

# Global Branded Entertainment Marketing Forecast 2015-19

*World's Only KPI Benchmark for Product Placement & Consumer Events*

## *Product Placement in Media:*

- \*Television
- \*Film
- \*Videogames
- \*Digital Media (Online & Mobile)
- \*Recorded Music & Video
- \*Various Other Media



## *Consumer Events (Experiential)*

- \*Event Sponsorship
- \*Event Marketing

- pq** 6<sup>th</sup> Edition of this growing industry's KPI benchmark series covering the 2009-19 period, including 2014 actuals, 2015 pacing & 2015-19 forecasts
- pq** New user-friendly slide format for easy comparisons, internal reporting & presentations
- pq** New value-add Excel Databook with hundreds of exclusive drill-down datasets & data points, market-specific insights & perspective and 5-year projections by region, country, media platform and channel
- pq** Tracks, analyzes, ranks & forecasts branded entertainment revenues & growth, key market drivers, and emerging opportunities & challenges ahead



## **Global Branded Entertainment Marketing Forecast 2015-19**

*An exclusive primary research source from PQ Media*

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In defining, structuring, sizing and forecasting global industries and markets, such as digital out-of-home media, PQ Media seeks input from our exclusive Global Opinion Leader Panel™, which includes several hundred executives at media and entertainment companies, financial institutions, consulting firms, media agencies and brands regarding various data and information driving key trends and growth in campaign media spending. We also examine thousands of public and private documents from more than 1,000 sources pertaining to regional and market-specific trends and data in branded entertainment, the advertising & marketing ecosystem; economic sectors & demographic profiles; and any other factors, such as technology penetration rates, that might affect the branded entertainment industry, overall advertising environment, the economy and consumer media usage behavior & spending patterns.

PQ Media's proven econometric methodology is set apart from other media research sources in a number of important ways. For example, PQ Media doesn't use standard rate card data and estimated impressions as the methodological foundation of our spending and growth algorithms. Our consistent, comprehensive and in-depth mapping of the entire media and entertainment landscape provides industry stakeholders with a complete picture of how the spending and usage patterns of consumers, businesses, brands and agencies are changing at an increasingly rapid pace, driven by technology innovation and emerging digital media.



**Branded Entertainment Marketing:** Alternative marketing that blends brand messages with entertainment to engage consumers, build brand awareness and create positive brand associations to drive consumer sales. Branded entertainment aims to capture the consumer's attention and elevate a brand's image by associating it with popular personalities, media brands, organizations or events, such as TV characters, news outlets, sports teams, among others.

**Consumer Events:** Spending by brands and agencies on live events that allow brands to interact with consumers and build brand image and awareness.

**Consumer Event Sponsorship:** Live consumer events that are mutually beneficial to the brand and a third-party which is primarily responsible for coordinating the event. The brand provides funding to support the planned event in exchange for marketing opportunities, including face-to-face interaction with audiences, banners and mentions.

**Consumer Event Marketing:** Also known as experiential marketing, includes live events managed exclusively by the brand to promote face-to-face interaction with their target audiences in a variety of venues. The event is created to draw attention to a specific product, particularly a new launch, and to connect the consumer with the brand in a personally relevant, entertaining and memorable way.

**Product Placement:** Marketing tactic increasingly used by marketers as part of multimedia campaigns in which the objective is to place or integrate brand names, logos or specific products within the non-ad content of various media. The goal of advertisers utilizing product placement is to prominently place or creatively integrate brands or products into particular story lines or scenes to promote brand awareness, favorable brand attitudes and purchase intention.

**Television Product Placement:** Includes brands, products and services integrated into storylines, used by characters in scripted programs, used by contestants or judges in reality shows, displayed in set backgrounds, among others.

**Film Product Placement:** Often center on a character's use of brands (i.e., driving a particular car model), as well as on-camera product displays and location-specific shots, such as a restaurant or resort.

