

In the world of branded entertainment, everything old seems new again, says **James Grant Hay**. Here, he reveals the 'telltale signs of a coming new world order'.

The rise of branded entertainment.

Earlier this year, Volkswagen Germany and NBC Universal signed the single-largest and most comprehensive global branded entertainment alliance in entertainment history. The agreement is said to include the exclusive incorporation of Volkswagen's cars and brand names into NBC's film, DVD and theme park assets, as well as original TV programming. The scale of the deal is unprecedented and is the clearest indication yet of the mutually beneficial ties presently being forged by Hollywood and advertising.

Here in our own backyard, the global contagion over the buzz of branded entertainment has spawned a fledgling new industry of local players and sent traditional agencies and media buyers jostling for position. Advertising agencies and media buying agencies have begun to acquire and align themselves with production houses, talent agencies, celebrity specialists and entertainment groups, as marketers seek to integrate their brands more closely with consumers' entertainment choices.

The growing appeal of product placement in reality-based television programs such as *The Block* and *Australian Idol* has only just begun to whet the appetite of marketers and advertisers. Despite mixed ratings of some series, marketers continue to be enthused with embedding their products in TV programs.

Last year Toyota Australia set aside some of its \$77 million ad budget for branded enter-

tainment and placement deals. Toyota sponsored and placed products in Nine Network's two series of *The Block* and experienced a 20 percent spike in traffic to its website. Similarly, Diners Club reported success with Seven Network's *My Restaurant Rules*. It installed 10,000 Diners Club point-of-sale signs in restaurants to achieve recall among owners who had seen the program. The number of new Diners customers rose during the three-month series and the company's brand familiarity score jumped nine points.

But product placement is not branded entertainment; it is merely an ingredient, which is often misused to describe the umbrella term. In its purest form, branded entertainment is the integration of a brand into the narrative or plot of a scripted or unscripted television program. From start to finish it is an advertiser-funded initiative.

Its earliest roots date back to the pioneering days of US television in the 1950s when Proctor & Gamble created an entire genre of programming around 'soap operas'. P&G funded production of soaps such as *The Guiding Light* and *As the World Turns* for its Tide and Crest brands. BP *Pick-A-Box* is perhaps the best-known Australian example of its kind to grace our screens in the 1950s.

