

# The Branded Content Project

THE BUSINESS OF STORYTELLING

**LocalMedia**  
association

**Local Media Consortium**  
ANATIONAL PARTNERSHIP OF POWERFUL LOCAL MEDIA

**facebook**  
Journalism  
Project

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## Branded content research:

**13 charts that show how local media approach  
and profit from sponsored campaigns**

### Authors

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**Julia Campbell**  
*Branded Content Project Lead  
Local Media Association,  
Local Media Consortium*



**Emilie Lutostanski**  
*Director, Local News Resource Center  
Local Media Association*

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Branded content uses the strength of storytelling to provide a valuable benefit to advertisers while increasing audience engagement and revenue for local media publishers. This powerful revenue stream has shown to be a success for many media organizations. The Branded Content Project is designed to help facilitate additional growth, engagement and success for more publishers of all shapes and sizes.

The Branded Content Project is part of a \$1 million investment from the Facebook Journalism Project to help more than 2,000 local newsrooms across both the Local Media Association and Local Media Consortium membership better understand, develop and implement revenue streams through branded content both on and off Facebook.

The first stage of the project began with an application process. We called out to media organizations to show us successful branded content initiatives. And they turned out by the dozens: from big and small, from digital pure plays to print to broadcast, from countries as far as India and Norway, to cities right here in our backyards. In the applications from nearly 40 different local news organizations, we heard success story after success story. Local media organizations showed us engaging sponsored content, significant revenue, and sustainability in both content creation and profitability.

The finalists were announced in March by LMC CEO Fran Wills and LMA President Nancy Lane at the 2019 Local Online Advertising Conference, and

they include ABC Owned Television Station Group, The Dallas Morning News, Graham Media Group, McClatchy, Shaw Media, The Texas Tribune, and WRAL in Raleigh, N.C. Finalists underwent five rounds of the selection process with careful consideration given to those projects that were financially successful, scalable to other markets or media types, and could provide lessons for the industry based on their interest in testing and growth strategies. Judging was completed under consideration and guidance by the Interactive Advertising Bureau, a national trade organization for the digital media and marketing industries.

The application process began as a way of finding a small group of publishers to form an alpha group to engage in testing, research and planning in order to share results industry-wide. But the application responses and results have become their own source of information and education. We now have data from publishers of all shapes and sizes that can offer a better understanding of branded content revenue, renewals and client categories. We can now share this data with you.

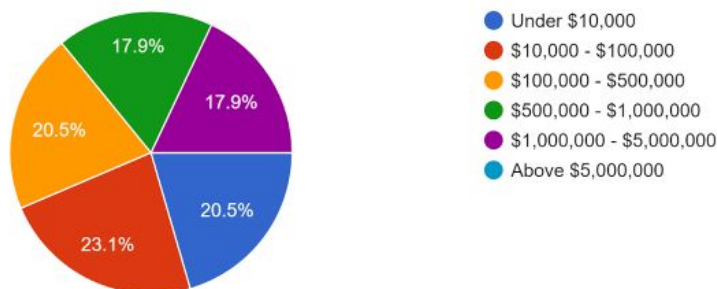
NOTE: Many of the application questions allowed for multiple responses.

## Revenue reporting

Branded content annual revenue totals for local publishers in 2018 were nearly evenly split with over 35% hitting at least \$500,000 and 17% over \$1,000,000. Many of the organizations are also in the introductory steps with their revenue efforts, with over 20% of respondents noting branded content revenue at just a few thousand dollars.

How much revenue did your organization generate through branded content programs in 2018?

39 responses



But for many, growth is happening quickly at the local level.