**Videogame Product Placement:** Includes advergames, or brand-supported titles; branded console games offered at QSRs; in-game placements, such as a character using a brand's product; and interactive.

**Digital Product Placement:** Includes various forms of digimedia content, such as webisodes, podcasts, apps and blogs. To avoid double-counting, does not include paid placements viewed online or through wireless devices on sites like YouTube that were originally purchased through traditional media.

**Music Product Placement:** Placements in music videos or incorporated into lyrics. A product or brand logo can be visually integrated into a music video by having the singer use the product or by displaying it in the background. A product can also be referenced in the song.

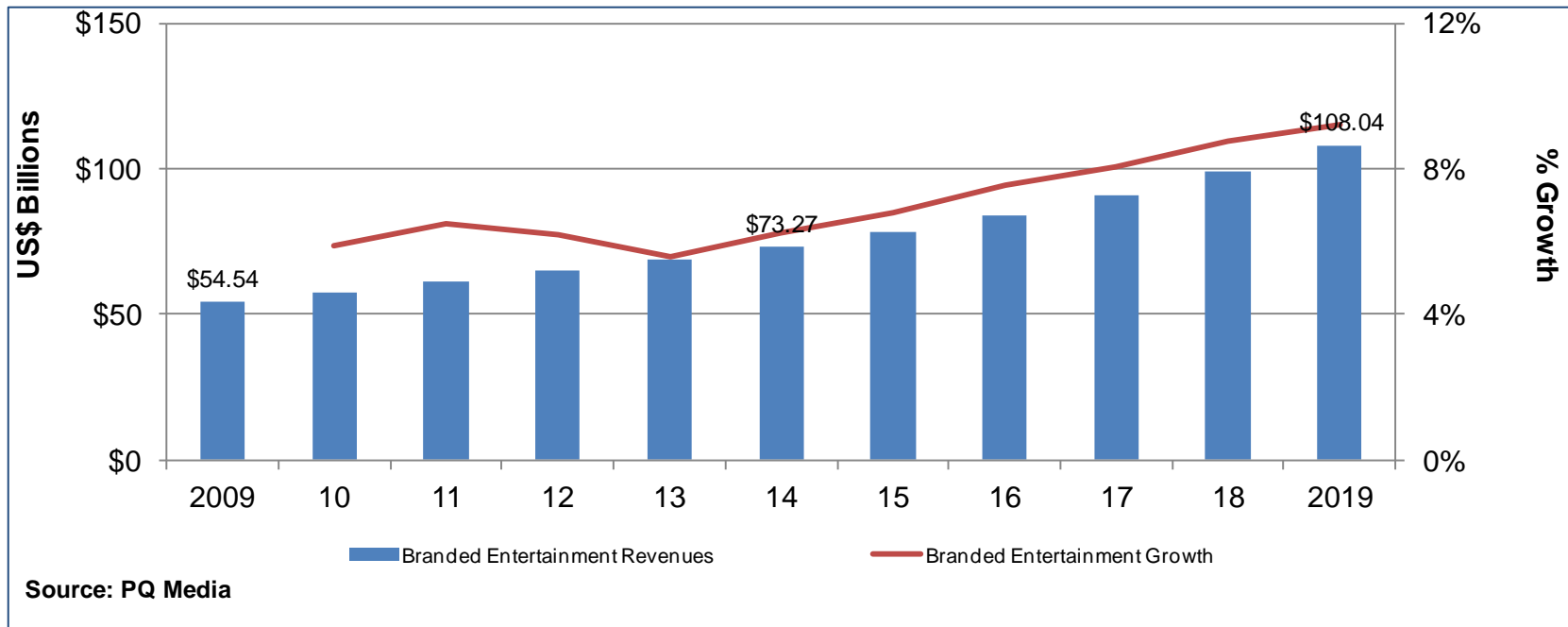
**Product Placement in Other Media:** Includes product placements in newspapers, magazines, consumer books, comic books and radio. Paid placements include specific mentions of brands, instead of a generic reference, such as automobile references in a book or a DJ mentioning a restaurant he visited.

