

State of Content Marketing.

Vol. 1

Knotch

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Letter from the CEO.

What is Content Marketing?

One reason that it has taken so long for the content marketing world to solidify is the elusiveness of trying to define what is - or isn't - within its boundaries. The plethora of words that we use to describe seller's efforts to woo the buyers within their market are often nebulous and elicit vastly different emotional reactions. That is to say, what we choose to call different methods of marketing are both a game of perception and a constantly-moving target. While the thesis of branded output will always be the promotion, either direct or abstract, of the brand itself, the idea of 'content marketing' as separate from traditional advertising seeks to distance itself from an ever-increasingly commercialized world. Of course, a longform branded article is just as advertorial as a banner ad or billboard - but this taxonomic separation is actually a sign of the new era of marketing; one that serves the needs of an increasingly sophisticated and demanding audience.

As a company that is built upon helping companies understand the value returned by branded content investments, we are very aware that there is little more drawing a line between advertising and content marketing than desired perception - but that's not a reason to be cynical. Content seeks to provide value for the audience that, in return, manifests as value for the brand (whether it be lift, conversion or consideration). It's cyclical, it creates a discourse between company and customer that commercial bodies must adjust to. Whereas old-school "advertising techniques" are one-sided pleas that either hit or miss, this new method pushes the ecosystem towards symbiosis. Last year, you couldn't spend two minutes on the internet without finding a trade article declaring that "content is king". But we, who have a birds eye view into the potent way that consumers shape the direction of branded content, know that content is not a monarch. Rather, it's a democratic body - and that's good news for all of us. ■

Past:

**Let's take a
look back.**

When considering a medium as constantly evolving and often amorphous as content marketing, it is impossible to generalize how the field has concretely advanced over the past year. What we can say with certainty is that 2017 produced highs, lows, and many questions worth exploring when it comes to crafting and leveraging content marketing for a new era.

2017 was, in many ways, a year of reckoning for digital marketing at large. It was the year that investigations into social media and data safety reached an all-time high after the seismic

consequences of “fake news” and Facebook targeting rocked the United States and sent aftershocks coursing through the rest of the world. Suddenly, we became obligated to obsess over how content reaches the audience it is connected with, and the ethics of that process. For content marketing, which is, naturally, predicated on targeting specific audiences with relevant content, this ethics discussion is perhaps one of the most powerful concepts to emerge and shape the field as we move through 2018.

In this vein, 2017 was the year that we were

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forced to recognize Facebook, 90-95% of whose revenue is now being driven by ads and content, and its nominally “tech” contemporaries as media companies. Last year opened many brands’ eyes to the fact that they have been automatically, if not completely willingly, elevated to the status of major influencers and opinion drivers among consumers. As the line between advertising, organic, and social media has blurred to a nearly incoherent state, brands have had to assume more social responsibility in terms of what they are producing - lest they face the wrath of an increasingly scrupulous public eye.

Dovetailing with these ethical questions is the concern surrounding audience fraud and the often fraught relationship between agencies, publishers and brands. Given that the core business of content marketing revolves around paying for a certain amount - or type - of eyeballs on a specific piece of content, it is extremely important to those holding the purse strings that those views are of the quality promised. At the very least, they need to be human - and over the past year there have been multiple whistles blown at falsified or invalid (read: bot) traffic reported by publishers to their brand clients. As content has become more personalized and painstakingly targeted for maximum ROI, the assurance that it is reaching the correct audience has become tantamount.

All that being said, 2017 wasn’t all doom and gloom and hard lessons for content marketers. The sometimes-harsh spotlight on the space

also allowed (and somewhat forced) the medium to come into its own and finally take its place among other fully realized types of marketing.

There were enough extremely lauded branded content partnerships born in 2017 to fill countless glowing recaps from industry authorities from *AdAge* to *Forbes* throughout the year, and cutting edge experiential content pushes (like HBO's incredibly buzzy *Westworld* activation at SXSW, facilitated by boutique creative shop Giant Spoon) pushed the envelope and forced a widening of the definition of content marketing itself. It was encouraging to observe how a year marked by a massive increase in the density of content marketing and branded content of all types concurrently produced so much quality material. The breadth and depth of branded output last year was inspiring, optimistic, and vitally challenging. It threw down a gauntlet for 2018.

