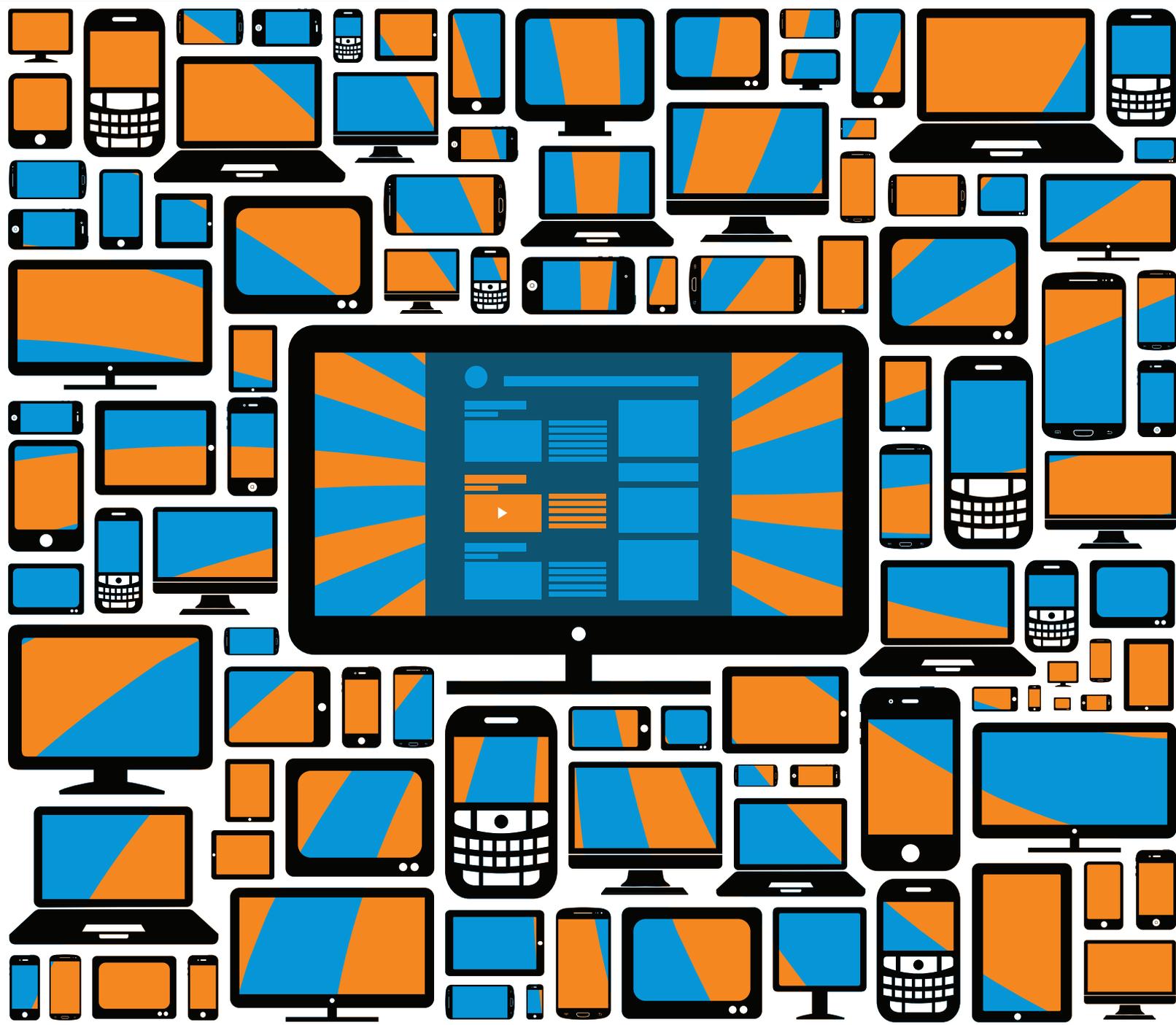


GOING NATIVE:

HOW MARKETERS ARE REINVENTING THE
ONLINE VIDEO ADVERTISING EXPERIENCE



IN ASSOCIATION WITH: **sharethrough**

CONTENTS

Summary	2
Foreword	3
Going Native	4
The Changing Face of Distribution	5
The Power of Video	7
Heineken and 007	8
Honda Million Mile Joe and Monsters Calling Home.....	9
Demand for Native Video	10
Using Irreverence to Connect: K-Swiss and Kenny Powers	11
Indie Meets Social Media: The Beauty Inside.....	12
The Advantage of Alignment	13
Matching the Right Content to the Brand: JetBlue	14
Conclusion: The Future of the Market	15
Methodology.....	16

SUMMARY

Marketers are broadly expanding the types of online video content they are creating and are interested in syndicating their content in ways that get beyond industry-standard formats. “Native advertising” has emerged as the convergence between original brand video content and dramatically new approaches to distribution that ensure an ad matches the look and feel of a website and does not interrupt the viewing experience in the manner of a television commercial. While the term “native” ads has not fully caught on with marketing executives, the core elements of native ad types are favored by them, which suggests this market will grow as awareness increases.