# Key Findings

## Global



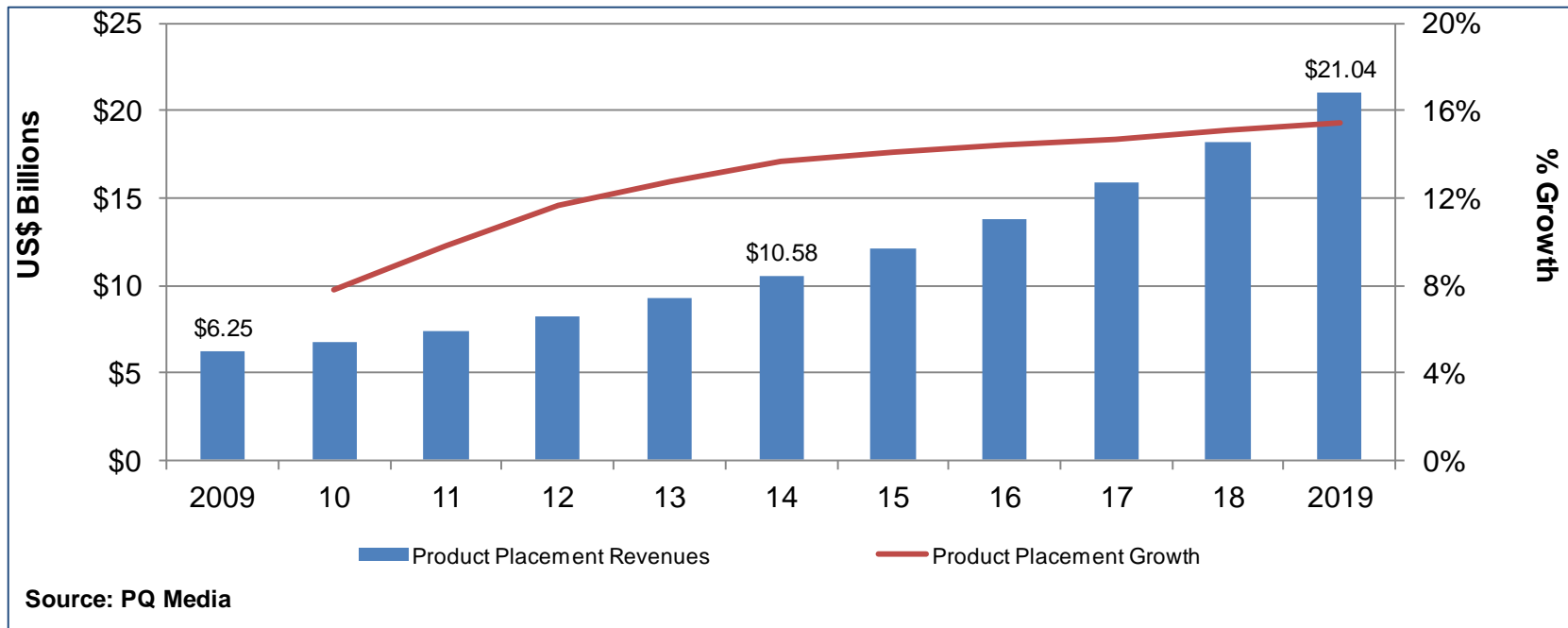
# Global Branded Entertainment Marketing Revenues & Growth



- Global branded entertainment revenues grew 6.3% in 2014 to \$73.27 billion, a slight acceleration over 2013 growth, as the global economy strengthened in key markets, particularly Western Europe; the value of brand integrations in broadcast, cable, online and mobile video increased in leading markets, such as the US; and consumer event spending was buoyed by marketing investments relate to the 2014 Winter Olympics in Russia and FIFA World Cup in Brazil.
- Early indications show accelerated growth for 2015, with the continued surge in paid placements in Western Europe since the overturn of European Union regulations in 2011 forbidding it, but the impact of the sagging energy market on numerous economies have made growth in consumer events more uncertain. Accelerating growth is expected in 2016 with the Summer Olympics in Brazil, followed two years later by Winter Olympics in South Korea and FIFA World Cup in Russia in 2018, helping to drive a high single-digit compound annual growth rate during the 2014-19 period.