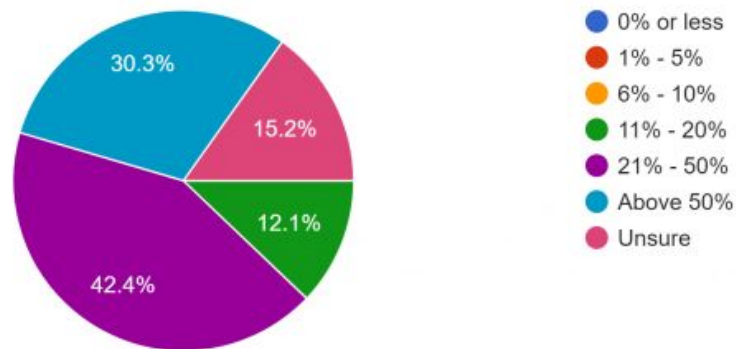
“Sponsored content has been a rapidly growing revenue source for our owned-and-operated platforms as well as with our digital marketing arm, WRAL Digital Solutions,” said John Conway, general manager for new media at Capitol Broadcasting Company.

## Profit margins

Profit margins are strong across the board on branded content initiatives. Over 30% report margins of 50% or better and 72% have margins better than 21%.

### What is/was the profit margin on the program or initiative?

33 responses

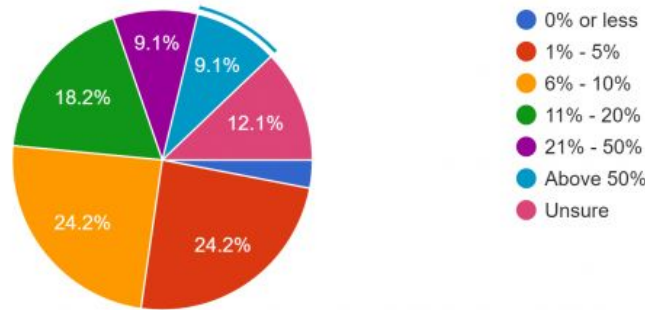


## Percent of digital revenue

Percentages of digital revenue budgets dedicated to branded content are still low. Only 9% of respondents report the percentage of their digital budget at over 50%, and only 9% reported that number over 21%.

## What percentage of your digital revenue budget comes from branded content?

33 responses



One reason why some organizations are starting to see larger percentages of their digital budgets come from branded content may be because traditional advertising is not enough.

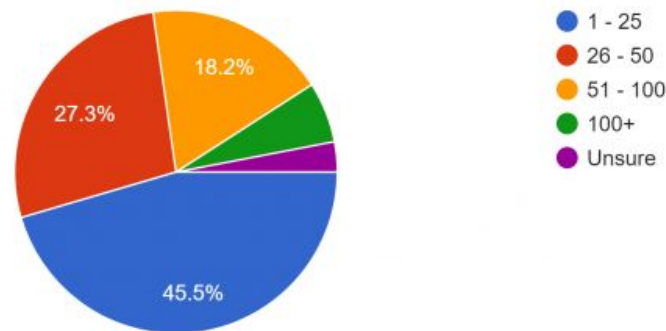
“As the digital media landscape evolves, organizations can no longer rely on conventional media buys as the sole source of digital revenue,” said Jennifer Mitchell, senior vice president of content development for ABC’s Owned and Operated Television Stations and Localish. “Additionally, media-savvy, younger audiences are seeking out authentic experiences and have shifting expectations around conventional advertising; branded content creates the opportunity for advertisers to connect with that audience in a way that speaks to their interest and worldview.”

## Client count

Many organizations are balancing a client count between 1-25, with 45% reporting their count in that range. More than 27% of respondents claim 26-50 and another 18% fall between 51-100 clients. A small portion of news organizations manage more than 100 clients.

## How many clients participated in your initiative in 2018?

33 responses



Our publishers are also witnessing growth in the number of clients participating because of the desire to be different and unique.

