



# Branded Entertainment: A New Production Financing Paradigm

White Paper 2: The Canadian Experience  
By Duopoly  
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### **Note:**

This paper has been prepared with the input of many branded entertainment and media industry leaders, listed in Appendix A. The authors thank these individuals for their contribution to this study.

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## **Background:**

The goal of the Canadian Media Production Association (CMPA) is to promote and stimulate the Canadian production industry. The CMPA represents over 350 film, television and digital media companies and provides a range of membership services including labour negotiations, government relations, professional development and research on changes to the industry due to technology, consumer behaviour, regulation and other market forces. The CMPA has actively tracked the digital transformation of the industry and has made the identification of alternate sources of production financing a priority for the organization and its membership. The goal of this inquiry into branded entertainment is to provide Canadian producers with a better understanding of the opportunities that this burgeoning sector of the industry may offer.

## **Format of the Study:**

This study aims to explore the field of branded entertainment in three white papers: the first was released at *Merging Media* in Vancouver, November 6-7, 2013, the second at the CMPA's *Prime Time in Ottawa*, February 19-21, 2014, and the final paper later in April 2014.

The three white papers each present a different aspect of the branded entertainment industry:

**White Paper 1:** The Branded Entertainment Landscape – primarily an introduction to the terminology and practices of the industry today;

**White Paper 2:** Branded Entertainment : The Canadian Experience - the issues facing Canadian independent film, tv and digital media producers seeking to partner with brands as well as an examination of challenges and opportunities in the screen-based industry;

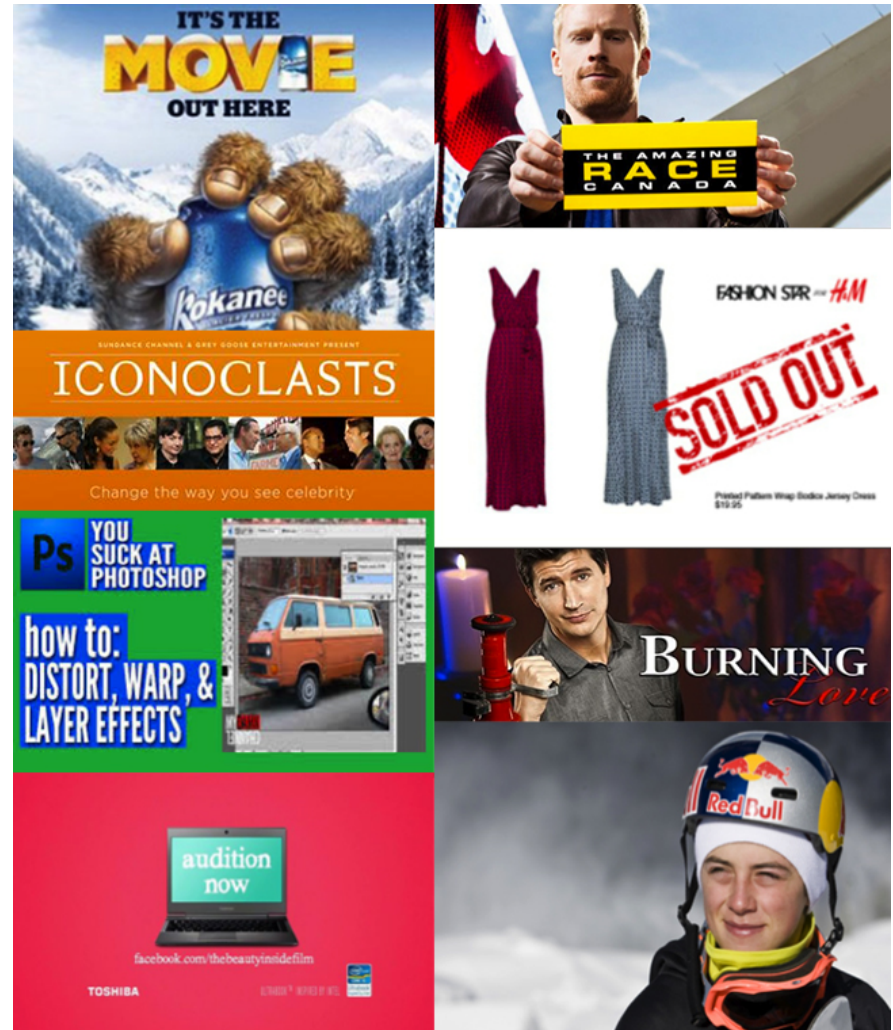
**White Paper 3:** The Future of Branded Entertainment – where the industry is headed and an exploration of additional examples of the industry's most forward-looking case studies.

# Introduction

## a. Scope of White Paper 2

In White Paper 1, we presented the current landscape for the fast-growing branded entertainment sector largely drawing from the US market experience. Turning to the Canadian market, we find the branded entertainment sector at a more nascent stage not surprisingly given relative population size and the subsequent smaller annual marketing spends of brands. In addition, the regulatory environment for broadcasting and Canadian content production contributes to the complexity of the relationship between the stakeholders in branded entertainment. Nonetheless, the trends towards integrated, cross-platform campaigns that combine social media and entertainment elements are as evident in Canada as in the US.

In this paper *Branded Entertainment: The Canadian Experience*, we explore the peculiarities of the Canadian context for branded entertainment in order to provide independent producers guidance on how to best navigate these waters. Through an examination of several outstanding case studies of branded entertainment properties, best practices do emerge for producers interested in tapping into this burgeoning sector of the industry. Finally, this paper points to issues and concerns expressed by industry leaders, both on the brand marketing and producer side of the equation, to pave the way to greater collaboration in the creation and financing of original Canadian content.