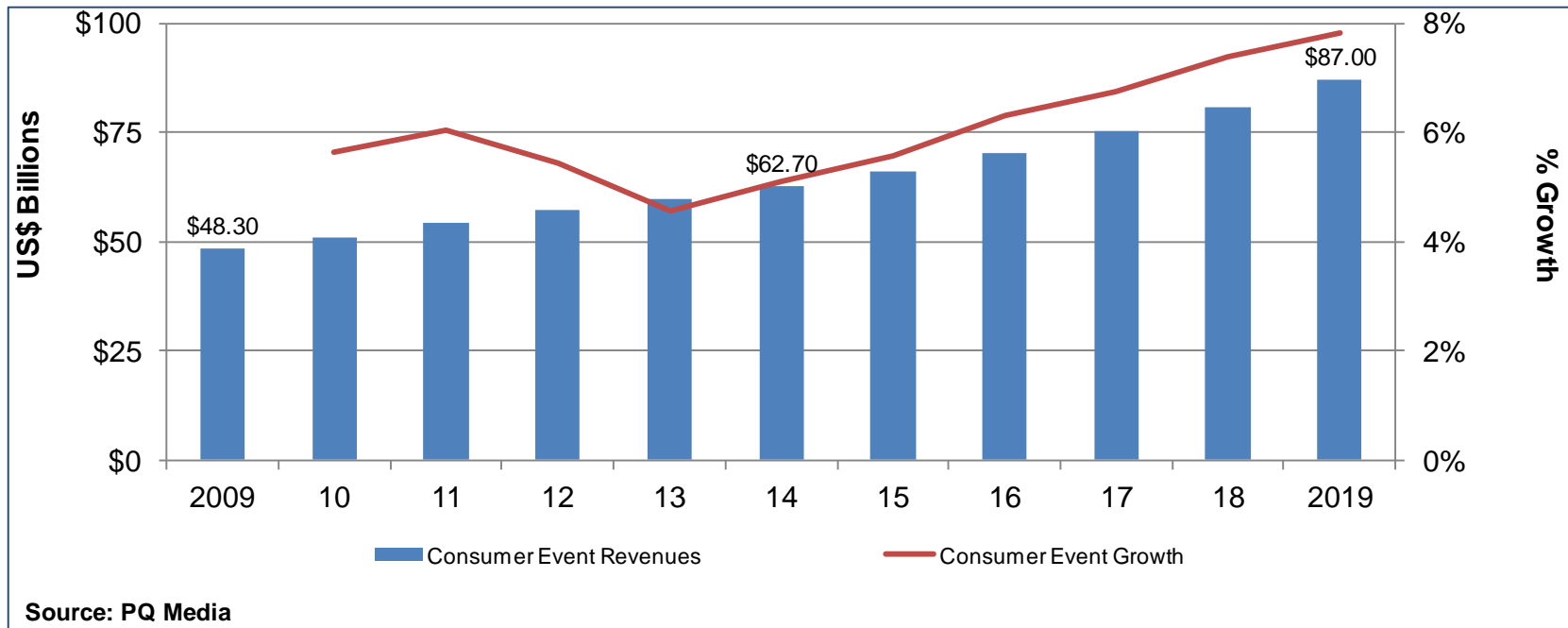
# Global Product Placement Revenues & Growth



- Product placement revenues exceeded \$10 billion for the first time in 2014, reaching \$10.58 billion, which represented a 13.6% gain over 2013. The practice of integrating products into story lines has been gaining momentum for years across nearly all global markets, further promoted by major TV networks seeking to offset marginal ad market growth.
- The product placement market will continue to post double-digit growth in 2015 and throughout the forecast period, as more original programming is being produced by over-the-top (OTT) video operators, such as Netflix, while savvy music video producers are becoming more proactive in executing branded placements for their most popular artists.



