



Introduction

Long before the start of the digital age, effective communications programs have been a core part of most businesses and credited with establishing brand recognition and driving customer engagement. Now, with so much noise in the market, disjointed consumer attention and an explosion of channels for brands to engage with audiences, effective communications programs have become even more critical.

While we have experienced an explosion of new digital channels for communicating, major changes have transformed historic public relations strategies, most notably the shrinking of traditional newsrooms and a major movement among publishers to evolve business models to support contributed and even paid content. A recent MuckRack study found that <u>52% of communications</u> <u>professionals</u> felt getting responses from journalists was their biggest PR challenge in 2022.

With today's <u>PR professionals outnumbering journalists six to one</u>, resourceful communications teams have implemented new approaches for storytelling and audience engagement to and complement traditional PR efforts with sponsored content.

Pay-for-play" content was once considered taboo and tagged as an intrusive and disadvantageous way to engage audiences, but it has evolved and it is on the rise among both publications and brands. A small, informal poll of the V2 network revealed that 85% of PR professionals believe both earned and sponsored content must be in the media mix moving forward. That prompted us to wonder: Have we shed unfounded negative stereotypes surrounding sponsored content? Have audiences shown increased receptiveness to it? Have publications' mindfulness regarding the placement and design of sponsored pieces negated feelings of bias and inauthenticity among audiences? Is the average reader unaware or simply unconcerned with when a piece of content is sponsored?

For the purposes of this survey

Sponsored Content

is defined as
an article, opinion
piece, video, podcast
or other multimedia
clearly marked as
paid for or brought
to you by a brand.

To answer these questions and better understand how consumers perceive and interact with sponsored content, V2 partnered with independent research firm Researchscape to conduct an online study of over 1,400 consumers throughout the United States. Participants were recruited to match the U.S. population across age, ethnicity, region, household income, educational background, and other demographic attributes.

Read to learn the most notable takeaways from the V2 2023 State of Sponsored Content survey report.

Audiences are Receptive and Responsive to **Sponsored Content**

First and foremost, the study revealed that the majority of consumers could, in fact, tell the difference between traditional, earned media coverage—that is, original editorial penned by a journalist—and sponsored articles. Only 16% of respondents stated they rarely or never notice when they are interacting with sponsored content, compared to 63% who said they come across brand-sponsored resources on a daily or weekly basis.

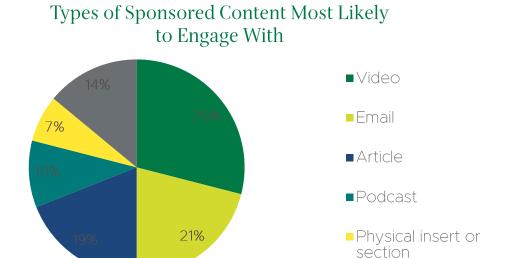
However, it appears sponsored content is not the deal-breaker brands once feared it to be, with over a guarter of consumers agreeing they find value in such content when: they are interested in learning more about a particular subject, issue or trend (26%); they find the material to be entertaining (26%); when a headline or photo piques their curiosity (26%); or the material is supported with factual data (26%). But perhaps most interesting to brands considering sponsored content as a marketing channel is that the most valuable content of all is that about a specific product or service audiences are considering purchasing for either personal or professional use, cited by nearly a third of respondents (29%).

Circumstances when sponsored content is valuable





When asked which types of content audiences were most likely to engage with, respondents found video content (29%), email (21%) and articles (19%) to be the mediums they interact with most



Interestingly, individuals looking to learn more about a specific product or service they are considering for professional use are more likely to engage with podcasts (30%) and articles (27%). These findings hold true among V2 clients. While articles remain the most popular sponsored content medium, interest surrounding sponsored podcast opportunities is steadily growing.

