Content is budgeted
- ✓ Challenges marketers face in creating, distributing, and evaluating Original Digital Video content
- ✓ Thoughts about the NewFronts and motivations for attending



# Methodology

## Field

**11 Qualitative In-Depth Interviews with Advertiser-Side Content Marketers** completed between April 6<sup>th</sup> – April 17<sup>th</sup>

## Approach

In-Depth Phone Interviews

- Duration: 30-45 minutes
- Discussion guide co-developed between Digitas, IAB, and Advertiser Perceptions
- IAB named as study sponsor, while Digitas' involvement was not mentioned to non-client participants

## Qualification and Sample

- Advertiser-side online marketing and media/advertising professionals with decision-making and implementation involvement in content marketing (including Original Digital Video).
- 9 respondents from NewFronts Quantitative Study who have NewFronts experience, and 2 Digitas clients.



# Snapshot of Study Participants

Brand/Company Vertical	
Automotive	1
Business Technology	1
CPG	3
Financial Products/Services	3
Pharmaceuticals	1
Retail	2

Length of Content Marketing Experience	
10+ years	2
5-9 years	5
1-4 years	2
Just getting started	2

NewFronts Attendance	
Attended in past and plan to attend in 2015	6
Plan to attend for first time in 2015	3
Attended in past but don't plan to attend in 2015	1
Have never attended and don't plan to attend in 2015	1

# General Outlook on Original Content

## Original Content is universally seen as growing in importance for Marketers.

- As the media landscape continues to fragment, the traditional :15 or :30 commercial is becoming increasingly irrelevant.
- Content marketing, and **video content** in particular, is seen as an ideal way to create a “world” for the brand outside of the product/package, and as a way to really engage with customers/consumers.

*“I think brands should have opinions. **Brands should have a voice.** And content is an incredibly expressive way to visualize and create an ethos around that voice. It’s very important—especially for brands that want to stand for something—to have that ethos and that voice. **And the content is what’s going to help create that.**”*

— **Sr. Media Director, CPG (Alcohol)**

*“In many ways, **we go where the consumers are going.** So if they’re on Facebook or Twitter or a news site or sports site, **how do we serve up relevant content to that consumer at any given moment depending on the environment that they’re in.**”*

— **Director, Digital Engagement Group, CPG (Beverage)**

*“Given the rise of technology, [consumers] can gain access to information at any time and anywhere, and in pretty much any form that they want. I think we as marketers have to fill the void... and that video is so powerful that [consumers] are naturally drawn into it.”*

— **Director of Advertising & Media, Business Technology**

# General Outlook on Original Content

The role Marketers see Original Content playing in their overall marketing mix depends on their industry and business model.

- “Content is the hub, and media is the spoke.” CPG and Retail marketers look to Original Content to drive engagement and brand loyalty. They use Original Content as a vehicle for **communicating their brand’s personality or universe** without necessarily selling products. This content is seen as **complementary to advertising media**, where they’re communicating specifically about products.
- For Financial and Pharmaceutical categories, where there’s a much more difficult and costlier purchase decision at stake, Original Content is critical for reaching out to **educate consumers about their potential need** for the drug or service. In these industries, regulations limit brands’ latitude for the creative and more time-relevant content messaging used by other sectors.

“It’s like the hub and spoke. **For people who want to come close to your brand**, who want to dive in and find out more. It’s a statement that helps remind people what the brand is about, so it’s an important part of the arsenal, but media is the workhorse.”

— **Sr. Media Director**, CPG (Alcohol)

“With consumer goods, you can talk about how [your brand] is going to make their life better. Like with laundry soap. This soap is going to get Mom’s stains out of her laundry so she can spend more time with her family. **In Pharma, there is no ‘leap of faith.’ You have to stay within label.**”

— **Product Director**, Pharma (Rx)

# Original Content Budgeting

**Most participants report that the costs around both creating and distributing Original Content are coming out of their digital media budgets.**

- When partnering with publishers to create custom digital video content, **advertisers are looking to pay the distribution (media) costs only** to avoid dipping into the less fluid Ad Production portion of the media budget (which typically covers traditional as well as digital media).
- One participant expressed frustration over the fact that **his organization treats content production as a fixed cost each year**, instead of allowing it the opportunistic flexibility of other media.
- Another participant said that he expects his Original Digital Video investment to grow, but only on the distribution side – investment in production costs will remain flat.