FOREWORD

Online advertising is in the midst of both a creative renaissance and a severe attention deficit.

Online video typifies this digital paradox; there has been an explosion of original brand content that has redefined the ways brands express themselves, as well as how they entertain and connect with their audiences. However, at the same time, interruptive distribution tactics are showing skip rates climbing at alarming rates, and traditional display ads are continuing to show paltry engagement metrics.

These signs indicate that we are at the beginning of a new era of online advertising with brand content at its core. In a world where consumers are now in full control of their media, interruption and poor visual integration are no longer viable branding tactics. Instead, it has become imperative that branded content remains consistent with the user experience and visual design of a publisher's site. In response to this fundamental shift in media, a new wave of "native" advertising models that fit with today's social, connected web experience is emerging.

Native advertising is defined as ad strategies that allow brands to promote their content into the endemic experience of a site in an integrated, non-interruptive way. The core attributes of native advertising are strong visual integration,

choice-based interaction and content-driven experiences.

Although creating these native content experiences requires a more thoughtful and customized execution strategy (as compared with interruptive display ads), many of the largest platforms have been first on board to adopt native advertising. This is a testament to the value of this new medium. For example, the major platforms on the web—Facebook, YouTube, Twitter, Tumblr and WordPress—have universally adopted native advertising formats, and premium editorial publishers are prepping for an industry-wide native ad overhaul.

The future of digital marketing is going to be native. Advertising experiences like banners, boxes, buttons and pop-ups are permanently giving way to ad experiences that are native to a publisher's site. At the same time the creativity is evolving alongside the native medium. Together they are producing a new, direct way for brands to connect and entertain audiences across the web. With approximately \$11 billion a year being spent on display ads, there is no better time for change than now.

BY DAN GREENBERG,
CEO and co-founder, Sharethrough

GOING NATIVE

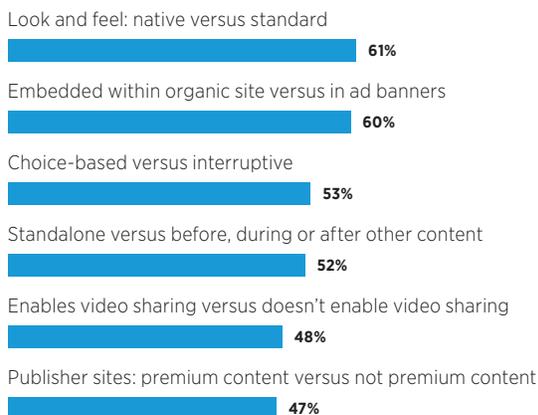
Over the past decade, content marketing, specifically in the form of online video, has become a fundamental tool for connecting with consumers. It has enabled companies to reach and engage audiences where they are spending increasing amounts of time.

Native video, a more recent phenomenon in this field that meshes in appearance—if not substance—with the overall feel of a publisher’s website, is achieving even greater viewer engagement. Companies are deploying it as they seek more effective ways to forge stronger ties to consumers. Defined broadly, native ad units are visually well integrated (ads match a website’s look and feel), choice-based and content-driven (providing a content experience for audiences, rather than just a standard commercial). The terms “native video” and the wider umbrella of “native advertising” are still referred to by different names, and even interchangeably. This suggests that marketers have not settled on precise definitions of this trend.

When it comes to native advertising, however, two principles are clear:

1. The content itself is the main event, no longer a side-show that interferes with other programming. Through humor, pathos or meaningful insights, the content aims to create a more entertaining, engaging viewing experience. The end goal is that this improved experience reflects favorably on the brand and leads to stronger long-term bonds with consumers—which in turn may lead to larger, more enduring financial benefits. Online video formats have enabled companies to push beyond traditional advertising boundaries for length and the nature of material they cover. Such flexibility has enabled them to tell stories with the sort of fullness that could not have been done through other formats.
2. Content distribution has changed. There is no simple formula or paint-by-numbers approach to publishing content—as with, say, a banner ad. Rather, there is new flexibility for presentation. What are the right proportions for the video? Where should a company place a video on a company’s web page and what visual elements of the site should the ad mimic? Companies can determine more analytically which format will create the best viewing experience. At the same time, brands can be more precise about which websites will ensure the widest viewership among the right audience.

IMPORTANCE OF BRAND VIDEO SYNDICATION FEATURES



THE CHANGING FACE OF DISTRIBUTION

Sixty-one percent of senior marketing executives value the look and feel of native videos, which mimic site design and interaction, over that of standard video, where the video player stands out as a separate advertising feature. Interviewees from major companies and ad agencies echoed this opinion, pointing out that consumers are more inclined to view content that does not point them directly toward a transaction, but rather catches their interest in an organic way. Indeed, 60% of executives also pointed to the importance of organically embedding a video into a site's content, rather than delivering it in traditional ad banners that do not connect to the page in a relevant or meaningful way. This leads consumers to think more favorably about the brand that is providing the content.