# The Canadian Environment: Size of the Industry

*Canada can be the petri dish for creating and exporting content formats. The market is as complex and competitive as any, yet the cost and risks to experiment are arguably less. All that is holding us back are our legacy beliefs.* Tony Chapman, CEO, Capital C, Toronto.

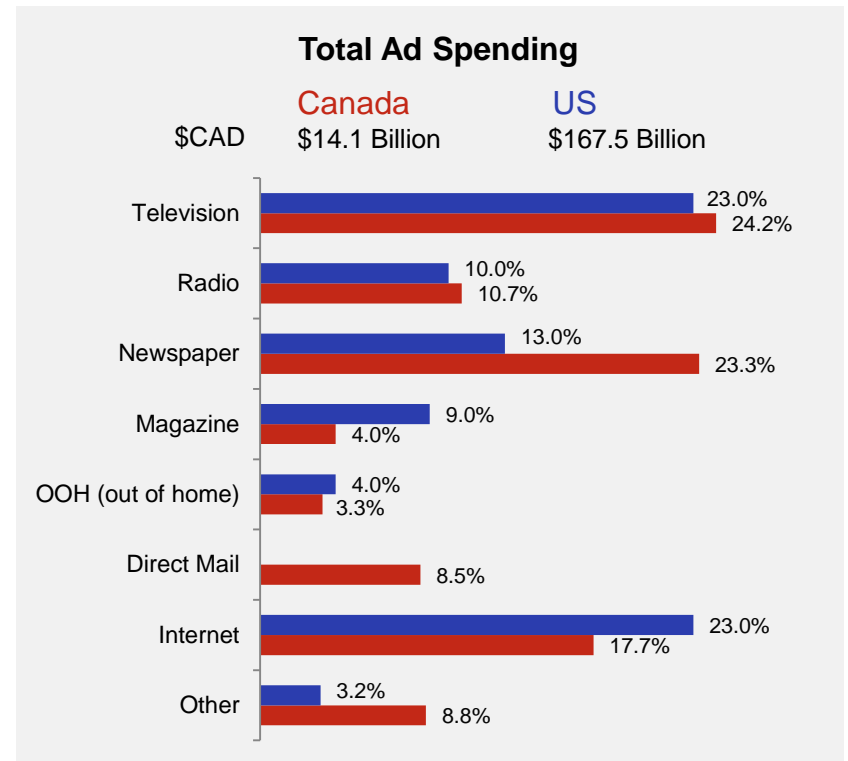
## Size of the Industry

In Canada, the total advertising market represented over \$13 billion in 2013 and \$3.7 billion of that number was directed to television advertising. In interviews conducted for this paper, respondents pegged the amount earmarked for branded content in Canada as a small but growing portion of this total spend; this compared to more robust numbers in the US - nearly 40% of average marketing, advertising and communications budgets are spent on content marketing according to the US Custom Content Council. Content marketing includes print, electronic, social media, and video. Importantly, branded video is closing in on web and print as the preferred form in content marketing. In a survey conducted by the Association of National Advertisers in the US, marketers indicated the most popular forms of branded entertainment as commercial TV, the Internet, and sporting events/venues.

While the dollars for branded content may not be as large in Canada, they are increasing. According to a 2012 survey conducted by *Marketing* magazine and Postmedia, a third of marketers are already devoting more than 20% of their marketing spend to branded content. While only 8% indicated that they would commit more than 40% of their budget to branded content, they also indicated that the number will more than double (to 17%) two years from now.

In the 2012 Canadian Marketer Survey, respondents pointed to an increasing commitment of marketing dollars in 2013 to social media (24%) and mobile (21%) with broadband advertising (videos and webisodes) at a 14% increase. However, critical to the Canadian marketing landscape is the relatively small size of the market and the

Source: [http://www.pwc.com/en\\_CA/ca/entertainment-media/publications/pwc-rising-to-the-challenge-2013-10-en.pdf](http://www.pwc.com/en_CA/ca/entertainment-media/publications/pwc-rising-to-the-challenge-2013-10-en.pdf)



Source: [http://www.omaccanada.ca/en/research/facts\\_stats/canada\\_us/default.omac](http://www.omaccanada.ca/en/research/facts_stats/canada_us/default.omac)

influence of global brands with headquarters outside the country.

In this survey, 52% of respondents said that more than half of their marketing strategy and brand assets come from their global parent; 16% of respondents say ALL comes from global HQ; 21% say NONE comes from global HQ. Furthermore, 9% 'believe that there is less scope for Cancon lately' meaning that they are more constrained than before in the creation of original Canadian content marketing assets.

# The Canadian Environment: Size of the Industry

Nonetheless, Canadian producers and creative agencies engaged in the branded entertainment sector all point to a significant opportunity as yet untapped in Canada.

The majority of experts interviewed in this study agree that broadcasters still drive the branded entertainment business in Canada with successful properties filling in with web, social media and other integrated initiatives to complete a campaign. One of the primary obstacles cited in the value chain is the persistence of a silo approach between sales and programming with separate P&L responsibilities at most broadcast companies. Furthermore, respondents suggested that as the roles of broadcasters, brands, producers, creative agencies and media agencies in the development, production and execution of branded entertainment campaigns blur, unproductive competition between these players can arise.