*“The only line item that’s allowed to increase is media, because in our way of thinking, paid media has more of a connection to sales. And it’s generally seen that we can get production more cheaply as the years progress while the cost of media (even though it can become more efficient) could increase.”*

*— Sr. Mgr. of Integrated Communications, CPG (Beauty)*

*“The finance guys tightly control the Production budget because they see it as non-media money and that’s a number that they want to screw down every year. The paradigm that has to change is you can’t consider it a fixed or structural cost. It’s just like buying media. And unfortunately I don’t think every company has come to that enlightened point of view yet where content creation and content marketing is as important as buying ads on the NCAA basketball tournament.”*

*— Global Advertising Director, Automotive*

# Original Content Budgeting

Some organizations are starting to set aside separate Content Marketing buckets within their larger Advertising budget to produce and/or procure digital content.

- These funds are being used for **3<sup>rd</sup>-party content creators and aggregators** (such as NewsCred) as well as in-house content production.
  - Over the last few years, several Financial Services companies have built out **their own internal digital content studios** to ramp up on production of content marketing programs and also help expedite the process of clearing content through legal/regulatory hurdles.

*“We have an Advertising budget that also includes Brand Marketing within it. And the media group has been responsible for parsing that out between Production and Media in the past. So this has been an outlier that has come up in the last year. **We took a piece of that budget and gave it to the Content Marketing practice that we’re developing**, to get that group to work with external [content producers to make our own content] or for some internal production.”*

*— VP, Integrated Media Services, Financial Services (Investment)*

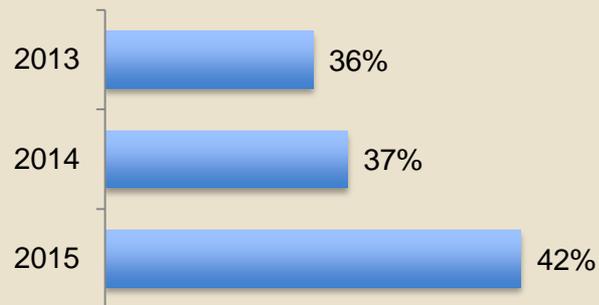
# Original Content Budgeting

“How do you see your Original Digital Video investment evolving over the next year?”

*“I think it’s going to evolve pretty rapidly. Two years ago, my video content budget was probably zero. Last year – the first year we really spent on video content – it was maybe \$2 million. In my 2016 plan, I have budgeted \$15 million... We’re really moving forward into using digital video as a way to address patients. **My company has identified that this is an area we need to pursue.**”*

— **Product Director, Pharma (Rx)**

**Original Digital Video As Proportion of Marketer Respondents’ Total Digital Video Budgets**



*IAB Digital Content NewFronts Video Ad Spend Study, April 2015*

**Q145** What portion of your total digital video advertising budget for [your company’s/your client’s] biggest most important product or service in the [INSERT ASSIGNED MARKET SECTOR] market was spent advertising on each type of content in 2013 and 2014? And what do you anticipate those shares will be in 2015?

**Base:** Marketer Respondents Involved in Digital Video and TV

# Original Digital Video Measurement and ROI

**Original Digital Video is seen as being most useful for driving consumer engagement and upper-funnel sales objectives. But from an ROI perspective, it's being held to the same standards as regular paid media – *and it looks expensive.***

- While all marketers are measuring Original Digital Video using consumption metrics like views and time spent, some are trying to figure out ways to demonstrate ROI that also take consumer engagement into account.
  - Several participants are using ad effectiveness-type programs to gauge Original Digital Video 's impact on other ad media.
- Citing pressure to benchmark Original Digital Video ROI alongside other digital and traditional media formats, nearly all participants expressed the need for a better way to account for its “softer” metrics in their bottom lines.