The shift to native video distribution dovetails with creative strategies that focus on custom digital assets. In the past, online video strategies centered largely on the distribution of commercials originally made for television, retrofitted for distribution online. The end result was something that didn't fit the medium.

Sharethrough CEO Dan Greenberg says that native advertising addresses viewing preferences that are increasingly based on the quality of the content and ease of access. He believes that as brands, agencies and, most of all, the publishers of websites become more aware of its attributes, usage will increase markedly. Indeed, click-through rates on banner ads have been harder to come by, while skip rates on pre-roll ads that precede online videos have been on the rise.

"When you see a banner ad in the New York Times, you don't think twice about it," says Greenberg. "But if you saw a news feed video that had a quick play video that expanded, that was native to the page, seeing it during day-to-day usage is going to change people's perception. The

more publishers we bring on board, the more advertisers invest in native. It ends up being a self-fulfilling prophecy because it will work so well that they'll notice it and see its value just by being Internet users."

Marty St. George, senior vice president, marketing and commercial strategy, JetBlue, says that he foresees increased usage of this more creative way of advertising. "Look at what a successful program looks like for display advertising," says St. George, whose company has created

video game shows, as well as a more recent campaign tied to the current presidential election (see sidebar, page 14). "If I have a display ad that has a 2% click-through rate, that's a really good display ad. I'll spin that in a different direction, which is if I had a display ad that has 98% of people that ignore it, that's sort of sitting there inert. I don't think that's success at all. When we get digital video involved, we get significantly higher engagement. We've gone beyond the thought of interactive digital into creating our own digital content wholesale."

Survey respondents and interviewees noted that marketing strategies now increasingly use long-form and custom 15- to 30-second content made specifically for the web, instead of repurposed commercials.

"If I see an ad that promises to be funny or interesting, or promises to teach me something, on like BuzzFeed or the *Atlantic*, and I click it, and they're just trying to sell me on car insurance, I'm going to turn around and never click it again," says Greenberg. "That's an important facet of this market that is [prompting] brands to invest in content for the first time ever. That's where this whole thing starts. It stems from making content so good that people will not only want to watch it, but even want to share it. Most brands are thinking about production and engagement as opposed to interruption."

"We've gone beyond the thought of interactive digital into creating our own digital content wholesale."

—MARTY ST. GEORGE
SVP, Marketing and
Commercial Strategy,
JetBlue

“Consumption has changed, and advertisers will have to continue to follow [consumers]. Quality has become more important now.”

—RON AMRAM
Senior Media Director,
Heineken USA

In other words, marketers are placing a higher priority on distributing their videos in ways that do not interrupt the user experience. This may account for the low use of pre-roll video distribution tactics, in which advertisements are delivered online in a format similar to television commercials. In addition, companies are looking for ways to differentiate their advertising from the avalanche of material that exists online. But the progression from television-like ads to those designed specifically for an online experience is also a response to new consumer viewing habits. Television ads are increasingly ignored by consumers even when they're shown on television, as intended. Nearly three in five consumers surveyed by Forbes Insights recently said they use their DVR to skip ads.

“For me, this is the continuing evolution of advertisers trying to connect to consumers,” says Ron Amram, senior media director for Heineken USA. “Consumption has changed, and advertisers will have to continue to follow [consumers]. Quality has become more important now.”

All this suggests a potential for significant and rapid growth for native video. At the same time, however, a lack of awareness or understanding of the medium and its benefits among senior executives may be hampering this growth.

Indeed, half of the senior marketing executives who said that their organizations had no imminent plans to use native video couldn't predict if this would change in the future. This may reflect the newness of the medium or a lack of understanding of its benefits for consumer engagement.

Heightening awareness may boost usage.

Content marketing such as native video has more in common with short films, documentaries or the creative, occasionally irreverent work on YouTube than with traditional commercials or the banner ads that are predominant in digital advertising. It is more nuanced, focused less on product messaging than on creating an experience that viewers want to repeat and share via social media. It calls to the consumer to be engaged, rather than “marketed to” as a captive, passive audience.

Native video is meant to function as destination entertainment, as marketers become increasingly reluctant to “interrupt” the consumer experience. Its appeal for marketers lies primarily in its emphasis on compelling storytelling and providing an opportunity to go more in-depth into a message. A native ad's length may extend over several minutes or run in installments released over regular intervals. It may sadden, amuse, shamelessly tug on heartstrings or even feature a star performer in a signature role. Interestingly enough, particularly successful examples of content marketing also generate their own coverage.

For example, Intel's six-part *Beauty Inside* series this summer sought to engage consumers with the possible romance of an unlikely couple. A series of Honda ads offered surprise outcomes for dedicated owners of Honda cars. An episode in a Heineken campaign, timed to the opening of the latest James Bond movie, includes a cameo by the present Bond, Daniel Craig.