2017 was also a year during which the sophistication of the modern consumer pushed marketing forward and placed content marketing on a pedestal. In a digital and physical world saturated by ads, consumers now expect and demand to derive more value out of the what they are served with. Advertising is a two-way street, and we as a marketing community are following that philosophy now more than ever. This awakening has heavy implications for all facets of commerce, but it will ideally lead the marketing field into a place of increased symbiosis between brand and consumer. The

newfound emphasis on using content to earn attention as opposed to relying on aggressive pop-ups or outdated banner ads is an important sign that the audience is playing a more active role.

These active consumers haven't merely influenced the rise of content marketing itself, but how it is distributed. Demonstrated preference for mobile consumption has guided brands and agencies to create content with a mobile-first approach. Branded content has never travelled better. The success of conversational tone as utilized by the omnipresent millennial retail brands that dominated the scene in 2017 has been picked up and run with throughout the advertising community, making everything from email inboxes to subway signage feel more intimate and personalized than ever before.

In short, 2017 was the year that marketers truly, irrevocably realized that they had to create things to fit into their audiences' lives, and not the other way around.

This is all to say that last year was complicated for content marketing, with big wins and jarring losses. In a word, it was pivotal. And now for the fun part - 2018 is when we take things to the next level. ■

**Present:
First third
of the
year trends.**

‘only 35% of marketers can accurately measure ROI, and in this group, only about half can measure ROI consistently across all distribution channels.’

About a decade ago, content marketing had its watershed moment as hard selling and SEO manipulation gave way to a more personalized experience founded on relationship building and bringing genuine value to customers. Since then, the formula has evolved and been refined as each year marketers have iterated on the way they build brand loyalty, awareness, and trust with their consumers. However, 2018 has been marked by brands quietly transforming the way they approach content.

This transformation, in part, has been a result of brands reacting to a more intellectual and savvy consumer base that is averse to in-your-face advertising and attracted to informative, entertaining, and even humorous content that enhances their digital journey and connection to the brand. Thus, content is moving away from the 500 word blog post in order to provide depth and value to the consumer experience - and it's working. A 500 word post can attract significant traffic, but in almost all cases, will have a shorter lifespan. Longer posts (the average length was 1,142 words in 2017) have greater staying power and are attracting more audience attention and engagement. Short blog posts still belong in a marketers arsenal as a way to attract subscribers and promote thought leadership but 2018 has shown that long-form content is king.

As a result of this shift, marketers have been forced to value quality over quantity in their content production. While daily content publishing has been the standard for years, shrewd marketers are starting to see the

untapped value of slowing their cadence. Blogs that are posting 2-3 times a week, as opposed to daily, are seeing increased readership and brands investing in higher quality publisher sponsored content are witnessing more positive sentiment and longer time spent on page by consumers.

Brands are also noticing the value of video content as a platform for storytelling, and as marketers have found ways to cheaply produce video, video content production has soared. Perhaps the newest evolution of video content has been the use of live video. This has proven to be a viable way to reach consumers but marketers are still perfecting strategy around live streaming. Audio content is on the rise as well and brands have experimented with sponsoring popular podcasts and even creating their own podcasts in-house to mixed results.

While content production is spilling into new formats, the need to standardize measurement of content and prove ROI is more important than ever for marketers. Every content marketing effort now needs to have measurement built-in, even top-of-the-funnel awareness and brand affinity efforts need to be tied back to ROI. Marketers struggling to employ sophisticated measurement strategies are not alone. According to CMI, only 35% of marketers can accurately measure ROI, and in this group, only about half can measure ROI consistently across all distribution channels. As content investment increases in 2018, tools that accurately measure performance will prove to be invaluable. ■

The Future of Content Marketing

In 2017 and first third of 2018, we saw the content marketing landscape evolve rapidly. The types of content changed as brands invested more in longer, higher quality articles, well-produced videos and infographics, and even podcasts. The mindsets of marketers also shifted. Marketers proved that they are no longer throwing everything at the wall to see what sticks; budgets must be justified, strategies must include a longer-term vision, and ROI needs to be proven across all content channels. Most of these trends will continue to materialize and mature, but below, we offer a few predictions about what the future holds - both in 2018 and beyond.