*“We try at times to attribute [Original Digital Video] to sales. We have a hard time doing that. We know it works from an awareness perspective. **There’s a big opportunity for the industry – to figure out collectively how we measure this type of program.** We [as advertisers] need that to help justify all the things that we do, so we’re trying to do it internally on our own to kind of figure that out.”*

**— Director, Digital Engagement Group, CPG (Beverage)**

*“I feel that **it’s going to have to become more a part of the overall marketing strategy, not just [viewed] as an advertising platform...**More involved with a PR goal, as opposed to a GRP delivery format.”*

**— Sr. Media Director, Retail  
(Shopping Center Group)**

# Original Digital Video Measurement and ROI

Original Digital Video is seen as being most useful for driving consumer engagement and upper-funnel sales objectives, but from an ROI perspective it's being held to the same standards as regular paid media – *and it looks expensive.*

*“ROI [for Original Digital Video] is, unfortunately, limited to things that finance people don't really care about, but I do as a marketer, and that's engagement... So I have not attached a revenue number to online video at this point. It's more engagement metrics. In my experience I've found original video to show pretty strong impression numbers. But I've been challenged to attach any sort of revenue to that, to date. Things I've done on YouTube, for example, you know, have delivered \$1,600 CPOs, which is just untenable.”*

— **CMO, Financial Services (Credit Reporting)**

*“What we're finding [using TV replacement metrics] is that because of viewability and because of fraud -- digital video is different than television. Television has different problems than digital video. So using the same metrics that television has doesn't work. Digital video has to be treated differently and measured differently.”*

— **Sr. Media Director, CPG (Alcohol)**

*“From a CPV or CPM perspective, custom video looks really expensive. And it's getting compared to things that we're buying now more efficiently, like on the programmatic side. So it's looking like it's costing us a lot more for those types of programs than it is to run banners. And I think the methodology is off. I think we're comparing apples to oranges, but we haven't really come up with a better way to do it, to justify that this is better indeed. It's just too new. So we're looking at it on all the typical engagement and brand metrics. It's just from a cost perspective, looking very inefficient.”*

— **VP, Integrated Media Services, Financial Services (Investment)**

# Original Digital Video Content Development

**Whether or not advertisers have definite content development guidelines to follow depends on their industry. They are not yet creating device-specific content.**

- Advertisers in **highly-regulated verticals** like Financial Services and Pharmaceuticals **have many content guidelines that must be followed for every new initiative**. Alcohol advertisers must follow rules governing marketing to minors, and Auto brands have to comply with safety regulations when demonstrating their cars. CPG and Retail brands sometimes have best practices, but no strict rules.
  - One Financial Services participant mentioned that her company is now considering hiring a separate legal staff to assist with content production.
- As of now, none of the participants' brands are creating separate content for mobile or desktop devices. But **some have adopted a mobile-first approach**, assuming that their video content will be viewed primarily on mobile devices. Most participants reported that they are optimizing video for mobile devices (making sure it displays correctly, editing video down to shorter lengths, etc).

*YouTube is not majority mobile now, but it's soon going to be. Facebook is majority mobile, Twitter is all mobile, essentially. **A lot of the vendors that we work with are heavy mobile.** So – that leads you to a **mobile first** mantra, because more and more, **everything should be optimized to mobile.***

*— Sr. Media Director, CPG (Alcohol)*

# Original Digital Video Challenges

“What are some of the challenges you experience when building and executing on Original Digital Video content?”