Importantly, the issues facing Canada-based brands are very similar to those facing US brands: a more sophisticated consumer with an infinite amount of choice seeking more authentic and frequent communication through a variety of channels with brands. And, in Canada while the marketing dollars may pale compared to the US, some of the top spenders on advertising are beginning to experiment in the branded content and entertainment arena.

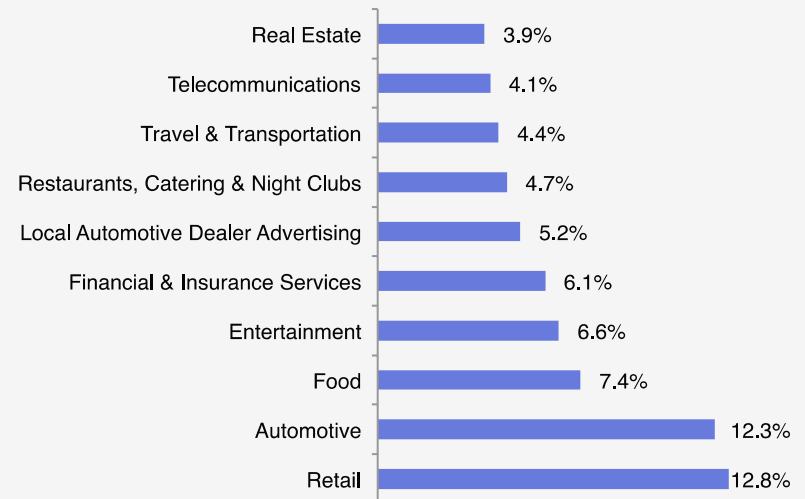
In the ANA survey cited earlier, the top reasons cited by marketers for not getting involved in branded entertainment included:

- Cost (43%)
- Lack of measurable results (37%)
- Brand does not lend itself to meaningful integration (34%)
- Lack of internal resources (31%)

Sources: <http://www.marketingmag.ca/news/marketer-news/branded-content-heir-to-the-throne-62537>  
<http://strategyonline.ca/2012/12/07/2012-marketer-survey/>  
<http://www.customcontentcouncil.com/news/nearly-44-billion-new-survey-shows-rise-content-marketing-budget>  
<http://www.ana.net/content/show/id/21842>  
 Interview with Tony Chapman, Nov 19, 2013.

## 2012's Top Ad Spenders in Canada

### By Category



### By Company

- |                          |  |
|--------------------------|--|
| 1. Procter and Gamble    | 6. Provincial Government Lotteries             |
| 2. Rogers Communications | 7. Chrysler Consolidated Local Car Dealerships |
| 3. GM                    | 8. Johnson & Johnson                           |
| 4. Chrysler Canada       | 9. Telus                                       |
| 5. Government of Canada  | 10. McDonald's                                 |

\*All data is for the first three quarters of 2012, courtesy of Nielsen. Reprinted in 2012 Marketer Survey.

# The Canadian Environment: Regulatory Issues

## b. Regulatory Issues

In Canada, the regulatory context of the broadcasting industry touches directly on the business of branded entertainment and specifically where it relates to qualification as certified Canadian content production and access to tax credits.

In the US, the regulatory oversight of content marketing is conducted by the National Advertising Division (an investigative unit of the Advertising Self-Regulatory Council) and relates to the potential for consumer confusion regarding information presented as editorial content when paid for by a brand. Similarly, Advertising Standards Canada sets guidelines for recommended practices in advertising in Canada.

The significant difference between the US and Canadian marketplace for branded entertainment resides in the broadcast industry. In Canada, the regulatory environment for branded entertainment on broadcast networks is subject to the Canadian content regulations governed by the CRTC and CAVCO. Some experts interviewed in this study point to an 'antiquated' regulatory framework as contributing to delays in the development of a healthy branded entertainment sector in Canada.

The Commission examines the mix among the information, entertainment, sales or promotion elements in which the placement, mention, logo, etc. is presented to determine if it constitutes an intention to sell or promote.

**CRTC:** The CRTC, which also excludes advertising in its Canadian content certification process, outlines its guidelines in a document entitled "Advertising, Promotion & Commercial Messages". In sum, "if the mix of functions is heavily weighted towards information and entertainment, with very incidental sales or promotion, the programming would not be considered a commercial message."

The Commission goes on to clarify how it assesses the line between incidental placement of product and a commercial message:

1. If there is a call to action or solicitation to make a purchase this is considered advertising;
2. Where the product or service references are incidental to the primary orientation of the program this is deemed a program;
3. If the clear intent of the program is weighted towards information more broadly and where the viewer is enabled to make an informed choice – this would not be considered advertising;
4. Advertising in commercial breaks of the show are not distinguishable from the program content – then this would be deemed paid programming or an infomercial.

**CAVCO:** To summarize, CAVCO in its administration of the two federal tax credit programs (the Canadian Film or Video Tax Credit and the Production Services Tax Credit), outlines in its guidelines non-eligible program genres. These include 'advertising' which is defined as (a) any commercial intended to sell or promote goods, services, natural resources or activities and includes an advertisement that mentions or displays in a list of prizes the name of the person selling or promoting these goods, services, natural resources or activities (also "commercial message"); (b) any infomercial, promotional, or corporate video program exceeding 12 minutes, which combines information and/or entertainment with the sale or promotion of goods or services into a virtually indistinguishable whole.