Such videos are also typically easy to access via corporate websites as well as other sites that are likely to reach target audiences. They do not require viewers to click on banners or barrage them with a hard sell. The product mention may be minimal or occur subtly in the context of the story. In short, the goal may be a conversation or at least holding a consumer's interest in a format that feels less artificial and more natural.

THE POWER OF VIDEO

To say that online video has become a staple of the marketer's toolbox would be a significant understatement. More than half (54%) of senior marketing executives say that they use online video, while 23% are planning to use it, nearly 70% of them within the next year.

Companies see online video as an effective way to spur higher degrees of brand awareness, retention and loyalty. Seven in 10 respondents (68%) to the Forbes/Sharethrough survey said that a top objective was to enhance brand awareness. Fifty-five percent of respondents said branding was a goal of online video advertising, while 43% pointed to bolstering customer retention and loyalty as a leading objective.

These marketers view paid brand video as a particularly effective way to achieve these goals. Three in four respondents (75%) aim for a measurable brand lift (i.e., an increase in awareness and purchasing intent) as a result of their paid brand video syndication efforts. More than half of executives (54%) seek a measurable gain in reach and frequency. And one-third pointed to more active measures of engagement, including sharing and buzz. Getting consumers to talk and share more about a brand, more often and more proactively, are the name of the video game.

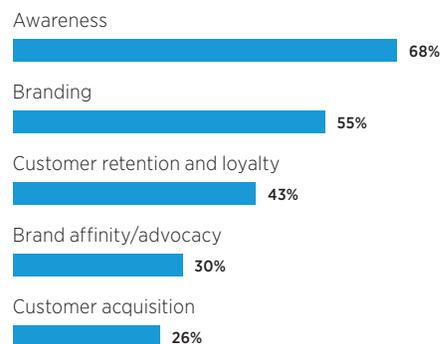
Yet marketers also appear to view branded video as a way to create a stronger, more positive imprint in consumers' minds that may help marketers achieve larger, long-term goals. "It's almost an osmosis effect of native ads," says Sharethrough's Greenberg. "If you see it a few times, it will feel as if it's everywhere, and it will hit your brain and register with you, as opposed to a banner ad, where the impression is just a throwaway."

Custom digital assets are the most popular type of assets for digital video advertising. Senior marketing executives interviewed said they valued the flexibility afforded by custom content. Three in five executives surveyed use custom digital assets in their video advertising; two in five (41%) use long-form digital assets (branded content). In a sign that executives by and large recognize

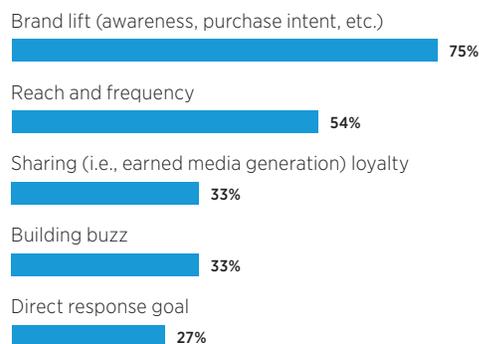
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—DAN GREENBERG
CEO and co-founder,
Sharethrough
.....

TOP OBJECTIVES OF CURRENT ONLINE VIDEO USERS



TOP MEDIA OBJECTIVES CONSIDERED WHILE MEASURING PAID BRAND VIDEO SYNDICATION



the weakness of a television-to-digital video approach, just 28% still repurpose television commercials online. Thus, long-form branded content has surpassed repurposed TV assets on the web, a testament to the maturation of the online video marketplace.

For example, Expedia's Find Your Understanding series amounts to a video blog of quirky, often touching

human-interest stories related to travel. The videos do not tout Expedia's services to help people find airfares and accommodations; in fact, the company is mentioned only briefly in each video. The videos could function independently of the company's website—and do. Implicit is the understanding that travel transforms lives and that Expedia can help you get where you want to go.

Similarly, as mentioned earlier, Honda uses its Honda Loves You Back videos to underscore the sometimes extraordinary bonds car owners have with their cars. In one, the company features a Honda owner who has driven his Accord sedan a million miles. In another, a young musical group living on a tight budget receives an unexpected prize for recording their music video in their Hondas. The videos have generated millions of visits on video sharing and social media sites, creating a dialogue that had more to do with the stories than the attributes of the cars. Moreover, the videos have created a larger emotional investment in the brand than a traditional commercial probably could.

TYPES OF VIDEO ASSETS USED FOR DIGITAL VIDEO ADVERTISING

Custom digital assets (15 or 30 seconds in length)



Long-form digital assets (i.e., branded content)



30-second repurposed TV commercial



HEINEKEN AND 007

Follow the consumer? Or use content to push the consumer in new directions? It's an age-old dilemma in advertising. Heineken Senior Media Director Ron Amram says that his division of the 170-year-old beer manufacturer does a little bit of each.