“You can’t be an industry leader anymore without it. Branded content isn’t for everyone, and we tell that to our sales teams and prospective clients alike,” said [Eric Brandner, GM of Creative Lab @ McClatchy](#). “But for the people who believe in it and can afford to allocate enough budget to make it well, it’s a differentiator. If your company wants to be a significant player in its industry—whether that’s regional auto sales or a national cleaning supply manufacturer —and all you talk about is price-point on your base model Hyundai or how your product cleans 20% better than your fiercest competitors, you’re not going to stay on top for very long (with a few exceptions).

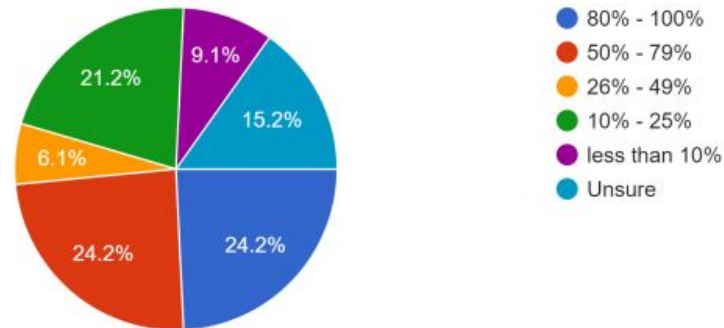
“Those are important stats to consumers, but they don’t tell great stories. Great branded content gives meaning to what you create. It builds loyalty. It educates, inspires and delights. It aligns you with your core audience’s ideals and aspirations without painting a fantastical or unattainable picture.”

## Client retention

Client retention rates are strong for branded content initiatives. Over 24% have a retention rate that reaches past 80% and another 24% cross the 50% mark. With more and more media organizations looking for initiatives that are sustainable for the long term, branded content may be a clear choice for many moving toward products that renew year over year.

## What was the client retention rate from 2017 through 2018?

33 responses



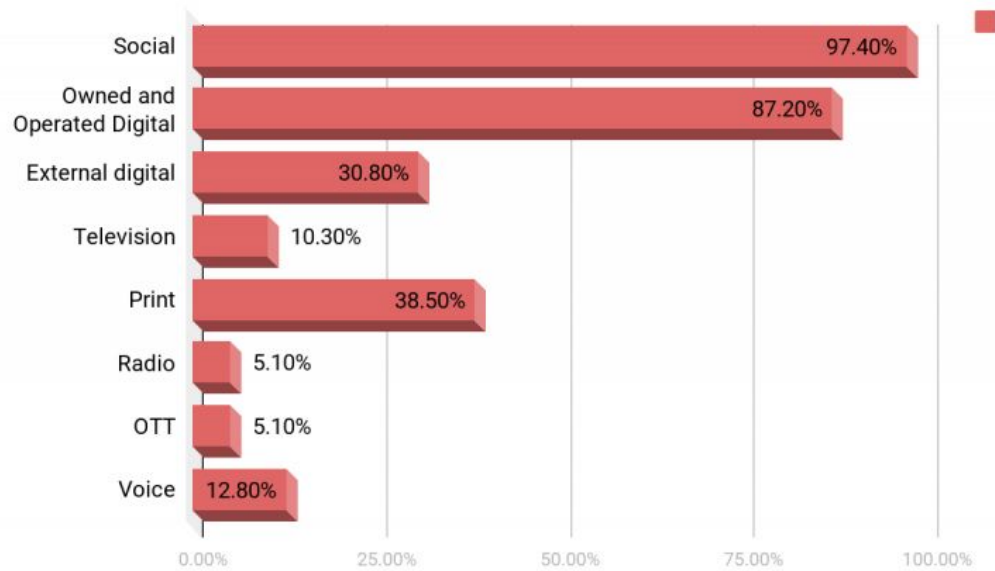
## Platform packaging

As far as what platforms are included in sales packaging for branded content initiatives, we're seeing social and owned and operated digital dominating the space. Nearly all respondents, 97%, use some sort of social platforms for advertisers. Traditional platforms like print and television are represented, but digital and social are used by most. Emerging platforms such as voice and OTT are still just that – emerging but significant. Voice is even used more often than television among our applicants.