[http://www.nytimes.com/2013/10/24/business/media/ad-sponsored-editorial-content-draws-regulators-notice.html?\\_r=0](http://www.nytimes.com/2013/10/24/business/media/ad-sponsored-editorial-content-draws-regulators-notice.html?_r=0)  
<http://www.adstandards.com/en/CRTC/Guidelines>  
<http://www.pch.gc.ca/eng/1332443014216/1332443541505>

# The Canadian Environment: Regulatory Issues

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Unfortunately, the CAVCO definition of advertising does not adequately reflect the changing environment for branded entertainment. In particular, the greater interest on the part of brands in underwriting content and entertainment aligned with their 'brand story', the growing need of the production and broadcast industries to tap new sources of financing for original programming, and the subsequent creative opportunities flowing from these new collaborations all point to a need for greater flexibility in our understanding of what defines advertising.

Currently CAVCO pre-assesses productions on a case by case basis based on the concept of the show, a detailed synopsis and rundown of the series, and clear indication of the brand's involvement. Given the multiple ways brands can get involved in a production, it is not always clear where the financing originates and where control resides. And, in response, CAVCO is seeking to clarify and update its current guidelines with respect to the dividing lines between advertising and branded entertainment. Some of the indicators to help determine whether a program is truly 'content' versus 'advertising' include:

1. **Origination of the idea:** Who created the show? Does the producer hold chain of title?
2. **Ads around the show:** When brands insist that they control ads around a series, this can indicate that the entire block is a 'paid ad'
3. **Origination of funding:** brand or broadcaster and what is the nature of the arrangement?
4. **Brand presence on screen:** How is the brand integrated into the show? How often is the logo, product or brand mentioned? Is there a representative or spokesperson from the brand in the show?
5. **5. Brand control and final approvals:** Producer must demonstrate control to qualify for tax credits, but this may not accurately reflect the true nature of the relationship with the brand;

6. **Ownership:** Producer must demonstrate copyright ownership to qualify for tax credits, but again this does not necessarily reflect the brand's control of the creative.

In both cases, the CRTC and CAVCO do not offer producers 'pre-authorization' of the eligibility of their programs. And it is this uncertainty which causes concern. In discussions with both bureaus and producers, the officials are usually very clear when they feel that a show may be 'offside' and will provide guidance on how to meet their criteria for eligibility. That said, the rejection of *My Rona Home*, a reality series sponsored by Rona which erred too close to the definition of advertising was cited by many interviewed in this study as a cautionary tale.

Experts interviewed suggest that the key differentiator between a program and an advertisement is ultimately whether the audience chooses to watch the program as an entertainment experience. This, of course, may be subjective and is certainly difficult to ascertain prior to production of the program. Producers generally agree that hard rules (from CAVCO or the CRTC) on when a branded show becomes an advertisement may further limit experimentation rather than help the industry get more Canadian content programming produced. That said, lack of clarity introduces risk which for brands accustomed to a high degree of control of campaigns and outcomes may serve to discourage involvement.

Until such time as the regulator and CAVCO redefine or further refine eligibility rules, producers are advised to consult early and frequently with officials when developing and moving forward on branded entertainment properties.



## Case Study: *Canada's Best Beauty Talent*

**Description:** This reality web series (6 x 2-part 7-8 minute episodes) was developed by Rogers Media for their client L'Oréal Canada. Leveraging L'Oréal's unparalleled beauty expertise and Rogers Media leadership position in women's publishing, the program showcased Canada's rising hair and makeup talents as they competed for the title in a series of innovative challenges, judged by celebrity beauty experts. Hosted by the acclaimed fashion model, Coco Rocha, the show rolled out as a digital series viewed online via web, mobile device and tablet and via Rogers On Demand. Social media was used extensively to drive viewership and audience engagement (Facebook and Twitter) and custom magazine creative was used to showcase winners. In addition to the trip to Paris for the winner, the hair/make-up winners were featured in custom spreads in the magazines.

**Launch date:** April 2012

**Genesis of the Project:** Rogers came up with the concept with the brand and engaged Buck Productions as the service producer. It was an opportunity to bring together several of Rogers' own publishing brands (Flare, HelloCanada, LouLou, Chatelaine) and L'Oréal (Lancome, Kerastase, Yves St Laurent) in a branded show to highlight Canadians working in the beauty industry.

**The Deal:** The series did not access tax credits as it was entirely advertiser driven and as a web property 'cancon' certification was not relevant. The intellectual property is co-owned by Rogers and L'Oréal.

**Impact:** Program results were tracked and a custom web survey was conducted to measure content engagement, acceptance of the webisodic genre, content quality, brand recognition and intent to purchase.

In terms of ROI, the series delivered on the six-digit investment for L'Oréal which came from the company's corporate innovation budget:

- 210 press hits from media in Canada and globally
- Press coverage earned more than 31 million media impressions
- Total media impressions: 57,524,846
- Average time spent with each episode: 9 min 44 sec
- 162,272 unique video views
- 87% brand recall
- 79% of viewers indicated intent to purchase a L'Oréal product
- 98% of viewers wanted to see more
- ROI 369 (every \$100 spent returned \$369 value)
- Brand lift: 50% improvement
- L'Oréal International deemed this program a global best digital marketing practice

Overall, in the content marketing business the series is seen as having brought brand integration to the next level, cleverly balancing entertainment with brand messaging.



### **Best Practices**

Multi-brand entertainment properties such as *Canada's Best Beauty Talent* are rare and complicated to replicate. And in spite of winning many awards and demonstrating compelling ROI, the series was not renewed for a second season.