# Global Consumer Event Revenues & Growth



- Propelled by the Winter Olympics and FIFA World Cup referenced earlier, consumer events, the largest branded entertainment platform, posted accelerating growth in 2014, climbing 5.1% to \$62.70 billion.
- Early indications are that consumer events will register accelerating growth again in 2015, despite the falling energy prices, due in large part to improving economies in Western Europe, with many markets emerging from a protracted recession since 2012, with brands expanding budgets and consumer event operators implementing strategies that were on hold during the recession.





# Top Five Global Markets in 2014

Branded Entertainment		Consumer Events	
Revenues	Growth	Revenues	Growth
<b>United States</b>	Brazil	<b>United States</b>	Brazil
Germany	India	Japan	India
Japan	Mexico	Germany	China
China	<b>United States</b>	China	Mexico
United Kingdom	China	United Kingdom	Russia
Product Placement			
Revenues	Growth		
<b>United States</b>	China		
Brazil	Germany		
Mexico	India		
Australia	Russia		
France	South Korea		

Source: PQ Media



### Americas

- **United States:** The US is the largest global branded entertainment market, as well as the leader in both sectors, as brands and agencies have upped their investments in dedicated branded entertainment divisions, deals and campaigns, particularly among the Hollywood veterans, executives and investors seeking to capitalize on broadening opportunities to partner with TV, film, music video, and videogame producers and studios.
- **Canada:** Falling energy prices in 2014 led to an economic downturn, which impacted the branded entertainment, resulting in decelerating growth during the year, although more TV producers were turning to product placement due to the weak advertising environment.
- **Brazil:** Branded entertainment in Brazil was one of the fastest growing markets worldwide in 2014 after it hosted the FIFA World Cup, with another expansion expected in 2016 when the country hosts the Summer Olympics.
- **Mexico:** Paid placements in telenovelas remain the primary revenue driver in the Mexican branded entertainment sector, as episodes are increasingly becoming available online where ad inventory is tight, thus being integrated into programs has become more important to brands.



### Europe

- **United Kingdom:** Branded entertainment revenue have fluctuated during the past few years, with a surge in 2012 when the UK hosted the Summer Olympics and Queen's Diamond Jubilee, followed by a rapid deceleration the following year, and rebounding once again in 2014, propelled by a steady increase in TV product placement since the European Union (UN) reversed its position and allowed the integration.
- **Germany:** The German economy picture brightened in 2014 as the euro crisis became manageable, helping to drive accelerated growth in the branded entertainment sector as brands expanded budgets for consumer events and shifted budgets to paid placements.
- **France** Branded entertainment in France has been showing accelerating growth over the past few years as the economy rebounds from a short recession, fueled by the aforementioned revised EU regulations that allow paid placements in television.
- **Italy:** The Italian branded entertainment market began to improve in 2014 as the economy stabilized after a protracted recession, as well as fewer restrictions in TV product integrations now that the former prime minister, and owner of the largest media company, finds himself in jail.
- **Spain:** The Spanish economy shows signs of rebounding from a three-year recession in 2015, leading brands to increase overall ad & marketing budgets and consumer event operators expanding on initiatives that had to be tabled during the recession.
- **Russia:** Branded entertainment revenues received a boost in 2014 when Russia hosted the Winter Olympics, but the economy soon declined as a result of the Crimean conflict and falling energy prices, but with accelerating growth expected leading up to the 2018 FIFA World Cup. .