[Mike Orren, president of Belo Business Intelligence and chief product officer for Dallas Morning News](#), explained that their success crosses platforms and is unique “because of our proven existing native foundation and our FWD>DFW initiative, which is sharing targeted cause-marketing content from highly visible companies across a range of platforms including digital, print, video, and social. He said their initiative is an important revenue opportunity because “it offers high-value content while allowing advertisers the chance to target and engage with their most-likely consumers in a more authentic, interactive, and non-disruptive way.”



## What platforms are you using as part of your initiative?

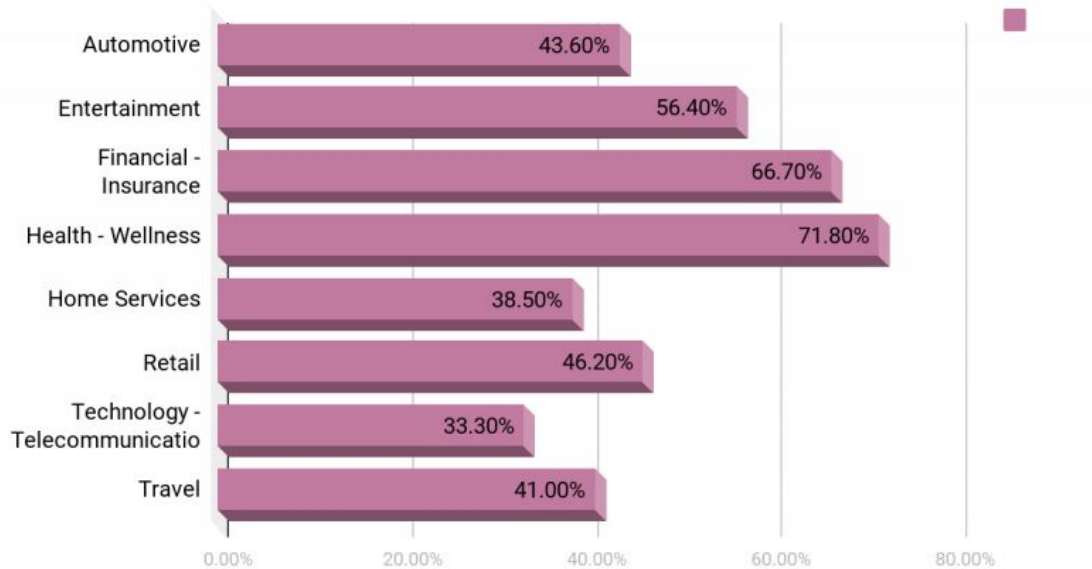


## Categories of business

Business categories fall into industries that often need to educate or inform the audience. The top five categories include:

1. Health and Wellness
2. Financial and Insurance
3. Entertainment
4. Retail
5. Automotive

## What categories or types of businesses participate in your initiative?



Nontraditional advertisers have also found success with branded content strategies. As a non-profit publisher, the Texas Tribune is unique because it uses branded content to offer thought leaders a statewide forum to engage an audience with important policy issues, such as immigration, healthcare, and education.