- It is important for producers to understand that the objectives of a brand may be to meet certain sales goals year to year not necessarily to create an entertainment series or franchise.
- In addition, for independent producers, getting closer to the source of brand 'briefs' (the expression of their current marketing goals) is critical – as opposed to pitching a show idea that is already 'baked'.

## Case Study 5: *TAKEDOWN: The DNA of GSP*

**Description:** Montreal-based creative agency Sid Lee has become a global leader in branded entertainment. In 2008, it established its own production arm, Jimmy Lee, in order to deliver longer form content to its growing roster of clients (including Cirque du Soleil, Absolut, Adidas, Red Bull...). And, in an interesting twist on brand building, the company has participated in the production of a feature film about Georges St-Pierre, the UFC champion (Ultimate Fighting Championship), entitled *TAKEDOWN: The DNA of GSP*. *TAKEDOWN: The DNA of GSP* is billed as an “all-access” exploration of St-Pierre’s life, career and approach to the sport, which combines mixed martial arts, boxing, wrestling and kickboxing.

**Launch date:** The film will be released in 2014 by Remstar Films in Canada with Peace Point Rights handling worldwide sales (excluding Canada). Through a unique collaboration with the UFC, the film is intended to air on Fox Networks in the United States.

**Genesis of the Project:** This feature film is derived from the work the brand management team at Sid Lee and Jimmy Lee has been doing for Georges St-Pierre’s brand image for several years now. In fact, the creative agency effectively repositioned the mixed martial arts star through appearances at events and in social media and made him a part of popular culture. Confronted by the public’s belief that mixed martial arts is a niche and violent sport, Sid Lee worked to reframe the athlete’s profile and to bring to life his accessible human qualities. “In our branding approach, GSP became a superhuman being who fights for the good guys in a never-ending battle against ignorance, a fighting scientist who faces his own ignorance and shares his knowledge freely, and a force for the common good.” The impact of this branding exercise included the tripling of GSP’s fans on Facebook, reaching over 3.6 million and his interaction rate with Facebook fans is among the top 4 in the sports world (0.48%); almost tripling his Twitter followers to nearly 900,000; and increasing his video views on YouTube to now more than 6 million.

**The Deal:** The feature film is a collaboration between Jimmy Lee and traditional film production companies Triplex Films and Upside Up Media Group. Neil Lucas, an Emmy-winning producer of the BBC hits *LIFE* and *PLANET EARTH* came on board as associate producer and creative consultant. Boasting a budget of over \$1.2M, both Telefilm and SODEC declined contributing to its funding. Ultimately, the film financing was pieced together with license fees from TMN/Movie Central, advances from Remstar and Peace Point Rights, tax credits, producer investments and a cash investment from Jimmy Lee.



Sources: <http://www.slideshare.net/sidleeecom/sid-lee-case-studies-en>  
<http://realscreen.com/2013/01/09/peace-point-rights-acquires-ufc-doc/#ixzz2miwkTLM2>

### **Best Practices**

This project raises several issues about triggers to production funding within current government programs. For example, is the need for a theatrical distributor in feature film funding as relevant when a property can demonstrate an active online audience in the several millions? Does a feature film like *TAKEDOWN: THE DNA OF GSP* qualify as 'content' or as branded content – and if millions of fans purchase tickets to see the film, does this distinction matter?

Interestingly, Jimmy Lee suggests that creative agencies may be better positioned than traditional producers to create long form content for brands – because they are trained to understand brand strategies and the 'live or die' results and ROI that brands expect. That said, as productions become more ambitious in scope, brands may need to adjust their expectations regarding revenue share and allow producers to own the underlying rights, access tax credits and control future exploitation of the property.

## Case Study: *Recipe to Riches*

**Description:** *RECIPE TO RICHES* is one of the most successful examples of branded entertainment in the Canadian marketplace to date. Created by Temple Street Productions, the first season (8 one-hour episodes) ran on FOOD network Canada and Global Television. The series invites home cooks from across the country in a competition where in addition to modest cash prizes, the winner has their recipe become a President's Choice product. Each episode featured a winner in a category of food and the next day the winning recipe was available in Loblaw's grocery stores nationwide. This way viewers could sample the products and vote on which cook should win the grand prize of \$250,000.

**Launch date:** October 17, 2011

**Genesis of the Project:** In this instance, the production company generated the idea and approached the national grocery store directly. With the brand on board, Temple Street then secured Food network. According to Temple Street, early discussions with CAVCO were critical to ensure that the series remained 'on side' to qualify for tax credits. They presented the series and clearly laid out how the brand would be integrated, use of logos, shots of the chain, and participation of Galen Weston, Loblaw's Chairman. For John Young at Temple Street, the CAVCO and CRTC eligibility rules remain somewhat out of date as consumer habits and expectations have changed considerably since the rules were established. *Recipe to Riches* walks on the right side of the line by focusing on the characters and the winners and not solely on the products on the shelves.

**The Deal:** Temple Street owns and controls the property. Loblaw's invested millions of dollars in the show and as a very significant partner has an interest in worldwide exploitation and merchandising.

Source: <http://strategyonline.ca/2011/12/14/loblaw-innovates-on-new-marketing-fronts/#ixzz2muavhPmX>

**Impact:** FOOD Network ordered a second season of the series and combined, the two seasons, with repeats, attracted about 1 million viewers per week, ranking either first or second on the specialty network, and building a Facebook following of over 16,000. The show continues its success and has announced a move to primetime on CBC (February 2014) at a larger production budget and with broader audience reach. And as one pundit observed, "In all it is a very smart idea: localized crowd-sourcing, pre-testing via a TV audience, a pre-release ad campaign plus a very deep product back story. It also shows that Loblaw values locally sourced ideas and products and is a brand that listens to – and clearly values – the input of shoppers. I wish I'd thought of it."