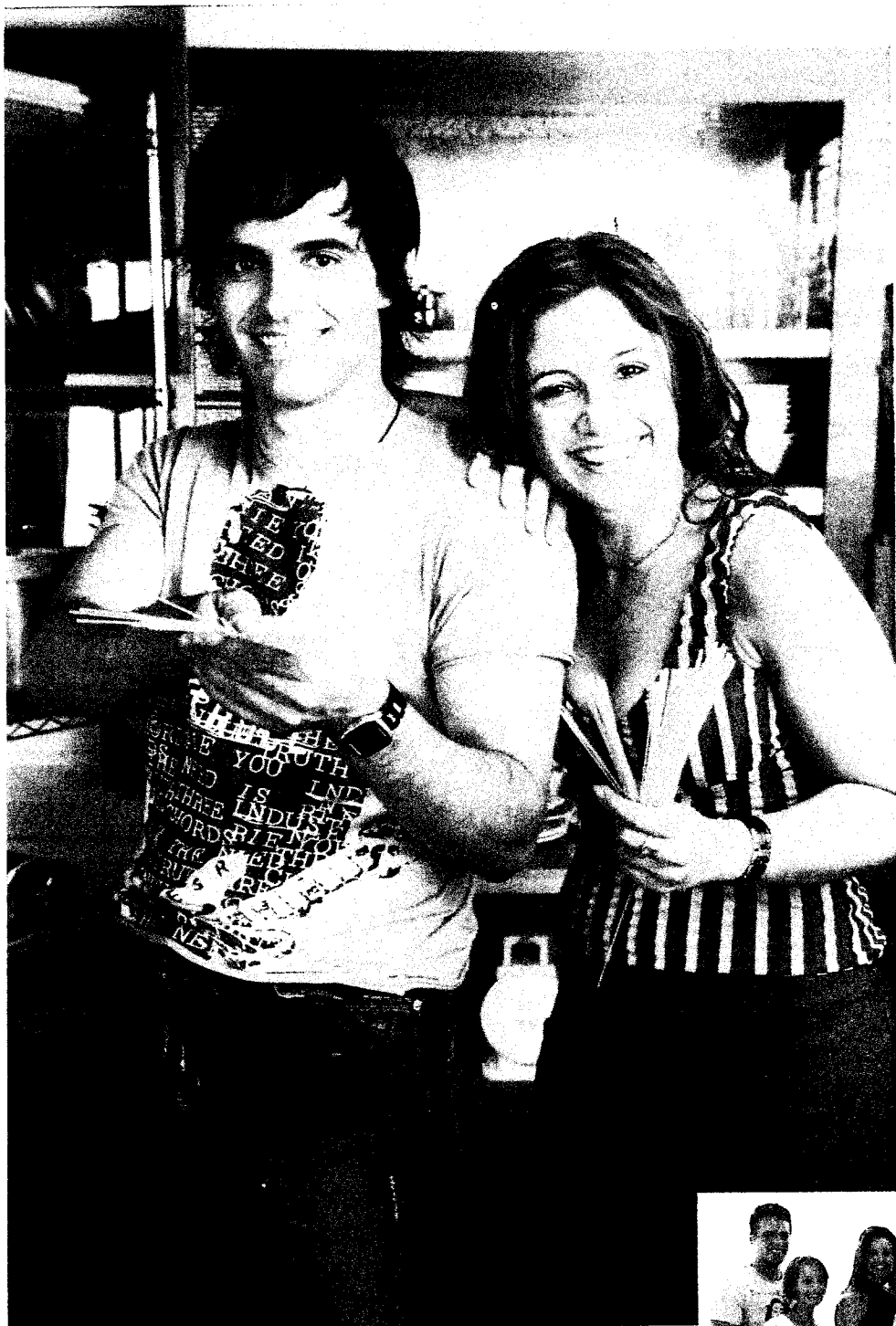
While some brands are still experimenting with product placement, others have already made the leap to branded entertainment. Production of TV-branded content in Australia is now undergoing a renaissance. In September last year, the Sensis division of

Telstra launched its very own small business TV series called *Bread* on the Ten Network. The aim of the program was to position Sensis as an advocate for small business, but without any overt branding. Unlike product placement, which calls for a high degree of brand visibility and presence in shows, branded content works on more subtle forms of exposure to build credibility with audiences.

The first series achieved a weekly audience of some 500,000 viewers. For the second series Sensis decided to introduce some subtle branding as the sponsor of a segment called 'Trading Places' where viewers could win a \$30,000 Sensis advertising package. Sensis reported 19 percent of people who visited the Bread website during the series purchased a Sensis product. A third series of *Bread* will commence this month and Sensis is now looking at how other marketers can be integrated into the program.

The *Bread* example shows Sensis adopting an ownership position of its intellectual property, where individual or collective advertisers underwrite the costs of production.

Merchandising and brand licensing rights from the show will also provide Sensis with potential new revenue streams. The writers of the series were also conscious not to over-expose the brand in the program, preserving the consumer's experience while at the same time providing Sensis with a commercial opportunity for the brand overall, representing a much broader brand identity rather than one tied to its own product. Branded content is not



a sell; it is the means by which a brand communicates its culture and values to its audience.

In the coming years, the export of brand values via the production of popular entertainment culture will become as important as physical production, in order for marketers to sell their goods or services.

Communication via branded entertainment is far more sophisticated than traditional advertising. For starters, entertainment formats are longer and more intricate than advertising formats. The entertainment industry has used these attributes to create productions that attract and retain an audience. For advertisers, these formats not only create the opportunity to build an audience, but also communicate a more complex message than would traditionally be attempted.

Of course brands are not in the habit of producing their own TV shows just for fun. The trend towards branded entertainment is now being driven by an increasingly fragmented media landscape, wherein the consumer has such a wide variety of available media to choose from that marketers must find new ways of communicating with their target audience. In an experience-based consumer culture, with record consumption of popular entertainment and information-based media, branded entertainment provides the marketer with closer proximity to the consumer.