When we imagine great content marketing, we think of great storytelling. With this definition in mind, brands have employed content to captivate consumers and create positive brand sentiment and awareness. But top marketers will realize that content is more than a top-of-funnel marketing initiative that only serves to build an audience. Content will be an omnipresent force that will connect every experience in the customer journey. Compelling stories will be

‘Beyond 2018 ... websites, content hubs and blogs will use contextual knowledge and data on consumers to create customized user experiences.’

necessary for more than just article and video campaigns. They will be necessary for case studies, sales decks, podcasts, mobile apps, and more, and will work to solidify a brand's image and ethos. In building this brand narrative, many B2C companies will begin to take stronger and bolder stances on important topics, especially social issues. This will be reflected in their content across all channels, but especially social media, and will come in response to a growing volume of research indicating that consumers prefer brands who take stands on social and political issues.

All the while, the relationship between content marketing and revenue will grow stronger and the pressure for marketers to prove ROI will be more intense. In other words, content marketing will become the standard by which marketers can impress their peers, and more importantly, keep their jobs. To do this, marketers must have accurate, independent measurement tools that can standardize the measurement of different types of content across different channels. In addition, those who can most efficiently integrate these measurement tools across their marketing stack will see how their content marketing efforts compare, dollar for dollar, against the rest of their marketing efforts.

As attribution becomes more intelligent, so will the creation of content, which was described as a major challenge for 47% of marketers in 2017. Specifically, Gartner predicts that by 2019 “20% of business content will be authored by

machines.” Google notably invested \$800,000 in an initiative to leverage Press Association to generate news stories through AI and platforms such as Quill and Wordsmith already offer AI-generated content production tools. However, many of the creative aspects and ideation related to content marketing are still a long way off from being fully automated. Expect humans to continue to do most of heavy lifting for the rest of 2018, but keep an eye out for how AI will change the content creation landscape in the coming years.

Beyond 2018, content marketing will see rapid improvements in customization. Websites, content hubs, and blogs will use contextual knowledge and data on consumers to create customized user experiences. Audiences will continue to be segmented and fragmented in order to create a more seamless experience across devices, formats, and locations. While the lines between marketing and sales are already being muddied, in a few years, content marketing will be more akin to “content selling” and content that does not have the ability to drive sales will be scrapped.

While content marketing will continue to evolve at an exponential pace and in unpredictable directions, marketers must ensure that their content marketing programs are structured and built to adapt to changes in technology and audience preferences, and leaders must work to be certain that their organizations are ready to meet future needs. ■

Industry Numbers You Need to Know

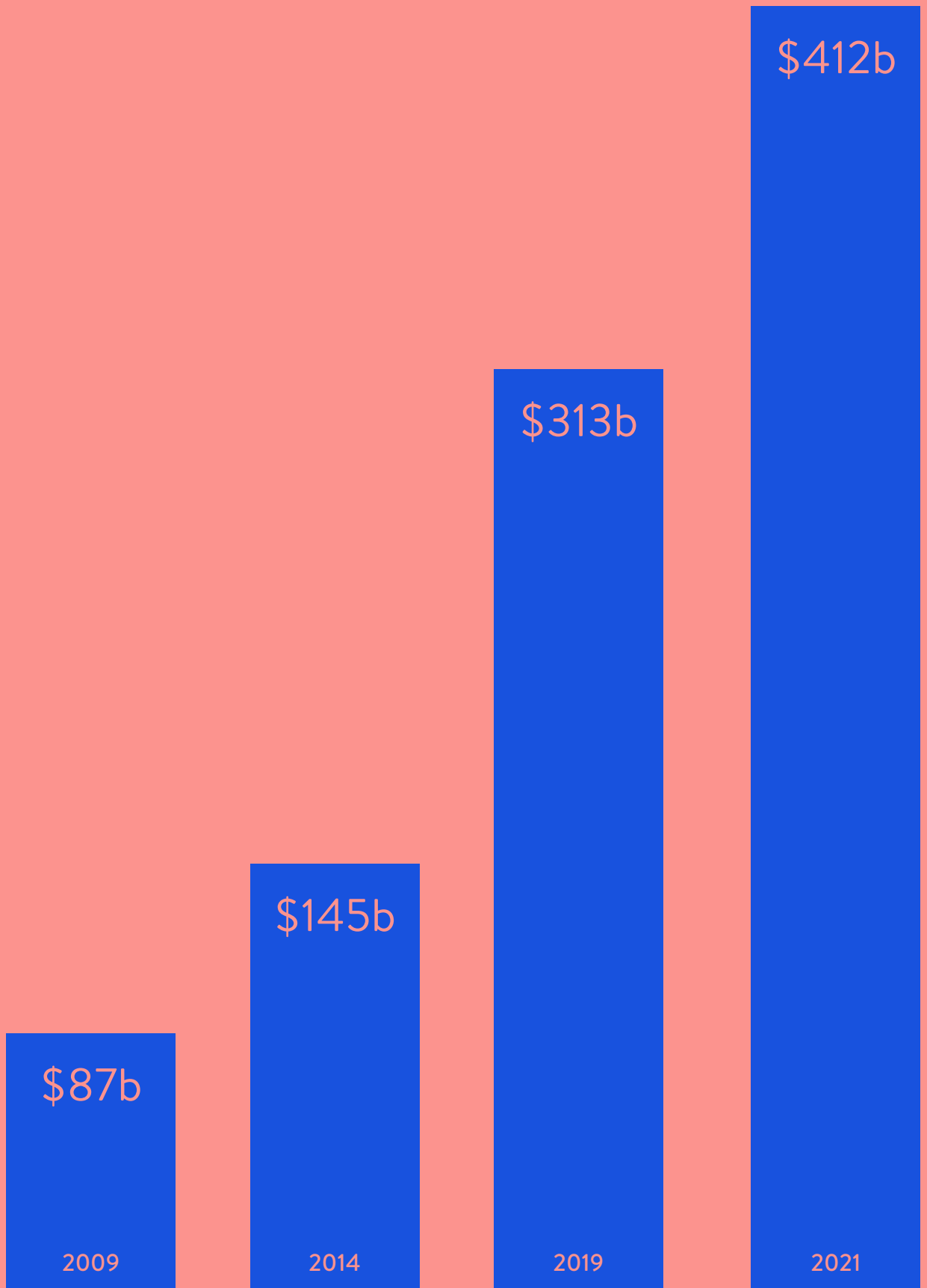
Following a four-year growth spurt, the revenue of the Content Marketing industry will be \$412BN by 2021.*