Amram says that he is always cognizant of the company's reputation as a producer of premium beer. It would not be true to the Heineken brand to push its advertising in wildly new directions too far afield from its established messaging. "Heineken is a global beer with a rich history, sold in 170 countries. We refer to our target audience as a man of the world always looking to do new things."

Yet like many other companies, Heineken has had to find ways to reach consumers via social media. That has meant trying new types of advertising, including long-form videos.

Among its recent initiatives has been a multi-part series. The

most recent installment intersects with the coming release of the next James Bond film, *Skyfall*. It features a handsome everyman caught between the current Bond, Daniel Craig, and sinister-looking villains. The segment ends with Bond skydiving from a snow-covered trestle.

The ad differs from other Heineken ads in both length and the type of content, and it amassed nearly 7 million views on Heineken YouTube channels. "Marketers are always trying to push the envelope and push consumers into new places," says Amram. "I'm a little of both [pushing the envelope and following the consumer]. It depends on the situation. If you don't lead at some times, you don't capture [consumers'] hearts and minds."

HONDA MILLION MILE JOE AND MONSTERS CALLING HOME

Honda owners are among the most loyal in the car industry. They appreciate the Japanese automaker's well-engineered, reasonably priced cars and are not shy about sharing their admiration online. "Weekly we get a lot of letters from our customers saying, 'Hey, thank you so much for making a highly reliable car,' or people who have been in collisions, saying, the safety of your product helped save our lives, minimize injuries, things like that," says John Watts, senior manager of digital marketing for Honda USA. "Our customers really appreciate what we do, and we wanted to show them how we appreciate them."

Several years ago, the close relationship became the basis of Honda USA's Facebook and social media strategy. The company built an initial Honda Loves You Back campaign on the concept popularized more than a decade ago by the movie *Six Degrees of Separation*: Everyone knows someone who directly or indirectly leads to someone famous. In Honda's case, Watts says the company created a Facebook application in which anyone could find somebody who "loves a Honda or knows somebody" who does. This promotion led to others in which Honda rewarded its customers: free parking for Honda owners at Anaheim Ducks hockey games (at the team's Honda Center arena), massages and food giveaways at car washes. Honda videoed the reactions of the beneficiaries and posted them.

When the Honda Facebook page reached 1 million followers, the company celebrated by posting Honda-related photos from its fans' Facebook pages and upped its efforts to find unique stories of Honda affection. That led them to a Maine Honda owner, Joe, who had just reached 1 million miles on his Accord sedan odometer.

Honda and the ad agency, Los Angeles-based RPA, believed the story of Million Mile Joe would resonate loudly both inside and outside the Honda community. Yet RPA Senior Vice President and Group Account Director Brett Bender says that traditional short-form video or television commercial formats would not enable Honda to tell the full story.

RPA writers suggested a plot in which Honda would throw a surprise parade for Joe in his hometown and award him with a new Accord. The more than three-minute piece, which captured Joe's astonishment as floats, stilt-walkers, cheerleaders and a marching band roll by, quickly went viral and made national news. "We surprised him," says Bender. "He thought that he was coming to a press conference."

Bender says that the biggest obstacle was maintaining the surprise. Had Joe learned what was planned beforehand, his reactions might not have been so poignant and engaging. "Honda saw right off the bat the possible emotional connection that could be put together between consumers and Honda with a video of this nature," Bender says. "Pulling it off was something. We knew it was going to be a challenge, keeping the surprise and keeping the secret."

Emboldened by the success of Million Mile Joe, Honda and RPA took a similar approach this year with a very different story, albeit one in which a pleasant surprise was also the basis for connecting with viewers. Affectionately called Best Gig Ever by some, the four-minute online video focuses on a day in the life of the indie band Monsters Calling Home. The group had drawn Honda's notice by recording a music video in their Hondas. Honda surprised the band by arranging an appearance on the nationally televised *Jimmy Kimmel Show*.

This second video also went viral. It hit its goal for impressions within five days, well ahead of schedule. The video had received more than 1.3 million views on YouTube by October 2012. "We went well above what we had targeted ahead of time," Bender says.

Watts, a 25-year Honda veteran, says companies have had to become more flexible about the types of advertising they use, and the steep growth of digital has presented new options.

But a mix is still important to maintain. Even as it develops these longer online videos, Honda continues to produce shorter videos and other types of advertising. "I think that a four- to five-minute format doesn't work well for everything. But in this case (Monsters Calling Home), if you're building a story and you want to really engage people, a four-minute format worked very, very well," Watts says. "Obviously, there are other situations where we didn't have five minutes of content to keep people engaged, so it's kind of a case-by-case (basis). But content is definitely key."

"We knew it was going to be a challenge, keeping the surprise and keeping the secret."

—BRETT BENDER
Senior Vice President and
Group Account Director,
RPA

DEMAND FOR NATIVE VIDEO

Owned media channels and banner ads are the most popular ways of distributing online videos. Half of senior marketing executives report using these tactics.

