

# US branded entertainment remains buoyant

By [Olivia Solon, creamglobal.com](http://Olivia.Solon.creamglobal.com)

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NEW YORK, US: Total US branded entertainment marketing spending, dipped 1.3% in 2009 to US\$24.63 billion (about R179.3 billion), but is on pace to generate solid growth in 2010 and beyond, according to exclusive research released today by PQ Media.



Branded entertainment includes consumer event sponsorships, event marketing and paid product placement in various media. The decline in spending on US branded entertainment marked the first decrease since PQ Media began tracking the industry in 1975, and followed four consecutive years of double-digit growth and 35 years of consistent growth, according to the PQ Media Global Branded Entertainment Marketing Forecast 2010-2014.

## Branded entertainment industry driven down

The branded entertainment industry was driven down by the massive economic recession in 2009, but it was much less affected than traditional advertising and marketing spending, which was down 14.4% for the year. Moreover, the industry is poised to resume strong growth over the next several years, according to PQ Media. Branded entertainment marketing has emerged over the last decade as a leading alternative marketing strategy amid a rapidly changing media landscape. The monumental changes and the speed at which they've occurred are unprecedented in the history of media.

"The cascade of new media platforms and technologies have led to significant changes in consumer media use, which has forced brands to rethink long-held beliefs about effective strategies to reach target audiences," said Patrick Quinn, CEO of PQ Media.

"The availability of content through the internet, mobile devices and social networks, the difficulty of reaching more elusive target consumers, and the transformation of personal communications due to these developments have made it more important than ever for brands to invest in strategies to engage target consumers in captive locations for extended periods of time through the power of emotional connections."

## Consumer event spending also driven down

US consumer events spending, including event sponsorship and event marketing, declined 1.1% in 2009 to US\$21.02 billion (about R153 billion), following four consecutive years of double-digit growth. Total consumer event spending was also driven down by the economic recession, which led brands to cut marketing budgets and intensely examine their spending across the board while demanding better ROI. Total consumer events spending increased at a CAGR of 8.7% from 2004 to 2009.

Paid product placement spending - in television, films, internet, videogames and other media - declined in 2009 for the first time in tracked history, as spending decreased 2.8% to US\$3.61 billion (about R26.28 billion) due to severe reductions in brand marketers' budgets resulting from the difficult economic environment. Strong double-digit gains from 2005 through 2008, however, drove a 27.1% CAGR for paid placement spending in the 2004-2009 period. While PQ Media also tracks the total value of US product placements, including paid and non-paid placements, the exposure value of non-paid placements is not included in the total US or global branded entertainment spending figures. "PQ Media believes the secular shift to paid placements from the non-paid model will continue in the forecast period, as changing consumer behaviours, new technology and the increased penetration of DVRs drives up the value of branded entertainment marketing strategies," Quinn said.

Total US branded entertainment marketing spending, including consumer events and paid product placement in media, is projected to increase 5.3% in 2010 and accelerate during the forecast period at a 9.2% CAGR through 2014. US consumer events will remain the largest segment, while paid product placement will be the fastest growing in the 2009-2014 period, according to the PQ Media Global Branded Entertainment Marketing Forecast 2010-2014.

## **Continued growth expected**

Global branded entertainment spending will continue to grow at accelerating rates in the forecast period as well, posting a 9.1% CAGR from 2009 to 2014, with consumer events remaining the largest segment and paid product placement the fastest growing. The US will remain the largest branded entertainment market in the world through 2014 with 45.2% of total spending, but China will be the fastest growing with a 19.1% CAGR.

The full report provides many examples of branded entertainment marketing strategies including, among others, Lady Gaga's 9.5-minute video for Telephone, which includes 10 product placements and generated more than 4 million views in its first 24 hours, as well as her video for Bad Romance, which also includes multiple placements and has been viewed over 230 million times. Meanwhile, many brands have pursued eco-friendly approaches to event sponsorships. At the Vancouver Olympics, Coca-Cola promoted a "zero waste, carbon neutral" program, which included compostable coffee cups and lids, hybrid vehicles to transport its products and staff uniforms made from recycled bottles.

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