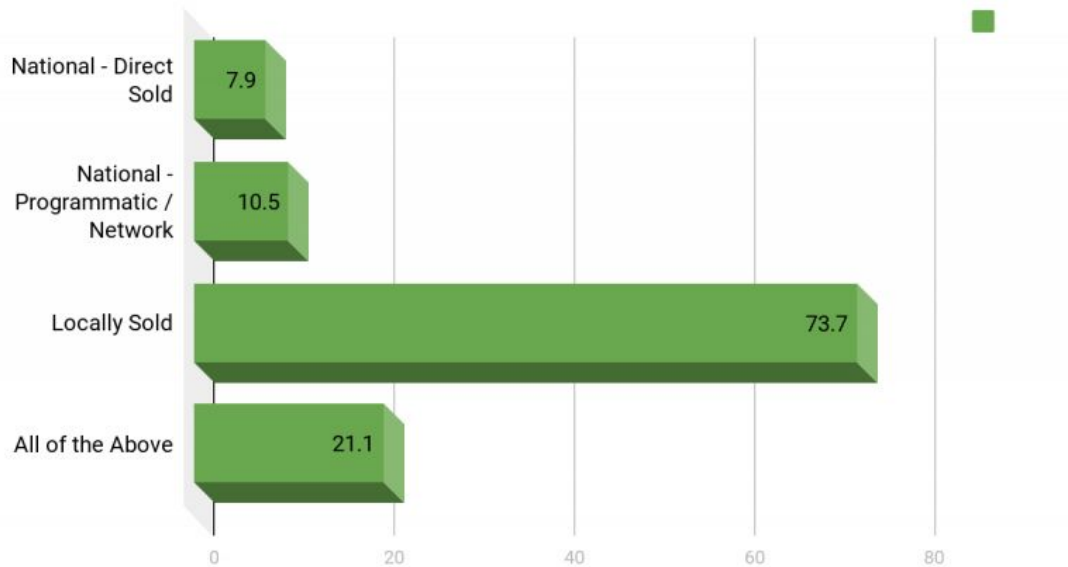
“Branded content is an important revenue opportunity for media groups and for advertisers because it offers a unique opportunity to use a larger canvas to tell their story and an opportunity to use advertiser assets such as video to support it,” said [Rodney Gibbs, chief product officer at the Texas Tribune](#).

## Revenue: Local vs. national

When asked if revenue sold was primarily locally sold vs. national-direct or national-programmatic, the responses were clearly on the local side. More 73% primarily sold branded content locally. And it isn’t just local but hyperlocal as the focus for many publishers including Shaw Media.

“As the digital landscape continues to grow, Shaw Media would like for our local business partners to continue to dominate the hyperlocal market with branded content campaigns. We will track these campaigns to look for best practices to produce the best results in the most profitable way,” said [Evie Kevish, project manager at Shaw Media](#).

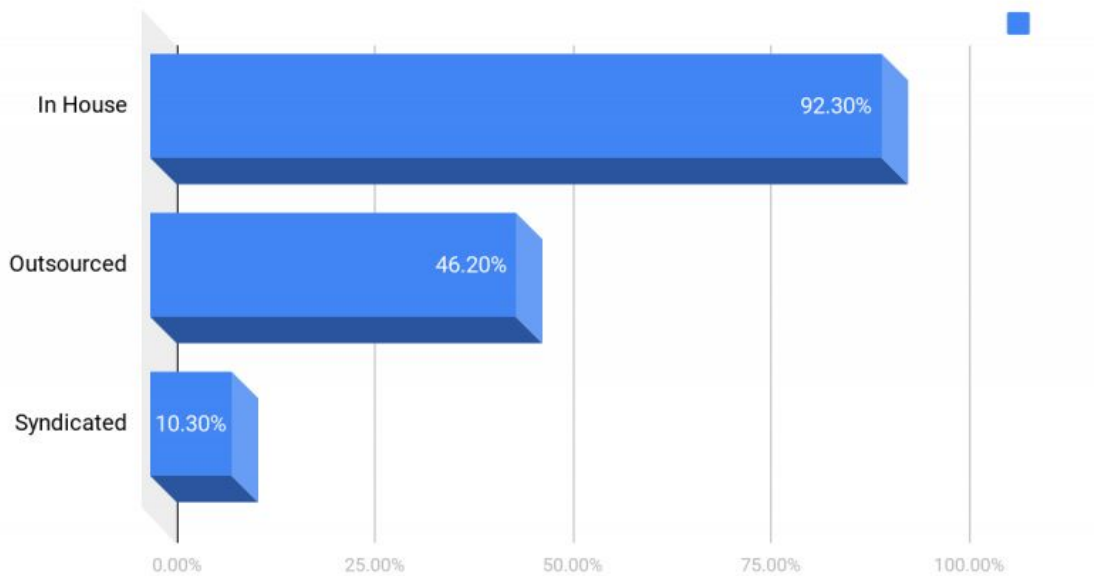
Is your revenue primarily:



## Content creation

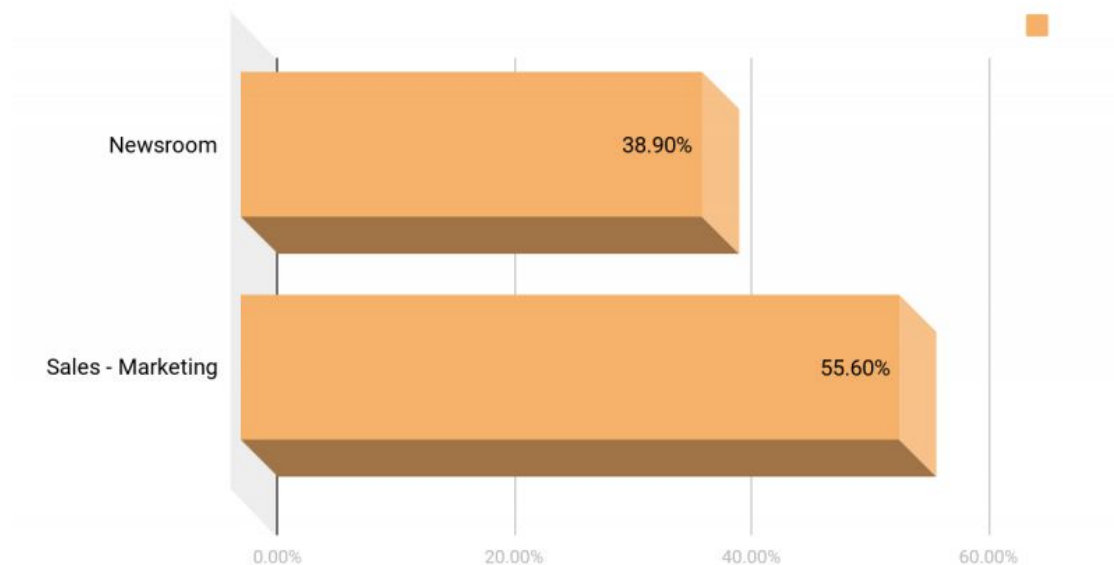
When asked about content creation, our publishers responded overwhelmingly that branded content is made with in-house resources. In all 92% report that content creation happens within the business.

Is the content created in house?



And when asked which department handles the creation process, over 55% reported the sales/marketing department and 38% reported the news team.

### If created in house, who builds and creates the content?



All the content creation work pays off. When the creation process is done well, the clients see positive results. Brandner at McClatchy has this advice for news organizations just starting with branded content initiatives.

“Quality branded content costs money and is far more difficult to create than a banner ad or a Facebook post. Getting your sales team to buy in all the way on why their clients need branded content—and how, if it’s done right, their clients should actually thank them for bringing them branded content as a tactic—is the fastest way to amplify your message and drive sales. If they see how valuable great branded content can be, it will pay off for everyone.”