This series is a gold standard for branded entertainment and the format has gone on to launch in a number of European territories as well as Australia, with negotiations ongoing for the US (Fremantle acquired international format rights.)



### **Best Practices**

While the measures of success for the brand (CPM's, in-store sales, converting shoppers) are different than the measures of success for producers (ratings), balancing these interests has been key to the success of *RECIPE TO RICHES*. According to Temple Street, independent producers seeking to produce branded entertainment must not cede control to the brand but must understand the conflict that may arise in such divergent goals (sales versus ratings). Furthermore, in order to ensure regulatory approval, producers are advised to consult with CRTC and CAVCO early on and frequently as brand involvement in their project evolves.

## Case Study: *McMorris & McMorris*

**Description:** *McMorris & McMorris*, a docu-reality TV series, follows champion snowboarder brothers Mark and Craig McMorris from Regina, Saskatchewan, as they compete at home and abroad. On the heels of Mark's 2013 Winter X Games gold medal in the snowboard slopestyle event and a recent ESPY® Award nomination in the Best Male Action Sports category, Mark is the talk of the professional snowboarding world. Craig, also a slopestyle boarder, has also competed internationally and shares his brother's enthusiastic on and off slope commitment to fun. The two are seamless fits in Red Bull's pantheon of outstanding athletes. Eight half-hour television episodes produced by Toronto-based Buck Productions with Red Bull Media House for MTV Canada.

**Launch Date:** Nov 1<sup>st</sup> 2013

**Genesis of the Project:** Buck Productions and Red Bull Media House jointly developed *McMorris & McMorris* which fits perfectly in the brand's mission to communicate excitement and exhilaration as the core value in all of its content properties. In addition to the broadcast, the McMorris experience continues online at MTV.ca with web-exclusive video content, including never-before-seen footage from on and off the slopes, interviews with the McMorris brothers and their friends, trailers, and behind-the-scenes and deleted footage.

**The Deal:** The producers at Buck Productions describe *McMorris & McMorris* as a true co-production where Red Bull was the lead financier, MTV Canada provided a license fee and the producers invested their tax credits in the production. Buck Production owns the copyright and has a profit participation in Red Bull's exploitation of the property outside of Canada.

**Impact:** As the series just launched in November 2013, it is still early to measure broadcast results in Canada. However, as both the McMorris brothers and Red Bull have significant digital footprints (Red Bull with over 42 million Facebook fans), the series has already generated in the millions of impressions. Episode 2, for example, with 24-hours of airing generated a half million impressions on Red Bull's McMorris site.





### Best Practices

According to the producers at Buck Productions, the key to success in branded entertainment is maintaining diversity in their slate. A multiplatform content strategy has allowed them to move between feature film, documentary, commercials and reality TV production without difficulty. The company pulls from the stylistic approach of commercial production and the storytelling skills of TV production in its approach to branded entertainment. Buck produced the Japanese-Canadian feature co-production *Toilet* which was fully financed by a brand. They also produced Rogers' *Canada's Best Beauty Talent*, the branded entertainment series from l'Oréal, and *Our Family Vacation*, a Travel and Escape series with Canon's participation.

In terms of getting branded entertainment deals done, the producers describe the fragile moment of bringing all the players to the table – the producers, the brand, the broadcaster and the creative agency – to get a deal done. This type of collaboration is still relatively new to the Canadian industry and producers should be sensitive to legacy roles and responsibilities.



## Case Study: *The Movie Out Here*

**Description:** *The Movie Out Here* is a buddy comedy (90 minutes) produced in association with Labatt's western Canadian beer, Kokanee. In another branded entertainment twist, this project grew out of the unconventional ad campaign 'the beer out here' developed by the Toronto-based creative agency, GRIP. For the movie, GRIP wrote the script in-house and designed an immersive campaign around it: fans could audition for roles in the movie, they could submit props and enter songs, and they could vote on a bar to be selected as a location.

**Launch:** November 2012, premiered at Whistler Film Festival with release across western Canada in 2013.

**Genesis of the Project:** GRIP had been managing the Kokanee account for several years and, in fact, had created many of the characters in the movie in earlier ad campaigns. The brand was concerned that it was losing relevance with young adults in the West, that bigger brands were outspending Kokanee and so, what could be done that would be different and disruptive? GRIP came up with the idea of the movie, pitched the brand, and from there they worked collaboratively on the 360° marketing campaign around it. GRIP engaged experienced film producers to manage the production and Alliance Films came on board as the distributor.

**The Deal:** The film budget was approximately \$3m. The film did not receive support from Telefilm, nor did it qualify for CAVCO federal tax credits – it did, however, receive a CRTC Canadian content number which was critical to broadcast licensing deals.

Sources: <http://www.theglobeandmail.com/report-on-business/industry-news/marketing/labatt-rolls-out-a-kokanee-ad-in-the-shape-of-a-feature-length-movie/article9098818/>  
<http://www.fastcocreate.com/1682573/a-big-screen-brand-content-play-behind-kokanees-cinematic-debut-the-movie-out-here>

**Impact:** Alliance Films negotiated a 30-screen release in British Columbia, Alberta, Saskatchewan and Manitoba – and while the film did not please critics, it more than surpassed the goals of the marketing team. During the campaign, Kokanee's market share in the West increased 6 per cent over its targets and fans were clearly engaged with over 70,000 interactions on the movie's website, 10,000 votes for the winning bar and over 3500 fan names included in the end credits of the film. The project has been lauded in the marketing industry winning two Gold Lion Awards at Cannes.