### Asia Pacific

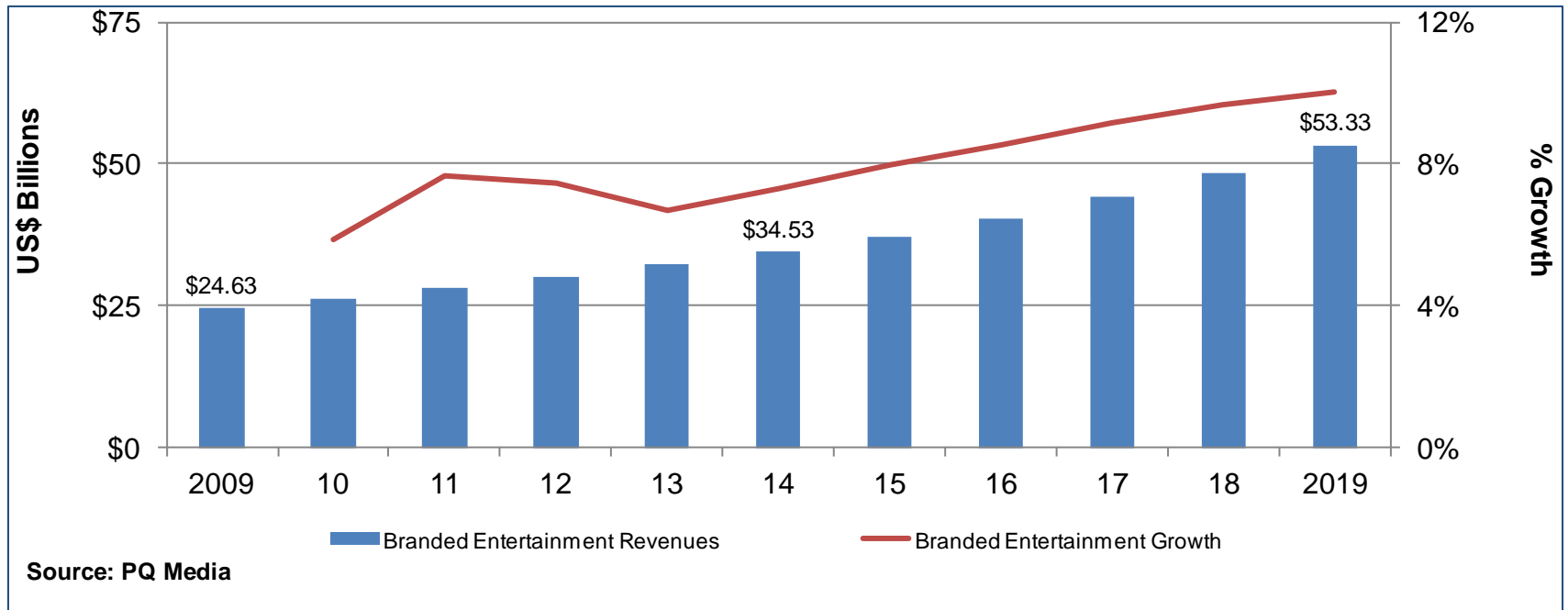
- **China:** Growth in the Chinese branded entertainment sector decelerated for the third consecutive year in 2014 as their economy has weakened considerably over the past few years due to a potential housing bubble in which entire new cities sit almost totally vacant;
- **Japan:** Austere measures instituted by the prime minister in 2013 seemed to help stabilize the economy and drive an acceleration in branded entertainment revenues in 2014, but weakening economies among its trading partners has halted the progress of the Japanese economy.
- **South Korea** The South Korean economy stabilized in 2014 after tensions with North Korea were handled, spurring accelerating growth in the branded entertainment market, with expected strong gains during the forecast period leading up to the 2018 Winter Olympics.
- **Australia:** The country boasts a solid foundation in both branded entertainment channels, with the government creating an events database for its tourism website, and product placement tactics adapted to the Austrian market after success elsewhere.
- **India:** Branded entertainment growth is surging, fueled by a rising middle class that are being targeted for consumer events, and a more liberal product placement policies that has led to more brands integrated their products in Indian television and film.