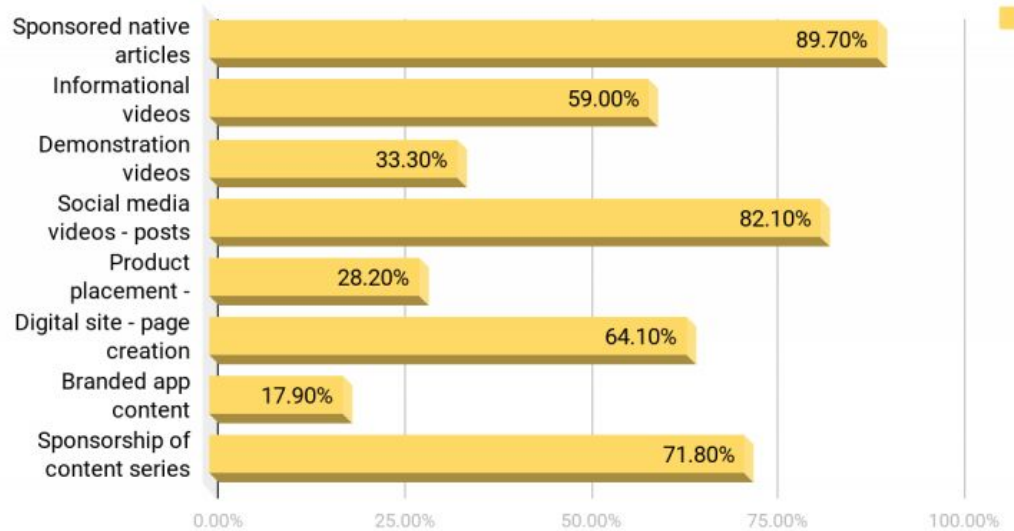
## Content formats

When asked about the pieces of content created for advertisers, sponsored native articles are the most common among respondents, with social posts/videos in second place. The top 5 elements include:

1. Sponsored native articles
2. Social media videos/posts
3. Sponsorship of content series
4. Digital site/page creation

## 5. Informational videos

List the content pieces created for your initiative.



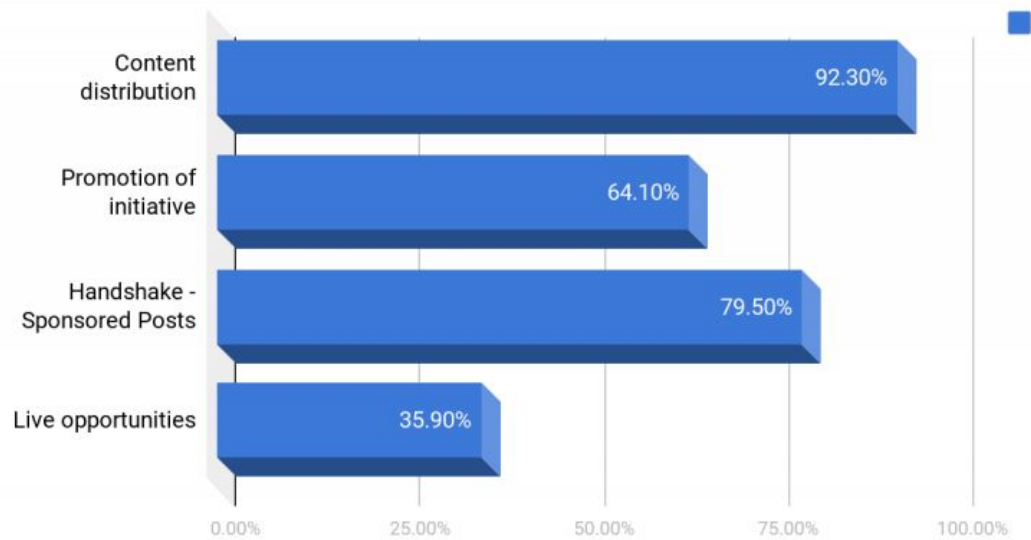
Success with branded content means cross-platform distribution. [Graham Media Director of Media Operations Mike Katona](#) supports using multiple platforms.

“The ability to offer our advertisers exposure for their branded content stories across our full scope of platforms—broadcast and OTT, websites, mobile and apps, social channels and more —combined with a data-driven approach to determining content and categories, will be a win for our clients.”

## Facebook’s role

When asked what role Facebook plays in their planning and branded content initiatives, 92% of publishers reported that its most common use is for content distribution. At 79%, the second most popular use is handshake/sponsored posts, and 64% of respondents used Facebook as a promotional vehicle. Facebook Live opportunities were reportedly used by 34% of the publishers.