*Scale is a major issue. Content marketing tends to be very specific to an audience. It generally has been created with a specific audience in mind, while your commercial is more of your general population consumer branding play. Digital content (what we have used, anyway) is used as more of that relatable communication type, make the customer feel like we're a part of their life. And really, it becomes difficult to then reach a LOT of people with such a targeted kind of message.”*

— **Sr. Media Director, Retail (Shopping Center Group)**

*“[NewFronts presenters] might be looking to secure two or three advertisers before really committing to the full production...when you're out in the market and you see a portfolio, creative, and then you find out a month or two later, 'Sorry, that one didn't actually happen because not enough folks were interested.' [We] definitely felt the pain on that for some series that didn't go through to production.”*

— **Principal Brand Associate, Financial Services (Credit Cards)**

*“So the first, the biggest one, is distribution. Figuring out a way to get it seen by a lot of people is the biggest challenge for us. And then secondly I would say just in terms of like editorial. Figuring out how to create content specific to individual product launches, yet have a consistent, cohesive [brand] look across everything.”*

— **Sr. Mgr. of Integrated Communications, CPG (Beauty)**

# Original Digital Video Challenges

“What are some of the challenges you experience when building and executing on Original Digital Video content?”

How do we ‘version’ the video so that we can appeal to more people on an individual level with the same content stream? **How do we create more hooks, popups, or engagements that make it more sticky?**

— **Sr. Media Director, CPG (Alcohol)**

“**Cost, far and away.** Our finance people benchmarked us to a bunch of non-auto companies. They said we were spending too much on content production and then every year they cut the number. But every year we have to pay more to produce work. So it becomes -- it's like a never-ending cycle. **So that's why we need partners to help us create it.** Every once in a while we're able to peel some money out of media and put it into content. **But it's just a matter of getting [finance] people to think more progressively and understand that those 30-second television commercials and banner ads are becoming less and less effective.**”

— **Global Ad Director, Automotive**

“One challenge we find [working with 3<sup>rd</sup>-party content creators] is **oftentimes the quality is just not up to what we want -- it looks cheap.** So it could be that the talent that's working on it isn't the most experienced. It could be the technology they're working with. It could be that, like I said before, they might have like a template that they use and when you want something that goes beyond their template, they didn't scope for it. So they're not in a position to improve it at that point or they don't know how, or it's not worth it. They're not going to make enough to be able to do that.”

— **VP, Integrated Media, Financial Services (Investment)**

# Original Digital Video's Impact

**Original Digital Video is seen as having the most impact on upper-funnel marketing objectives: brand awareness, sales consideration, and brand favorability/loyalty.**

- For highly-regulated industries like Financial Services and Pharmaceuticals, where it can be illegal to sell products directly to consumers, **content marketing/Original Digital Video is the only way marketers can speak to consumers and try to get them thinking at least indirectly about their need for the brands' products and services**, which are provided by an intermediary like a doctor or financial planner.
- Original Digital Video offers marketers **an opportunity to engage with consumers in a more authentic way** than with advertising media. Many look at it as an extension of Social – through storytelling, brands can develop personalities and opinions and really connect with consumers.

*"I think for us [Original Digital Video] is ultimately driving awareness for all our brands. We look find partners who can help us drive the relevancy with their audience and then quality of the content to help drive a brand message across in a very authentic way to consumers."*

**— Director, Digital Engagement Group, CPG  
(Beverage)**

*"We've been using [Original Digital Video] primarily for brand favorability because it's an easy way for us not to talk about products and to not scare people off with financial information because there are very few people who actually want financial information. It's pretty daunting. And so what we do is we talk around it. And the stuff we've created has been whimsical and fun and interesting and entertaining."*

**— VP, Integrated Media, Financial Services (Investment)**

# How Can Publishers Be Better Content Partners?

When discussing the specific Original Digital Video programs publishers create for (or in conjunction with), advertisers, many participants said that these programs/opportunities are not always in alignment with their marketing goals. However, there was some acknowledgment that advertisers themselves are also sometimes culpable for suboptimal partnerships.

Here are some of the things marketers think publishers can do to be better partners.