### **Best Practices**

For the team at GRIP, brands are looking for ways to create more content, to communicate more frequently with their customers, and to create content beyond the traditional 30-second spot. But, brands are still uncomfortable with the risks – or the fluidity – associated with a film production. That is, the parameters of long-form production are more open to creative interpretation and the ‘result’ less pinned down than in the production of a commercial.

For this project, an enormous amount of trust, commitment and leap of faith were required. Ultimately, *The Movie Out Here* was not just a film project but an integral part of a year-long marketing campaign. For independent producers seeking to approach brands with a project idea, GRIP’s advice is to try to involve the brand and its creative agency at an early brainstorming stage rather than pitching a fully developed concept.


## Conclusion: Challenges & Opportunities


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*It will become increasingly difficult for Canadian broadcasters to geogate US content and, as a result, this programming will become less interesting to Canadian advertisers. To keep these advertisers engaged in broadcasting, original Canadian content will become more important.* John Brunton, Insight Productions.


The branded entertainment opportunity is being driven by the need for companies to tell the story of their brand value more frequently and on multiple platforms, including video, to their customers. In Canada, while many companies' marketing assets are sent down from headquarters outside the country and budgets are considerably smaller, there are still many brands and agencies that are experimenting in the branded content arena. In fact, many experts argue that funds for truly innovative content campaigns may come from 'alternative' or local budgets rather than standard marketing spends, or from visionary executives who are scouting for great ideas from producers or their agencies. Furthermore, as Frantic Films in Winnipeg cites, there may be more room for innovation on non-traditional platforms (such as their comedy web series, *Wind City* which was entirely funded by brands and will be released on the website of the Winnipeg Free Press.)


Most of the experts interviewed for this paper agree that trends and best practices are emerging and these are summarized below:

 **Alignment of divergent goals:** Brands seek certainty and measurable results specifically tied to an increase in sales. Independent producers seek to create great entertainment that generate ratings and renewals. If producers wish to work with brands, they must adapt to a different set of success criteria. And, they will have to educate brands as to the necessity of copyright ownership and control if government funding is to be accessed.

 **Collaboration is key:** Whereas independent producers have long developed concepts for film and TV properties in relative

seclusion and then sought broadcaster or distributor buy-in, branded content requires a different approach to development. Gaining early support and commitment of the brand, the agency and the ultimate distributor of a project is the best possible avenue for success. However, for most producers, this is a much more complex process and may present problems of access and conflicting interests. The primary brand relationship has traditionally resided with the broadcaster and producers cannot simply circumvent this reality. Striking an alliance between ALL the players in the food chain is necessary.

 **Non-traditional versus traditional platforms:** Most brands still want traditional broadcast as the centrepiece of their marketing campaign – for reasons of reach and exposure. However, fully integrated branded entertainment properties for broadcast are not so easy to develop and the difference between the marketing calendars of brands and broadcast calendars present an additional obstacle. For this reason, non-traditional platforms – the web, social media – can offer speed-to-market, lower cost solutions for brands and for producers interested in pitching ideas.

 **Bridging the knowledge gap:** There is clearly a knowledge gap between producers and brands. Many experts will say large agencies present an obstacle to reaching brands, but often producers have no access to the CMO's or decision-makers or simply don't understand the brand's marketing brief process. Making links and connections between producers and the more nimble creative agencies is key to advancing this education. Some industry events, such as BCON Expo produced by Strategy and Playback, attempt to fill the gap. And, in fact, Brunico is launching an online solution – the BCON Exchange – where producers can upload projects seeking brand involvement and make them available to media and creative agencies and

# Conclusion: Challenges & Opportunities

potential buyers. A number of new players such as Fresh Baked Entertainment, Bent Entertainment, and Branded Content Television (a new venture of Capital C) have emerged with developing more branded entertainment as a primary mission.



**Easing of regulatory constraints:** In order to encourage more brands to invest in longer form content, greater clarity and certainty will be required from the current regulatory environment in Canada. As one producer commented, “programming is not like medicine – you have to give people what they want.” And, more generally, if we do not want to lose advertisers to the Canadian broadcasting system, the regulatory environment may need to adjust to trends in programming.



**Embracing multi-platform storytelling:** Many independent producers are still focused on developing series or feature films in a standalone environment. For branded content, lower budgets demand lower cost content solutions available in social media and on the Internet. As such, any branded entertainment pitch must include a comprehensive approach as to how the story will unfold (and how the audience will be engaged) over time and over multiple platforms. Brands are increasingly focused on how they can communicate their ‘narrative’ on a frequent and consistent basis with their consumers.

In our final White Paper, we have engaged in a discussion with leaders in the branded entertainment industry to ‘blue sky’ the future of branded entertainment. We examine the most innovative branded entertainment approaches and try to identify future trends, directions, and opportunities for independent producers in this rapidly evolving field.