Spanning the period from 2017-21, there will be three key growth-drivers for the Content Marketing industry:

- Building brand awareness
- Lower costs than traditional advertising
- Increasing conversion rate.

*Technavio

Revenue in billions
U.S dollars



The Best of the Best Q1:

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Spotlight on Industries and Brands

Industries.

While the astronomical rise of content marketing has taken place across (and because of investment by) an eclectic array of companies from diverse industries, there are definitely several verticals that have proven to be major drivers in branded content production. In a space as in-flux and boasting as elusively defined boundaries as content marketing, it is difficult to make definitive statements about who is leading and why. But that's part of what makes it so exciting.

One of the definite behemoths of the branded content space is the Financial Services industry, whose brands are investing millions to try to forge more visible and personal connections with their audiences both by partnering with publishers and producing content on their owned sites. With over half of our clients hailing from the FinServ vertical, we see firsthand how dedicated these companies are to utilizing and advancing content marketing. This makes sense for a number of reasons - but perhaps the most salient is that banks, as institutions, provide a service that is best taken advantage of by an educated consumer. Content marketing has come to light as perhaps the most effective way for a Financial Services company to educate and entice a potential (or current) customer. It provides value and concurrently makes the reader more educated in the areas for which the company provides services. It's a strategy that clearly appeals to finance CMOs, and it has made

the sector one of the most eminent players in the branded content game.

Continuing with the services theme, we've seen mobile companies like Sprint and Verizon Wireless making significant investments in content, and Virgin Mobile is considered one of the earliest adopters of the method. It is interesting to see a vertical that is nearly infamous for its past dedication to television ads ("Can you hear me now? Good.") to demonstrate such confidence in what many consider to be the most experimental branch of the marketing tree.

Of course, CPG is never far from the center of the action wherever consumer initiatives are concerned. While the CPG product is often better suited to traditional marketing than its services, industrial, or even automotive peers, these brands have taken advantage of experiential and branded content marketing as the space has grown. Coca Cola, Pepsi, General Mills, and Mondelez are just a few of the packaged goods brands who have run large-scale campaigns and taken thorough advantage of what they clearly understand to be the conversion potential of branded content. And then, on the other pricing pole of the consumer goods spectrum, we have automotive companies. The Fords, Kias, and Cadillacs of the world have not been shy when it comes to throwing their hats in the content marketing ring.