*"I look for partners who are willing to challenge us. And I say challenge us in a way that makes the content better. If I'm partnering with a vendor or a publisher, I'm partnering with you guys for a reason, because you do certain things really well. I expect them to come back and keep me honest. I don't expect you guys to change because of sake of changing unless I dictate that, point blank, like, that's not going to work for us. But if there's a point of view they have and they feel strongly for and passionate about, I want that feedback up front versus hearing it after we do something or anything else. But sometimes we're not the best, either... Like, hey we changed our objectives midway and we failed to communicate that in a proper way and then we set high expectations for our publishers to evolve as fast as us. So, I'm very mindful of that process, that we're sometimes just as guilty as a third party."*

— **Director, Digital Engagement Group, CPG (Beverage)**

*"I think the greatest opportunity for them is to better understand the issues facing the potential client and what their content needs are. I would like to see them be more proactive in pushing potential clients to better define their brief and what exactly they want to see. Too many potential clients say 'send us ideas and we will know it when we see it.' This drives a significant amount of inefficiency and frustration for both clients and media partners."*

— **Global Ad Director, Automotive**

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Here are some of the things marketers think publishers can do to be better partners.

- “1. **Include brand partnership development within show production timelines.** Whether following the upfront schedule or not, these productions need to offer the same level of customization/integration that brands expect from ‘TV’ content. Brands are frustrated when most meaningful integrations are missed due to shorter production schedules.*
  - 2. **Include tiered sponsorship levels** that range from in-show integration (most complex, long lead time, requires custom creative) to billboards (least complex, shortest lead, repurpose current creative), not an either/or scenario based on advertiser buyout, but a mix of all tactics.*
  - 3. Would like to see **custom research studies** included for all sponsors of major original content productions to demonstrate values and consumer interest across platforms/devices.”*
- **Principal Brand Associate, Financial Services (Credit Cards)**

# Reasons for Attending the NewFronts



As a result of participating in the 2014 Digital Content NewFronts, **two-thirds** of marketers wanted more information about original digital programming content.

*IAB Digital Content NewFronts Video Ad Spend Study, April 2015*

- Marketers attend the NewFronts primarily for informational/research purposes – **to see what’s new in the world of digital video content**. It’s also a good opportunity for them to meet with many of their media partners, vendors, and agencies in one place.
- If there is a particularly compelling program or franchise being presented, **marketers will typically ask their agencies to pursue the opportunity** and negotiate costs. Those who don’t attend themselves rely on their agencies to scope out opportunities.
- Several attendees said that **they would like to see more NewFronts presenters focused on “infotainment”** – content that is more relevant to marketers wanting to educate (vs. entertain) consumers.
  - On a related note, some said they would like all of the presenters to **focus more on educating them about audience insights and trends in the space**, and less on “entertaining” them.
- Participants universally agreed that **it’s important for NewFronts presenters to demonstrate that they plan to promote their shows**.

# Reasons for Attending the NewFronts

*“It’s just become the thing now to be at it. I think there are 50% more companies that are going to be there this year. It’s really become the hot ticket. I think 2015’s going to be that tipping point year where people will realize that most interaction and most views are going to be happening on mobile devices or at least the beginning of it and video is just intrinsic to the mobile experience. So based on that, digital video is becoming the way to reach your customer, especially your younger, millennial customer, for brand awareness and is this the track that’s going to take us, finally, to the place where you’re going to siphon dollars away from TV and into digital video.”*

— **Sr. Media Director, Retail (Shopping Center Group)**

*“As we move forward with really trying to move into doing more digital tactics, where we’re addressing patients, using video, using direct response, I think it would behoove us to just see what other industries do and try to learn from that. And I think that’s why it’s imperative this year that I attend. My company has identified that [Original Video Content] is an area that we need to pursue.”*

— **Product Director, Pharma (Rx)**

*“I go to see what kind of content is being produced, to see if there is a fit that I’m seeing from the get-go that I may want to bring to my agency and see it through. Or maybe for inspiration, like I’ve been to AOL’s a few times just to see the kinds of things they’re doing so I can sort of set the caliber of what will be out there. And think about are the partners that I’m working with delivering against that caliber, or do I need to maybe talk to AOL? Maybe they have something that we’re overlooking and maybe need to reconsider.”*

— **VP, Integrated Media, Financial Services (Investment)**



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