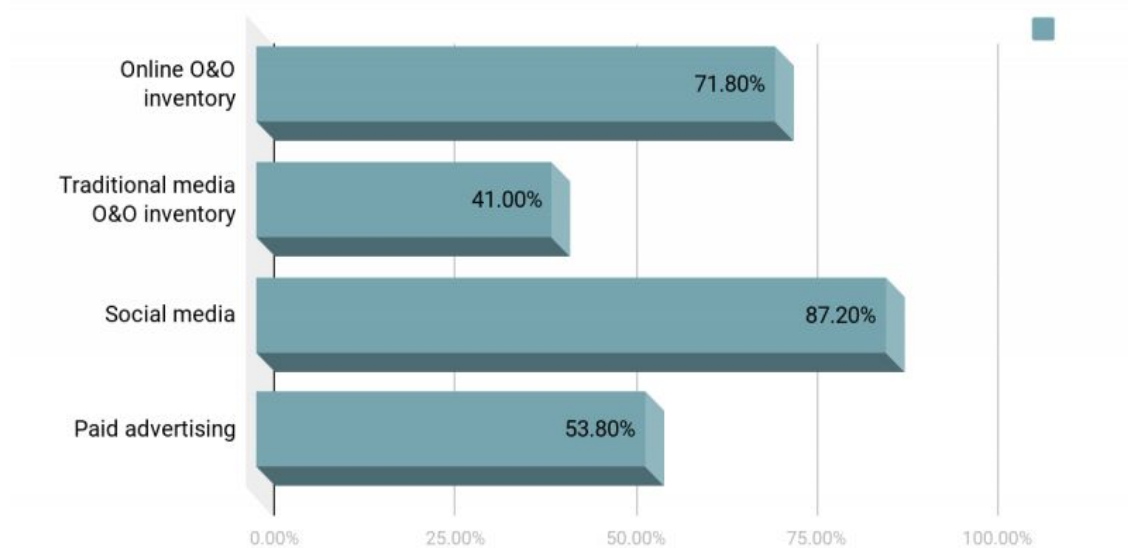
What role does Facebook or other social platforms play in your strategy?



## Marketing and promotion

When asked about how our publishers market and promote their initiative, owned and operated and social platforms dominated the responses, with 87% using social media, 71% using online O&O properties, and over 53% using paid marketing strategies.

## How do you market and promote the initiative?



## Desired funding and focus

The Branded Content Project opportunity includes pilot testing and grant funding from the Facebook Journalism Project. When asked specifically how their organization would use funding from this project and what test areas they would like to explore, the answers helped us formulate testing plans for our group and the larger industry.

When asked how they would allocate up to a \$20,000 grant, the most common responses were:

1. Content creation resources
2. Marketing/promotions
3. Sales/organization training
4. Data/analytics resources
5. Sales incentives

And when asked what they would like to test as part of a pilot program, the answers fell in the following categories:

1. Add additional training for sales and news
2. Add social video production
3. Implement a better reporting or analytics system
4. Purchase of technology for improved production
5. Improve usability or UX

## Conclusion

Branded content remains an important part of a local publisher's offering to local businesses – and it is a growing area for many publishers. The organizations that applied to the Branded Content Project report high profit margins, high renewal rates and increasing revenue potential. Creating content primarily in-house, including native articles, social media and content series on multiple platforms, they work with health, financial, entertainment and other clients toward a common goal to inform, inspire and profit. As local media companies explore ways to diversify and increase revenue, branded content strategies should be explored.

## What's next?

We have even deeper data coming soon from the advertiser side. We've recently hosted focus groups in seven markets with help from Magid as our research partner. We're talking to advertisers to determine their needs for branded content advertising and opportunities that may exist to grow branded content strategies for local businesses. We'll be sharing our results, research and revenue growth strategies through the process, and all updates can be found at [sellbranded.com](http://sellbranded.com).