# Key Findings

## US



# United States Branded Entertainment Marketing Revenues & Growth



- The US was the largest branded entertainment market worldwide in 2014 at \$34.53 billion, representing almost half of all global revenue. The sector grew at a 7.3% rate, a slight acceleration from the 6.7% growth in 2013, propelled by consumer event spending by political campaigns.
- More marketing budgets are expected to move from traditional to digital platforms, prompting strong double digit gains in digital branded entertainment channels of product placement. As a result, branded entertainment revenue growth is expected to continue accelerating, rising 8% in 2015 to \$37.29 billion, and posting a 9.1% CAGR during the 2015-19 period, reaching \$53.33 billion in 2019.



# United States Branded Entertainment Marketing Global Rankings

## Branded Entertainment Marketing (BEM)

BEM Size			BEM Growth		
2009	2014	2019	2014	2009-14	2014-19
<b>1st</b>	<b>1st</b>	<b>1st</b>	<b>7th</b>	<b>7th</b>	<b>6th</b>

## Consumer Events (CE)

CE Size			CE Growth		
2009	2014	2019	2014	2009-14	2014-19
<b>1st</b>	<b>1st</b>	<b>1st</b>	<b>7th</b>	<b>7th</b>	<b>6th</b>

## Product Placement (PP)

PP Size			PP Growth		
2009	2014	2019	2014	2009-14	2014-19
<b>1st</b>	<b>1st</b>	<b>1st</b>	<b>11th</b>	<b>10th</b>	<b>12th</b>

Source for all datagraphs: PQ Media

- The US is largest branded entertainment market worldwide, as well the leader in both media platforms – consumer events and product placement, and ranks near the middle in growth primarily as a result of a very active product placement market.
- Consumer events growth remains solid, ranking seventh worldwide in 2014, with numerous brands expanding their reach during sporting events, like the Super Bowl, and during seasonal opportunities, like college Spring Break locations.
- The US product placement marketing is outperforming most advertising & marketing platforms domestically, but only ranks near the bottom of the 15 leading markets worldwide due to less stringent regulations elsewhere, particularly Western Europe, that has spurred a more rapid growth from a very small base. For example, in 2015 the US product placement market is expected to grow by almost \$800 million, which is larger than all the other markets with the exception of Brazil and Mexico.



## United States Branded Entertainment Marketing Forecast 2015-19

- Product placement revenues are projected to rise by double digits in 2015, reaching almost \$7 billion, and climb at nearly a 14% CAGR during the 2014-19 period to over \$11 billion. Brands are becoming more sophisticated in integrating their products into programs, such as placing them near advertising breaks where the brand is the first ad in the pod. Product placement metrics are being developed by firms to cover over-the-top video services, such as Netflix, while technology companies are attempting to develop solutions that allow consumers to directly purchase placed products. Music is among the fastest growing product placement channels in the US, with certain brands being placed in over 20 music videos and the naming of brands in lyrics is increasing. Brands are becoming more innovative on digital media, such as developing live digital product placements, although concerns have been raised by the new Google's YouTube announcement that it wants a share in sponsored revenues.
- Consumer events will be the larger branded entertainment platforms in 2015, reaching over \$30 billion, representing a mid-single digit gain, and is expected to post accelerating growth throughout the forecast period, rising at a high single-digit CAGR to over \$40 billion in 2019. Surveys of brands suggest that consumer event spending is expected to continue to grow due to its high engagement with target audiences and strong lead generation. Brands are incorporating more technology at consumer events as a method to determine ROI. Consumer-focused events are also growing due to the expansion of regional events, some which includes product placement videos during the events.