Yet numbers can be deceiving; they do not reflect the demand for this type of product. The level of demand is clear in the high percentage of marketers indicating the importance of a native look and feel to online video. Indeed, marketers know they must meet consumers on their turf; that is, they must provide content in a way that will gain and maintain their attention without feeling intrusive, inauthentic or one-way.

A majority of marketing executives value the attributes of native video. To be sure, just one-third (32%) of senior marketing executives say they have either bought or are planning to buy native video advertising of brand videos. But in qualitative interviews for this paper, respondents indicated a greater receptivity to the format.

TOP MEDIA DISTRIBUTION TACTICS FOR BRAND VIDEOS

Owned media channels (corporate website, YouTube channel, Facebook brand channel)



Video display banner ads



PR outreach



Native advertising



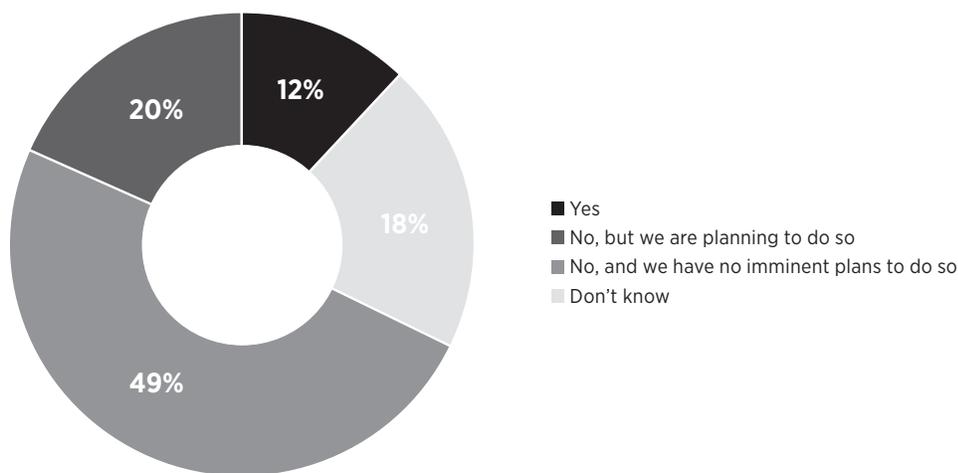
Pre-roll or in stream advertising



Viral video syndication



HAVE YOU BOUGHT NATIVE VIDEO ADVERTISING FOR DISTRIBUTION OF YOUR BRAND VIDEOS?



USING IRREVERENCE TO CONNECT: K-SWISS AND KENNY POWERS

Because there are fewer boundaries to heed in content and delivery, content marketing in the form of native video can take chances that other types of advertising cannot. In some cases, online video may offer unprecedented opportunities for companies to redefine their brands.

Take K-Swiss's series of irreverent videos featuring the fictitious cable television character Kenny Powers. The washed-up baseball player in the HBO comedy *Eastbound & Down*, played by the comic actor Danny McBride, earned a loyal following among younger men for his fast-talking, vulgar persona. The character of Powers says what is on his mind, no matter how politically incorrect.

K-Swiss has largely been known for its comfortable, well-built tennis sneakers. In 2010, it was looking for a way to add flash to its image and hook younger men, who compose a key demographic in sneaker sales. The California-based company couldn't spend as much on an ad campaign as larger competitors such as Adidas and Nike, so it needed to think differently to generate new interest at a price it could afford. "We knew we wanted to connect with the 16- to 21-year old guy," says Matt Jarvis, a partner and chief strategy officer for the K-Swiss ad agency 72andSunny. "So we thought it was really important that if K-Swiss didn't have a brand personality or equity with that audience, that we connected with the audience in a way that was more peer-to-peer and was speaking their language, connecting in a way that was relevant to them."

Sneaker companies typically align themselves with athletes to build brand awareness. But in its research, 72andSunny found that the type of consumer that K-Swiss was trying to reach spent more time on such content-sharing sites as Break.com and Funnyordie.com than watching sports. "For K-Swiss to kind of take a page out of the traditional marketing playbook, it was almost guaranteed to fail from the outset because it would just be spending less money against a plan that everyone was using," Jarvis says.

The agency suggested that an edgy approach featuring McBride as Powers would draw the sort of consumers it would need to create buzz and increase sales. In a series of videos, some clocking in at more than four minutes, Powers extols the virtues of K-Swiss sneakers while taking over as the company's CEO (he renames the position in a vulgar way). In a separate installment, he holds a product presentation on stage in a way that mocks former Apple CEO Steve Jobs's well-known approach – complete with Jobsian turtleneck. Profanity is de-

gueur in each part of the series, and Powers is not shy about insulting athletes who make cameo appearances: kickboxers, football players, wrestlers and celebrity personal trainer Jillian Michaels. The content is not for shrinking violets.