What's interesting about this snapshot of some

of the foremost industries driving the branded content conversation is how disparate they are. But perhaps this is a roadmap of what's to come - as mentioned, the companies investing in major content campaigns are so eclectic that we couldn't even title this section "The Brands and Industries Producing The Most Branded Content". And that's what's so fascinating about this dynamic, evolving marketing environment - it is truly anyone's game.

Brands.

As with industries, part of what has made the content marketing scene so compelling throughout the past year is the variety of brands that are making waves - a true assortment of verticals, sizes, and approaches means that there has rarely been a dull moment. A Google search of the best branded content in 2017 will turn up campaigns from American building materials supply company 84Lumber to trendy travel giant Airbnb - on the same list.

The brands that have excelled in content marketing by critical standards have largely focused on narrative storytelling. This applies to brands like the mobile payment company Square, which crafted a campaign around the story of a Syrian immigrant family pursuing their small business dreams in the United States, described by *Forbes* as an "eight-minute emotional journey that renews our faith in humanity" and framed Square as a resource for the empowerment of business owners from

all backgrounds and circumstances. Stories centering around individuals' journeys was a major thread in 2017, with brands like Auriens, Optum, and Starbucks getting in on the action.

Health and fitness brand Equinox is another critical darling when it comes to content marketing - not necessarily for its narrative presentation, but rather for its commitment to creating engaging value for its audience.

Equinox launched a standalone digital magazine called *Furthermore* in 2016 which not only generates revenue through advertising, but also serves as a credible marketing platform for the company itself. 2017 saw the *Furthermore* brand becoming more robust and gaining viewership - and has proved to be a gold standard for other popular brands in the fitness space, from SoulCycle to apparel companies like Bandier, to expand and build upon their content programs in the past year.

Another brand cluster that stepped up in the past year are the major outdoor apparel brands - most notably R.E.I. and Patagonia. Patagonia, long known for its environmental activism bend, has been committed to producing video and article content that contain both compelling stories of protected lands across the United States, as well as calls to action to hold lawmakers accountable for environmental crises. Patagonia also has a well-maintained blog called "The Cleanest Line" and a partnership with popular podcast "Dirtbag Diaries".

R.E.I. takes a slightly different approach, aiming to use content to create a trust-based relationship with their customers through education. Much of their content strategy centers around their "Expert Advice Learning Library", which features longform articles that capture audiences for an average of 5.5 minutes each, according to R.E.I.'s Content Marketing Manager Eric Heiss (*Forbes*).

None of the brands mentioned in these examples hail from the verticals that we discussed when talking about industries, but that simply goes to show that content marketing is powerfully progressing on a brand-by-brand basis. No company is excluded from the action based on size, sector or even social views. Content marketing and branded partnerships leave the landscape wide open for hugely diverse efforts. ■

Integrating the Brand in Content Marketing

Integrating your brand into a piece of content marketing is a balance between technique and timing, and, when done correctly, can display a company's expertise on a certain topic and also create something meaningful and valuable for audiences. Alternatively, mentioning your brand too often, or in a way that disrupts the flow of a story, can lead to consumers jumping ship early and losing trust in the brand.

So the question remains: how early and how often should you mention your brand? Analysis of hundreds of branded content articles, focused on placement and occurrence of a brand's name in a piece of content, helps to shed light on the issue.

In terms of placement, articles in which a brand was mentioned in the first 100 words saw the shortest active reading time - 56.2 seconds - compared to 63.5 seconds for articles in which the brand's name wasn't mentioned at all. Articles that saw the highest active reading time (68.1 seconds) featured a brand mention in the 300-600 word range. Additionally, brand mentions within the first 100 words saw the least scroll depth (72.2% of page scrolled) compared to when a brand was mentioned after the 300

word mark, in which consumers averaged an 81% scroll depth.

When it comes to how often you should integrate your brand within your content, you shouldn't do it too often, but you *should* do it. In fact, articles where a brand was mentioned just once saw the highest active reading time and deepest scroll depth. But the data also shows that zero mentions are better than multiple mentions. As a brand continues to attempt to integrate into a piece of content, reading time and scroll depth sharply decline.

Inseparable from this discussion is the idea of transparency in branded content. Beyond the legal necessity to disclose a branded content partnership, companies are challenged to foster a transparent relationship with their consumers. If the consumer perceives that a brand is clearly self-promoting itself in a piece of branded content, trust towards the brand can fall by up to 27%. However, as supported by the above data, if a brand publishes relevant, informative, and engaging content, audiences are perfectly fine, and even support, listening to a brand - just don't overdo it. ■

Why Content Marketing isn't a Marathon.