## SUMMARY OF BEST PRACTICES:

1. **Access annual marketing briefs of brands and develop to brand needs**
2. **Recognize and be sensitive to brands’ objectives and goals**
3. **Remember entertainment value of property must be first and foremost – for broadcaster, for regulator, and for consumer**
4. **Do not target brands as purely a source of financing – but as a collaborative partnership**
5. **Consider partnering with creative agencies**
6. **Incorporate multiplatform approach in development of branded properties**
7. **Consider development, production and marketing of branded entertainment property as a year-long undertaking – not restricted to broadcast airdates**
8. **Respect the complexity of multiple stakeholders’ legacy interests and roles: broadcasters, agencies, brands and producers**
9. **Consult early with CRTC and CAVCO officials to ensure eligibility**

# Appendix A

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**Altimeter Group, Los Angeles**

Rebecca Lieb, Digital Advertising and Media Analyst  
Author, Content Marketing

**Bent Entertainment, Toronto**

David UK, Partner

**Buck Productions, Toronto**

Sean Buckley, Executive Producer/Director  
Jim Kiriakakis, Head of Television

**Canadian Audio-Visual Certification Office, Ottawa**

Tracey Doyle, Manager, Policy & Strategic Planning

**Capital C, Toronto**

Tony Chapman, CEO

**CBC, Toronto**

Jennifer Dettman, Executive Director, Studio and  
Unscripted Content  
Gaye McDonald, Director of Client Marketing

**cinelan, New York**

Karol Martesko, Co-Founder/Managing Partner  
David Laks, Co-Founder/Managing Partner

**CRTC, Ottawa**

Daniel Binette, Canadian Program Certification

**Electus, Los Angeles**

Laura Caraccioli, President, Content Marketing

**Frantic Entertainment, Winnipeg**

Jeff Peeler, President & Executive in Charge of Brand  
Integration

**Fresh Baked Entertainment, Toronto**

Brett Heard, President

**GRIP LIMITED, Toronto**

Harvey Carroll, Partner  
Randy Stein, Partner

**Heenan Blaikie, Toronto**

Sara Perry, Lawyer, Marketing & Advertising and  
Entertainment Law Groups

**Insight Productions, Toronto**

John Brunton, CEO

**Intel, Hillsboro, OR**

Billie Goldman, Partner Marketing Manager

**Jimmy Lee, Sid Lee Agency, Montreal**

President, Richard Jean-Baptiste

**MarbleMedia**

Mark Bishop, partner

**Omelet Studios, Los Angeles**

Phil Alberstat

**JWT, New York**

Mike Wiese, Director, Original & Branded  
Entertainment

**OgilvyEntertainment, New York**

Doug Scott, President

**Rogers Media, Toronto**

Jacqueline Loch, VP Content Solutions

**Starlight Runner, New York**

Mark Pensavalle, Partner, EVP

**Temple Street Productions, Toronto**

John Young, Managing Director

**The Tite Group**

Ron Tite, CEO

### Catherine Tait: Project Leader

Catherine Tait is a founding partner of Duopoly, an independent entertainment company that has provided business development services to the media industries in Canada and the United States for the past ten years. Catherine has been engaged by a range of organizations including the Canadian Film Centre, Tribeca Film Institute, Telefilm, the Canada Media Fund and the NFB, to develop strategic plans for digital and multiplatform transformation. In 2006, she founded iThentic, named Digital Company of the Year by Playback in 2012, which produces and distributes digital properties. She is also active in the production of feature films, television and multiplatform properties most recently with GUIDESTONES, an interactive thriller which won an International Digital Emmy and is currently airing on CTV.ca.

Catherine has over 25 years of experience in the public and private sector media business, in a variety of senior executive roles on both sides of the border. In her role as Salter Street Films' President and COO, Catherine took the company public on the Toronto Stock Exchange, built and financed a new media subsidiary, and spearheaded the company's successful bid for digital broadcasting licences including the Independent Film Channel Canada. Prior to Salter Street Films, Catherine was Executive Director of the Independent Feature Project in New York, the largest organization of independent producers in the United States. Before the IFP, Catherine worked in policy and planning for Telefilm Canada, and served as Canada's Cultural Attaché to France. She was a Director of the Board of Aliant, Atlantic Canada's telco; a Director of CHUM Ltd; a Director of eOne's Canadian Board; and currently, serves as a Director and co-founder of a new broadcasting venture, Hollywood Suite.

### Al Cattabiani

Al has always focused on starting, building, buying and (occasionally) selling media businesses that target "Cultural Creatives" (adventuresome, leading-edge thinkers). Al currently has interests in several young companies, ranging from original broadband content to electronic distribution of wellness information to new models for releasing music and films. Al was a co-founder of iThentic with Catherine in 2006. In addition, he consults for a variety of clients: from multi-billion dollar conglomerates to mid-sized growth companies to individual artists and producers.

He also served on the board of Acorn Media Group, until its recent \$100m+ acquisition by RLJ Entertainment.

Al was President/CEO of Wellspring Media, a company he co-founded in 1993 and sold in 2004. Wellspring was a leading independent distributor - - worldwide, in all media -- of arthouse cinema and programming promoting holistic living. Its library of over 700 titles included many Oscar, Emmy and Grammy winners. Wellspring investors enjoyed excellent returns on two separate buyouts. Before starting Wellspring, Al served as President and Chief Operating Officer of Los Angeles-based Pacific Arts Corporation, where he helped create the PBS Home Video label. He serves on the board of the Global Film Initiative, a non-profit foundation to assist filmmakers in developing countries.

Catherine and Al have collaborated on several digital media research studies for the CMPA including:

[February 2013 - Discoverability: Strategies for Canadian Content Producers in a Global Online Marketplace](#)

[February 2012 - Content Everywhere: Mapping the Digital Future for the Canadian Production Industry](#)

[June 2010 - Towards a Framework for Digital Rights](#)