IZEA

# 2015 STATE OF SPONSORED SOCIAL

The 6th annual national state of the industry from both Marketer and Creator perspectives.

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2015 STATE OF SPONSORED SOCIAL

# BACKGROUND
# METHODOLOGY

IZEA's 2015 State of Sponsored Social Study yields the national Marketer and Creator sentiment about the Sponsored Social industry via independent metrics and voice.

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# IZEA is continuing its investment in industry intellectual capital through the 2015 State of Sponsored Social Study

**2010-2013:**
IZEA fields and analyzes its own North America State of Sponsored Social Survey

**2014:**
IZEA elects to underwrite State of Sponsored Social Study (SOSS) using independent outside research consultant partner and national survey panel

**2015:**
IZEA fields second study with independent partner and national survey panel, providing ability to track year-over-year changes in the industry

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Halverson Group selected to design and conduct 2014 & 2015 study

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# MARKETER SAMPLE

## The 2015 Panel Closely Mirrored the 2014 SoSS Panel

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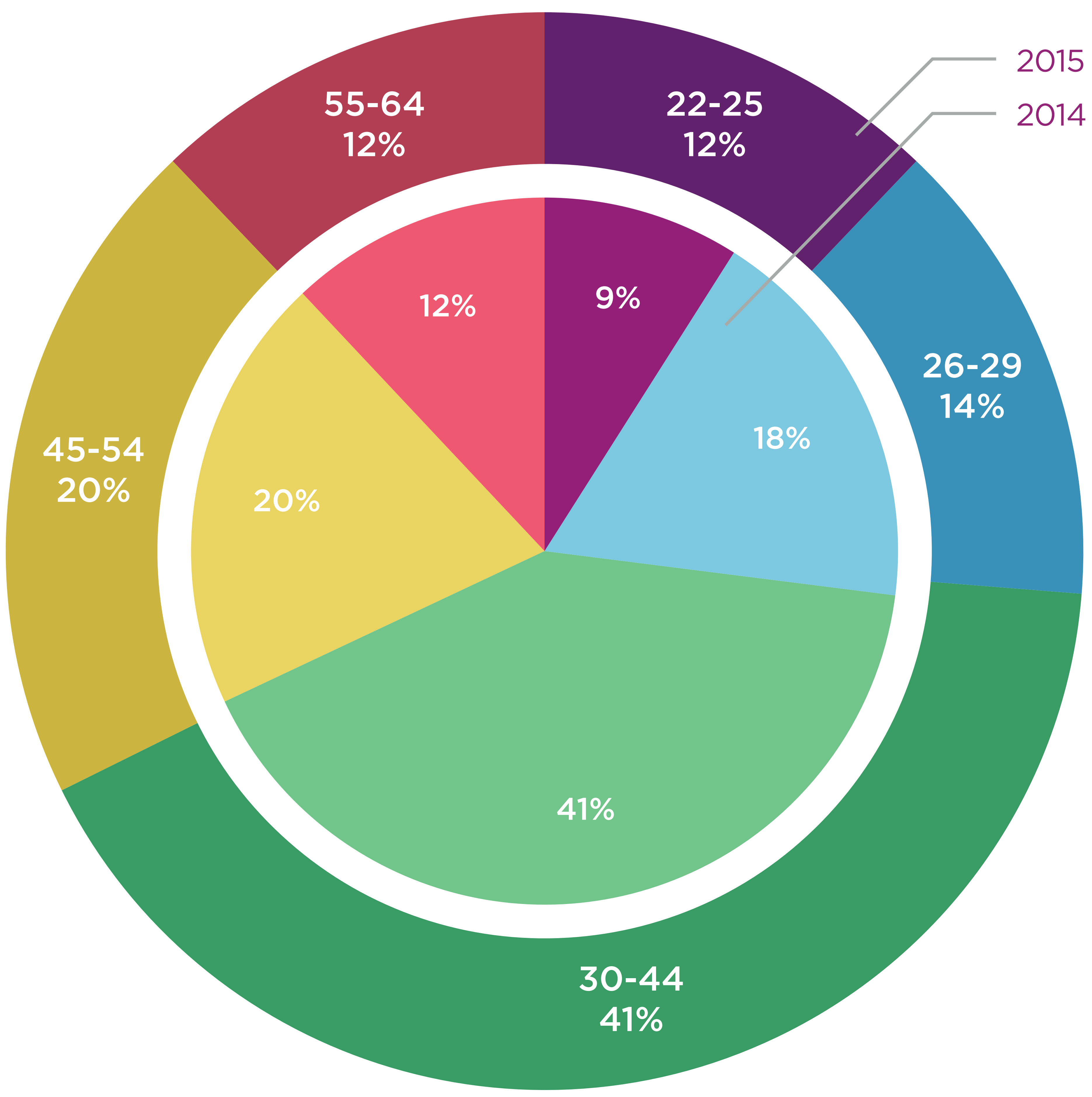
| PROFESSIONAL ROLE | % | |
|---|---|---|
| **CLIENT SIDE** | **2014** | **2015** |
| **Marketing/Advertising** | **23** | **29** |
| PR/Corp. Comms. | 13 | 8 |
| Brand Mgmt. | 5 | 6 |
| Digital/Social | n/a | 1 |
| Retail/Shopper | 3 | 3 |
| Media role | n/a | 2 |
| All other client | 5 | 7 |
| **AGENCY SIDE** | | |
| Brand/Creative | 12 | 14 |
| PR/Corp. Comms. | 8 | 9 |
| Digital/Social | 11 | 7 |
| Entertainment | 4 | 6 |
| Media | 4 | 3 |
| All other agency | 11 | 5 |