Regardless of a brand's preferred medium. respondents are clear in their willingness and desire to engage with sponsored content. Whether a brand is communicating to consumers (B2C), looking to entertain consumers through colorful and engaging ad placement, or to

When looking to learn more about a specific product or service for professional use consumers are more likely to engage with Sponsored podcasts Sponsored video (22%) and email (21%) (30%) and articles (27%)

None of the Above

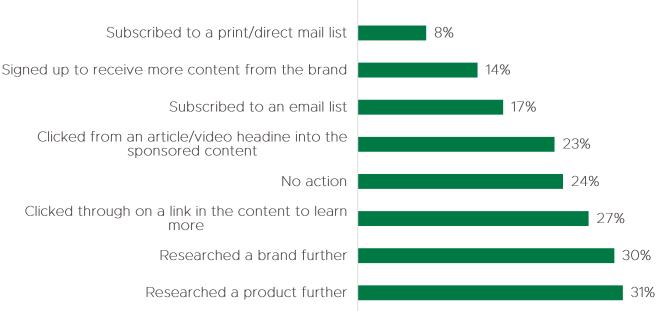
a business (B2B) content, looking to draw the attention of business decision-makers to a new line of software products through a robust research article, our findings prove that strategically placed branded content has the power to find and engage with a brand's most sought after audiences.

Audiences Act Upon Sponsored Content

Reaching target audiences with important messaging is only half the battle. In the end, brands need their content to generate action among their audiences - to generate sales and revenue growth?

When asked which, if any, actions they have taken over the last six months as a result of engaging with sponsored content, more than three-quarters of respondents were prompted to act in some way. Over a quarter of respondents either researched a type of product further (31%), researched a brand further (30%) or clicked through a link from within the content to learn more (27%).

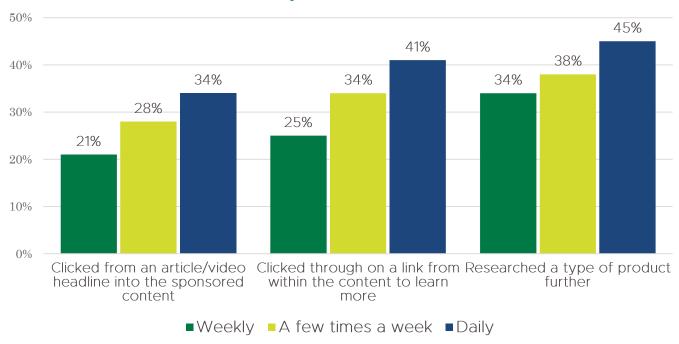




The medium and pace in which a consumer interacts with sponsored content may influence their desire to act. Respondents interacting with sponsored content in their news feeds on a daily or weekly basis were anywhere from 4% to 16% more likely to take further

action—clicked from an article/video headline into the sponsored content, click through a link within the sponsored content to learn more or research a type of product further—than respondents that only interact with sponsored content weekly.

Frequency with which audiences take action on sponsored content



Perhaps even more alluring to brands is the success rate of sponsored content as a leadgenerator. An astonishing 17% of respondents said the content compelled them to subscribe to a brand's email list, while others subscribed to receive more content (14%) or become part of a brand's print/direct mailing list (8%). With average lead conversion rates along all industries at a mere 2.4%, sponsored content proves to be another outlet for brands looking to propel consumers to act and improve conversion rates.

> **17%** 8% 2.4% 14% Subscribed to Subscribed to Joined Average lead conversation brand receive more print/direct mailing list rate email list content

Keep It Real: Transparency & Experience Matter

With this appetite to engage with sponsored content, has consumer sentiment towards branded content entirely shifted to that of a favorable one? Not exactly.

As we discussed earlier, audiences are only willing to engage with content that is sponsored by a brand if it is relevant and credible. How sponsored content is created and where it is displayed plays a significant role in changing the narrative on branded content. Well-researched content has the ability to disarm and intrigue audiences, regardless of whether it is traditional or sponsored media—while removing any preconceived bias behind the piece.

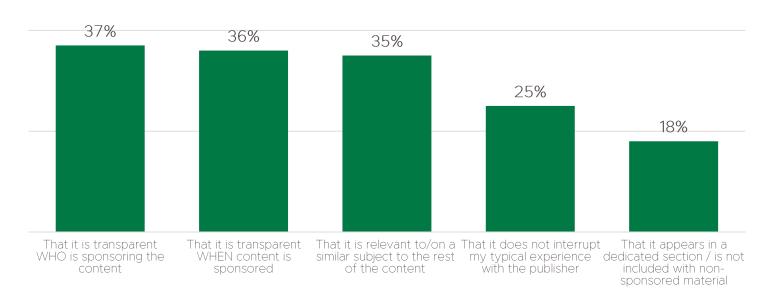
Findings show that audiences are not interested in playing guessing games and don't want to be fooled into interacting with brand content. When asked what qualities are most important when a publisher runs sponsored content with traditional editorial coverage, transparency (73%) was the number one quality among respondents. In particular, audiences want to know who is sponsoring the content (37%) and when content is sponsored (36%).