The videos shocked some but drew raves from others, including critics of online video. The series won three Golden Pencil awards for excellence in advertising. As for K-Swiss, the company's president, David Nichols, told *OnlineVideo.net* in a June 2012 interview that he "would be the first to go on record to say" that the company "didn't sell as many shoes as we would have liked." But Nichols added that, "We did get more people talking about us...we increased our search ranking, hits to our website and increased sales. We did this with effective media buys. We were able to reach people without having to pay for television time."

By changing the brand image, this type of attention can lead to more sustainable future growth. "For a long time in the marketing world, entertainment value was considered by many agencies and marketers as a nice to have," Jarvis says. "In this era, its feast or famine. If you're not relevant and if you're not making it worth somebody's while, you can spend hundreds of millions of dollars and people can completely ignore you. But conversely, if you do something that's really exciting and relevant, you can just absolutely far expand what your media spend is in terms of its impact in the marketplace. Creativity is a great amplifier."

72andSunny Creative Director Matt Murphy said in the same *OnlineVideo.net* article that firms have to be willing to take chances but also know what the right format for them is. "Don't follow trends," Murphy said. "Figure out what the DNA of your brand is and what's right and true about your company."

.....
"If you do something that's exciting and relevant, you can far expand your media spend in terms of its impact."
.....

—MATT JARVIS
Partner and Chief
Strategy Officer,
72andSunny
.....

INDIE MEETS SOCIAL MEDIA: THE BEAUTY INSIDE

At the other end of the content spectrum from Kenny Powers is Intel's romantic series *The Beauty Inside*. The 40-minute film, which was released earlier in 2012 in six installments, marries independent filmmaking, social media and advertising. Intel Co-Marketing Manager Billie Goldman calls the genre "social film."

"We think that we've found a new form of entertainment," Goldman says. "It all comes down to the concept and the talent that's involved in the concept."

—BILLIE GOLDMAN
Co-Marketing Manager,
Intel

Grace, best known for his role in the Spider-Man films, narrates the series as the mind and heart of Alex, an antiques restorer looking for love. The unexpected trick is that Alex wakes up each morning as a different person: a pudgy slacker one day, an older man the next and so on—different genders, ages and ethnicities. In each installment, Alex is played by a different unknown individual—each of whom was cast via online auditions. The idea is that, while Alex may change on the outside, he remains the same underneath. Viewers who "like" a particular installment could then learn about the next episodes or sign up to audition to play Alex in future installments. Members of the audience could also comment on the plot or "talk" directly to Alex on the campaign's Facebook wall.

The title is a reference to Intel parts, which are never seen but, in Intel's estimation, serve as the "brains" and "heart" of many computers. However, mention of the Intel and Toshiba brands occurs only briefly at the beginning and end of each segment.

The Beauty Inside uses an independent film director, D.J. Caruso, whose previous credits include the feature film *Disturbia*. The project is an ongoing film where the audience can participate, even potentially playing the main role. Topher

The Beauty Inside generated more than 66 million views by October 2012, along with approximately 8,400 Twitter followers and 95,000 Facebook fans.

"To me the engagement was all the people who were interacting on Facebook, the hundreds and hundreds and hundreds of comments you saw," says Goldman. "Each post that Alex would make, the comments that would go back and forth. To me that's what I'm looking for. It showed how engaged the audience was."

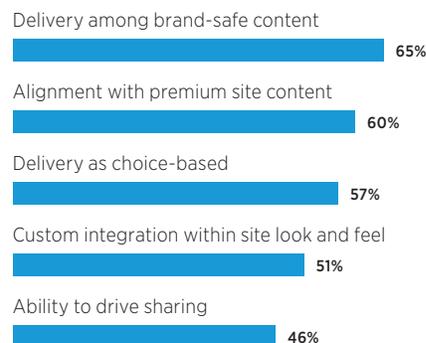
The Beauty Inside was Intel/Toshiba's second foray into social film. The companies released a program called "Inside Experience" in 2011. The 11-day campaign followed a young woman's attempts to escape from the room in which she'd been imprisoned. Her only connection to the outside world is a Toshiba laptop through which she contacts friends and family via social media. The series drew roughly 50 million views.

Emboldened by the success of "Inside Experience," Goldman wanted "to create a campaign that was as long as you could possibly make it and still keep the audience." She says that old-style formats limited by time and the type of content that brands can show will no longer grab viewers. To engage consumers, they will have to continue to think more creatively. "We think that we've found a new form of entertainment," Goldman says. "It all comes down to the concept and the talent that's involved in the concept."

THE ADVANTAGE OF ALIGNMENT

Because a viewing experience organically and unobtrusively intertwined with a site's content is the hallmark of content marketing in general and native video in particular, it's understandable that marketing executives want their brands "intertwined" with content they want the brand to be associated with. Thus, alignment with premium site content is seen by marketing executives as among the most valuable attributes of online video, at 60%. Likewise, marketing executives also point to video delivery among brand-safe content as adding significant value to their brand, at 65%.