### Age of Respondent




Sample of 511 marketers who had some level of familiarity with Sponsored Social, sourced by Research Now.

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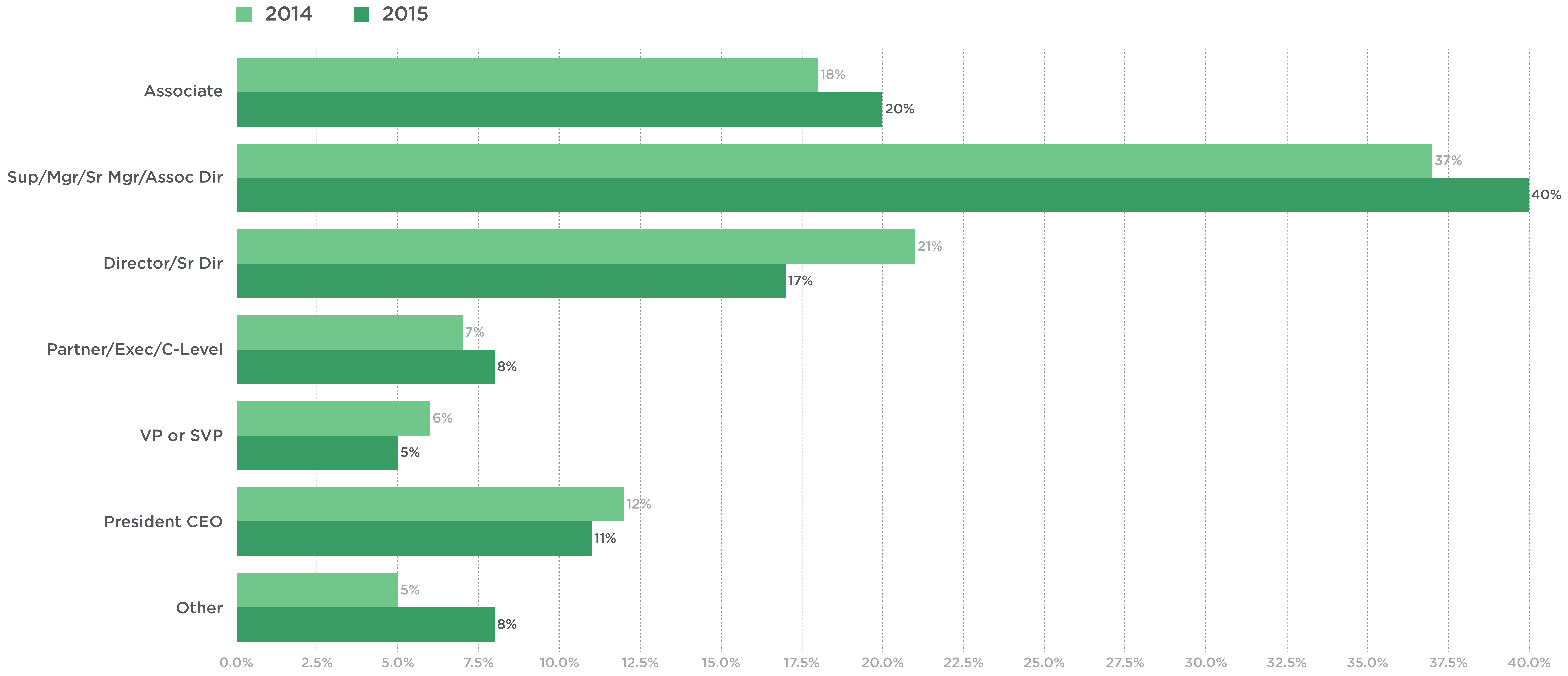
# MARKETER SAMPLE

Sample spanned the spectrum of professional levels.