Some audiences have a sense that sponsored content is biased. When a brand can add research into that paid content. it adds credibility and proves the material to not just be editorial in nature. Not only does inserting data from a survey or other third-party research study remove a level of doubt from the reader, but it also adds additional credibility to the story."

> - Jeffery Henning, Chief Research Officer, Researchscape

Qualities that matter most when publishers run sponsored content



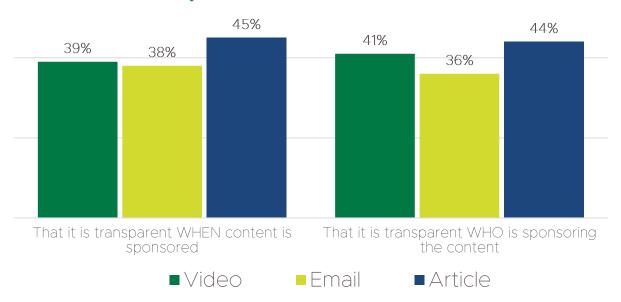


Respondents were even more critical of transparency when it came to sponsored articles, in particular. Nearly half of respondents said knowing who (45%) is sponsoring a native article and when an article is sponsored (44%) are essential qualities to sponsored brand articles. This could, in part, be because historically people have relied on print media for important, truthful and relevant news and insights. With respondents showing an increased likelihood to engage with sponsored articles for professional means, as outlined earlier, transparency regarding when an article is sponsored and who is sponsoring it is paramount to the content's success.

Transparency creates trust, especially when less than half of downloaded content provides value for tech decision makers.* When you align your brand's content with a trusted editorial brand, clearly marked as sponsored content, and that content provides actionable insights, brand engagement will follow. There is a measurable difference in payfor-play content, and sponsored content created by a team of editorial experts who know their audience, and what information that audience needs to drive their business forward."

- Foundry Customer Engagement Study, 2022

Importance of transparency by sponsored content medium



Any negative impacts to the customer experience are another major turnoff for audiences. A quarter of respondents said there being no interruption from their typical experience with the publisher was the most important quality of sponsored content. The survey provided some clear strategies to ensure sponsored content doesn't negatively impact the customer experience on a publisher's site—with over a third (35%) of respondents stating they expect brands to promote



product or services content that is relevant to other content on the publisher's site and 18% preferring a dedicated section for sponsored content. In short, the lesson for brands is not to promote computer gear on a fishing website and for publishers not to wedge sponsored content in the middle of a meaty editorial feature.



Sponsored articles should be fully transparent, meaning they disclose who's sponsoring the article. The best sponsored content educates, entertains, and/or informs; it doesn't try to push a product or service. This authentic experience opens new avenues for the public relations industry to extend the reach and impact of press strategies, increasing their value to clients. This became evident last year as Nativo saw a significant increase in the adoption of sponsored articles among PR firms."

- Sarah Patel, Senior Director of Sales, Nativo

Conclusion

Brands will continue to look for new ways to complement traditional earned media programs to heighten brand voice and awareness. Once considered taboo and a non-starter among consumers, sponsored content has quickly turned into a reputable and reliable tool for brands looking to increase audience engagement.

Consumers are inclined to engage and act upon relevant and important content. Businesses that work closely with publications to ensure that sponsored assets are delivered alongside similar content to the right audiences, with transparency, will find success with sponsored content programs and enjoy more productive audience engagement in 2023.

V2's <u>suite of sponsored content offerings</u> brings together two of our most indemand services— high-impact media relations programs and expert content capabilities—to offer our clients:



Native Advertising



Podcast & Newsletters



Paid Editorial



Influencer Collaborations



Expert Councils



Video-based storytelling

Methodology

V2 partnered with independent research firm Researchscape to survey 1,401 consumers from the United States (US). Participants were both male and female and were recruited to match the US population across age, ethnicity, region, household income, educational background, political outlook and registered voter status. Topline results were then weighted for these attributes. The omnibus survey focused on American consumers' opinions and interactions with sponsored content.

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