One of the metaphors that seems to run rampant in our field is the comparison of content marketing to running some kind of race - a marathon, a relay, what have you. It's an unsurprising choice given the clarity and universality of using distance as a benchmark, but for people us, who see the width and depth of content marketing ROI on a granular and birds-eye level alike, it feels limiting. The concept of successful content marketing shouldn't have a set start and finish (or, worse, run elliptical around a track and end in the same place it started). These efforts and investments are creative, wide-spanning and, with the right tools and insight, subject to constant variation and iteration. Marketing is not a race, it's a game.

No, not a "game" in the sense that it's trivial. Rather, content marketing is more akin to the great goal-oriented sports (soccer, basketball, hockey...) that continue with energy and grit even after said goals are scored and spoken for.

It is creative, tactical and usually runs within timelines that aren't dictated by the content itself. In a footrace, a split-second lag can eject you from the contender pack in moments. Elite distance runners often elect not to finish major races once they realize they're out of contention to conserve their bodies from injury, and sprinters can lose their shot at victory with a miniscule stumble at the block. Content marketing isn't like this - as with games, a mistake early on presents endless opportunities for redemption, for optimization. A soccer game-winner can be scored in the first or ninetieth minute. It's no coincidence that the term for a run at a sporting title is commonly referred to as a "campaign".

Perhaps we're biased, given that Knotch is predicated on the idea that seeing results of branded and owned content campaigns in real time provides the ability to improve outcomes before they are set in stone. But even a cursory

glance at the content marketing landscape makes it pretty clear that these brand and consumer journeys are rarely, if ever, linear. Seasonal campaigns run over evergreen efforts. Publishers come and go. Target demographics change and entire companies pivot. Marketers are constantly sent back on their heels to defend oncoming challenges, and then pitched forward towards desired outcomes. There is no set distance to overcome at which point the work is simply done.

For example, we've seen campaigns - expensive, labor-intensive campaigns - completely miss their target demographic due to something as frustratingly small as routing through a slightly mis-chosen referral site at the wrong time. Post-mortem, this can feel like a disaster. However, once armed with that information, the game goes on and that mistake is unlikely to be repeated. Choosing referrers carefully becomes a priority, and suddenly audiences are more

precisely targeted than ever before. Engagement increases, perhaps conversion spikes, and a strategy has been optimized. Redemption is not only fully possible in the content game, but the process of redeeming a content investment often leads to a better outcome than the one originally envisioned.

It might seem like the messier, more difficult option - much less cut-and-dry than a comparison to racing, which feels manageable in its linearity. But we see it as a blessing. Marketers are, above all, creative. They're strategists, artists, fortune-tellers with finely honed reflexes. Those qualities are wasted in following a straight line. The beauty in the chaos of the content marketing environment is that it offers endless opportunity for its participants to create and improve; to score goals and always have the chance to come back when goals are scored against them. Marketers run for fitness - but they come to the game ready to play. ■

The State Of Transparency

About Knotch.

Knotch is a marketing intelligence company that enables brands to understand how their content marketing efforts are impacting their audiences emotionally across every content distribution channel or geography in real-time. Marketers use this unprecedented intelligence to optimize the creative and distribution of their marketing. Knotch is the only platform that pairs performance data with consumer sentiment in real-time to provide a holistic view of performance. Additionally, Knotch is completely transparent - as a third party, we are never explicitly or implicitly incentivized towards any specific outcomes.

Knotch works with some of the biggest global investors in branded content such as JP Morgan Chase, eBay, GE and Ford. We help these brands publish better content, optimize campaigns in-market, and make better decisions

about spend and publishers. Our mission is to make data useful and actionable, for everyone from analytics experts to a creatives who want to inform their work with some objectivity and [non-alternative] facts.

Our products are driven by the needs of marketers and our hope is to make the internet a better place for all parties. We believe that consumers deserve a digital marketing experience that speaks to their needs and preferences; that brands have a right to own and action their own [accurate] data; and that publishers will have a greater capacity to evolve, optimize and create healthy relationships with their clients by being held accountable for their reporting. Information is the key to successful growth, and we are committed to providing that information in a way that is beautiful, intuitive and trustworthy. ■

Knotch.