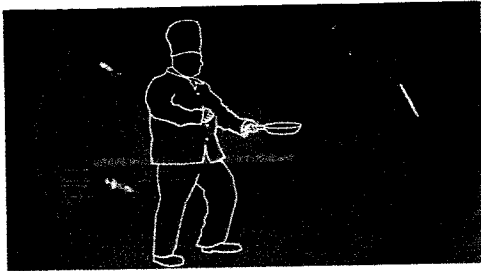
Consumers have become consummate editors of advertisements, while advertisements themselves are struggling to engage consumers. A recent Eye on Australia study from Sweeney Research and Grey Worldwide revealed that people are taking less notice of advertisements than ever before. Unlike the 30-second spot commercial, which interrupts

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the viewer, branded entertainment invites and emotionally engages the consumer.

The pace of technology convergence will only serve to empower the consumer further. Over the next five years, technology convergence and media fragmentation will completely transform the way in which advertisers communicate with consumers and by and large those viewing experiences will be entirely through branded content. The introduction of Personal Video Recorders (PVRs), Internet Protocol TV, Video-on-Demand, as well as advancements in digital home media software will enable consumers to personalise their media viewing habits like never before.



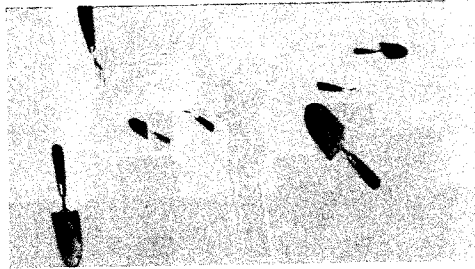
While the penetration of PVRs in Australia may be slow on the uptake, marketers and advertisers must not underestimate the more readily available software solutions of Microsoft's Windows XP Media Centre (MCE), which when equipped with a compatible digital tuner card can receive and record free-to-air digital television while skipping the advertisements.

In the not too distant future, producers of branded content online will also be able to take advantage of the convergent technology trend of Internet Protocol TV (IPTV), which under present Australian digital broadcasting structures, allows for the delivery of streaming

media, planning and production to provide a forum for discussion and to address the changing needs of the advertising and branded content market. The BCMA's main objective is to act as a catalyst in breaking the existing barriers between content providers, advertisers, agencies and online/offline mediums. The BCMA presents an opportunity to educate, inform and develop new enhanced working relationships.

Through constructive dialogue, the BCMA aims to address the diverse ways in which to combat the challenges of media fragmentation and to ascertain how to position key brands alongside prime content in innovative and unexpected new arenas.

Its 2003 Branded Content Market Overview study in the UK revealed that the total number of branded content programs commissioned was more than 36 (not including sports programs). Around 20 projects of branded content programs have been commissioned and/or are in development today. The study said that the average budget of commissioned branded content programs was



Traditionally, TV advertising has been placed adjacent to entertainment in order to capitalise on the audience the entertainment attracts. In the PVR age, the ability to fast forward or remove ads, record and or time shift television programs to mass storage will undermine the scheduling power of networks and with it the value of the 30-second spot commercial. Branded content overcomes this threat, because the brand itself forms part of the entertainment.

However disruptive a threat this technology may appear, any residual loss of value will be offset by an enhanced advertising opportunity within the Electronic Program Guide (EPG), the navigation menu found on most PVR devices. EPGs will become more important as the content choice of consumers expands. This personalised view of the content world presents valuable advertising real estate and television commerce potential for branded content. Moreover, the ability of viewers to select individual programs to their tastes will also spur an increase in individual branded content.

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media by embedding the transport streams of digital television with Internet Protocol packets (IP). This will mean that such groundbreaking branded content short films found online (such as BMWFilms.com) will also grace our TV screens or whichever screen you happen to be watching.

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The Branded Content Marketing Association (BCMA) Australian chapter was recently launched in order to bring together interested parties from all areas of advertising,

approximately £100–150,000 per project, about the same as the average budget of regular commissioned programs. In 2003 the market size of the branded content was estimated to be worth approximately £5 million. That figure sky rocketed last year to an estimated £22 million. **M**

For more information on the BCMA and Australian membership visit <www.thebcma.info>

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