MOST VALUABLE ATTRIBUTES OF ONLINE VIDEO



MATCHING THE RIGHT CONTENT TO THE BRAND: JETBLUE

Five years ago, JetBlue developed a campaign tied to the opening of *The Simpsons* movie, portraying itself as the official airline of Springfield, the fictional hometown of the cartoon family.

“Content has to get at what the brand is about. If we’re going to do tie-ins, they’ve got to really fit into what we do.”

—MARTY ST. GEORGE
SVP, Marketing and
Commercial Strategy,
JetBlue

campaign didn’t really get at what we do the way the 7Eleven campaign did,” St. George says. “Content has to get at what the brand is about.”

JetBlue learned from the experience and continued to look for inventive ways to market itself. Since its launch in 2001, the company’s unique style and identity have enabled it to stand out in a crowded marketplace—and to compensate for marketing budgets that St. George estimates to be as much as six to 10 times smaller than those of competitors.

The airline was an early proponent of digital advertising and now focuses more than half its marketing budget in this area. Some of its more successful, recent campaigns have linked promotions and deals to current events in clever, unexpected ways.

“When I saw 7Eleven do that I said, ‘You know what? These guys did it right. We did it wrong,’” St. George says. “Official airline of Springfield is cool, but it doesn’t really get at the core of what we do. It’s not like the Simpsons are flying around all the time. What 7Eleven did, highlighting Kwik-E-Mart, was

But JetBlue’s Marty St. George says the initiative didn’t generate as much buzz as the company had hoped; the content didn’t tie closely enough to JetBlue’s business. St. George, who held a less senior marketing position at the company then, saw the more successful approach in another movie-related campaign by 7Eleven, which remade several stores into the Kwik-E-Mart convenience store featured in the cartoon series. “We had a nice one-day story, but the cam-

perfect to highlight their brand. The lesson we took from that was: if we’re going to do tie-ins like this, they’ve got to really fit into what we do.”

In June 2012, JetBlue created “Get Away With It,” a game show-themed campaign highlighting the company’s Getaways vacation packages. The show ran in roughly 15-minute installments live-streamed over five days. Contestants answered travel-related questions via Skype, while viewers could learn how to become a contestant on the JetBlue website, which also linked directly to the shows. “If you made it through 12 minutes of that video, you learned an awful lot about JetBlue Getaways and about JetBlue,” says St. George. “The good thing is that the shows are actually hilarious. So you not only learned those things, but you actually had a good time, too.”

Most recently, the company has been running an Election Protection campaign in which it promises to give free international, round-trip tickets to about 1,000 customers who voted for the losing presidential candidate. The initiative connects airline travel with the fall’s most significant current event, and calls attention to JetBlue’s international business, an area it’s focusing on and looking to grow. JetBlue’s agency, Boston-based Mullen, found an obvious link between the two: the mock threat to leave the country if a candidate loses.

“They came back with one of those core insights of how air travel and presidential elections tie to each other,” St. George says. “That was perfect for us. Historically, we didn’t fly any international services as a company; we’re now flying to 21 different international destinations from New York. It’s one of the things that we could get across. The second thing is [that] it shows that brand personality that we’re always trying to get across to our customers. This fit it perfectly because it was one of those things where the minute you hear it, you’re like, ‘Oh my God, that’s so brilliant!’”

CONCLUSION: THE FUTURE OF THE MARKET

As marketers' understanding of what engages consumers online—and what leaves them cold—evolves, some marketers are opting for online video approaches that are less a retrofitting of television ads and more story-based, relevant and easily accessible content that is a destination, not interruptive. Indeed, advertisers are clearly thinking about online video distribution very differently from television. More than half (57%) found that delivering their videos as choice-based, rather than interruptive, was one of the most valuable attributes of online video.

Advertisers already appear to recognize the power and potential reach of this type of approach to digital video; 23% of executives said that native video has become a top media distribution tactic. As well, more than half of advertisers (61%) validated the importance of a native look and feel for their ads rather than a standard ad placement. This suggests that demand for native advertising in the near future will rise significantly. There's clearly ample room for such growth.

Half of survey respondents who don't yet use native video said that they didn't know if they would consider native advertising in the future. As awareness of its benefits increases and more brands find success with native ad options, the uncertainty will diminish.

The disconnect between those currently using native ads and those who value its very advantages suggests that, once awareness of native advertising increases, so too will the number of brands that deploy it.

METHODOLOGY

The Forbes Insights/Sharethrough survey tapped 136 marketing executives. Forty-six respondents came from companies with revenues between \$500 million and \$1 billion, and the rest from companies with revenues of \$1 billion-plus. Fifty-nine survey respondents had titles of director and up. Roughly half described their business outlook in positive terms, and about two in three said that their media budgets were at least \$1 million. The vast majority (99%) are located in the United States.

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