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# MARKETER SAMPLE

Marketers had diverse background and experience.

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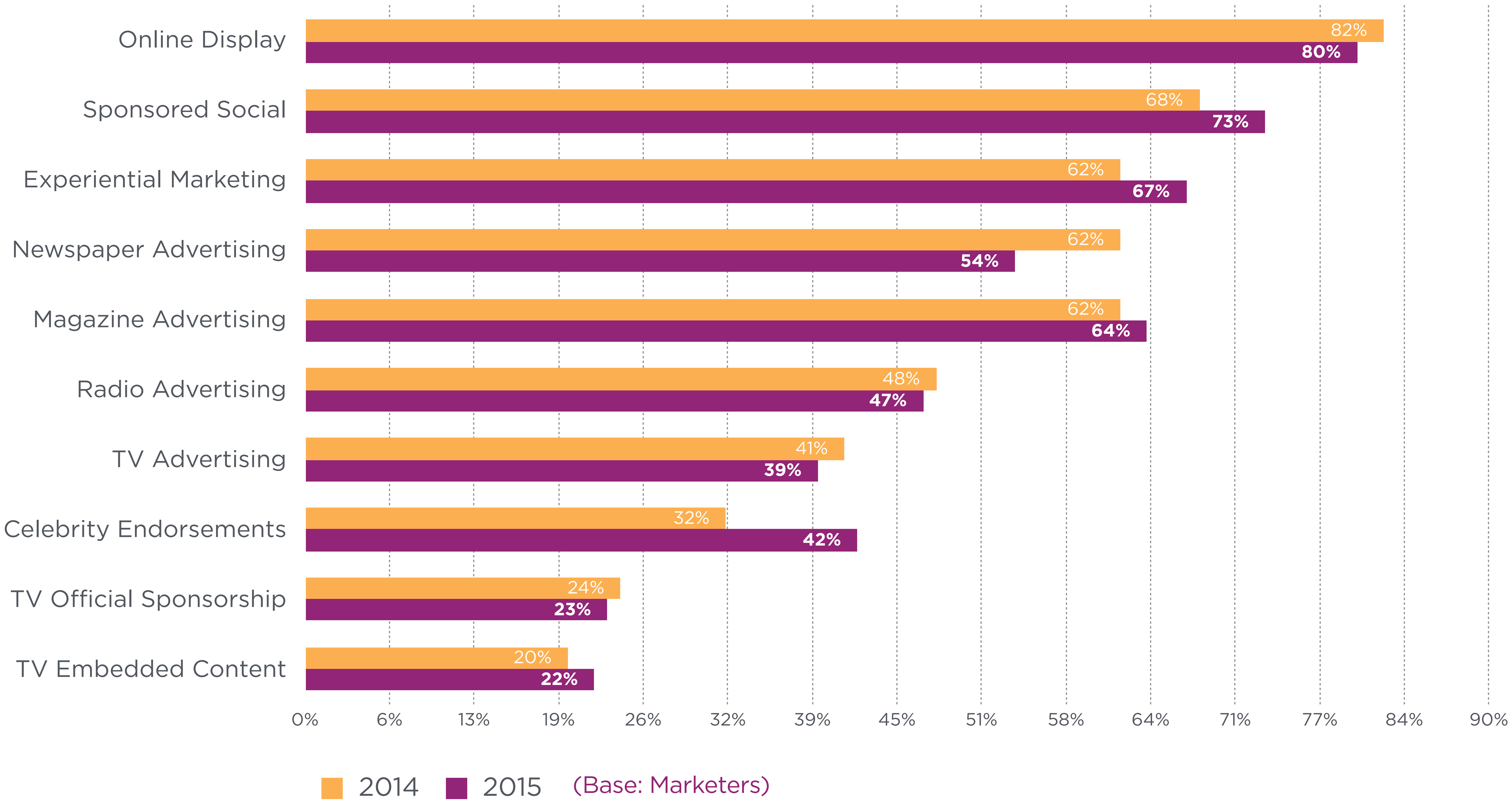
More respondents have Sponsored Social experience this year, as well as past usage of Experiential Marketing and Celebrity Endorsements.

## % Who Had Direct Professional Experience




(Base: Marketers)

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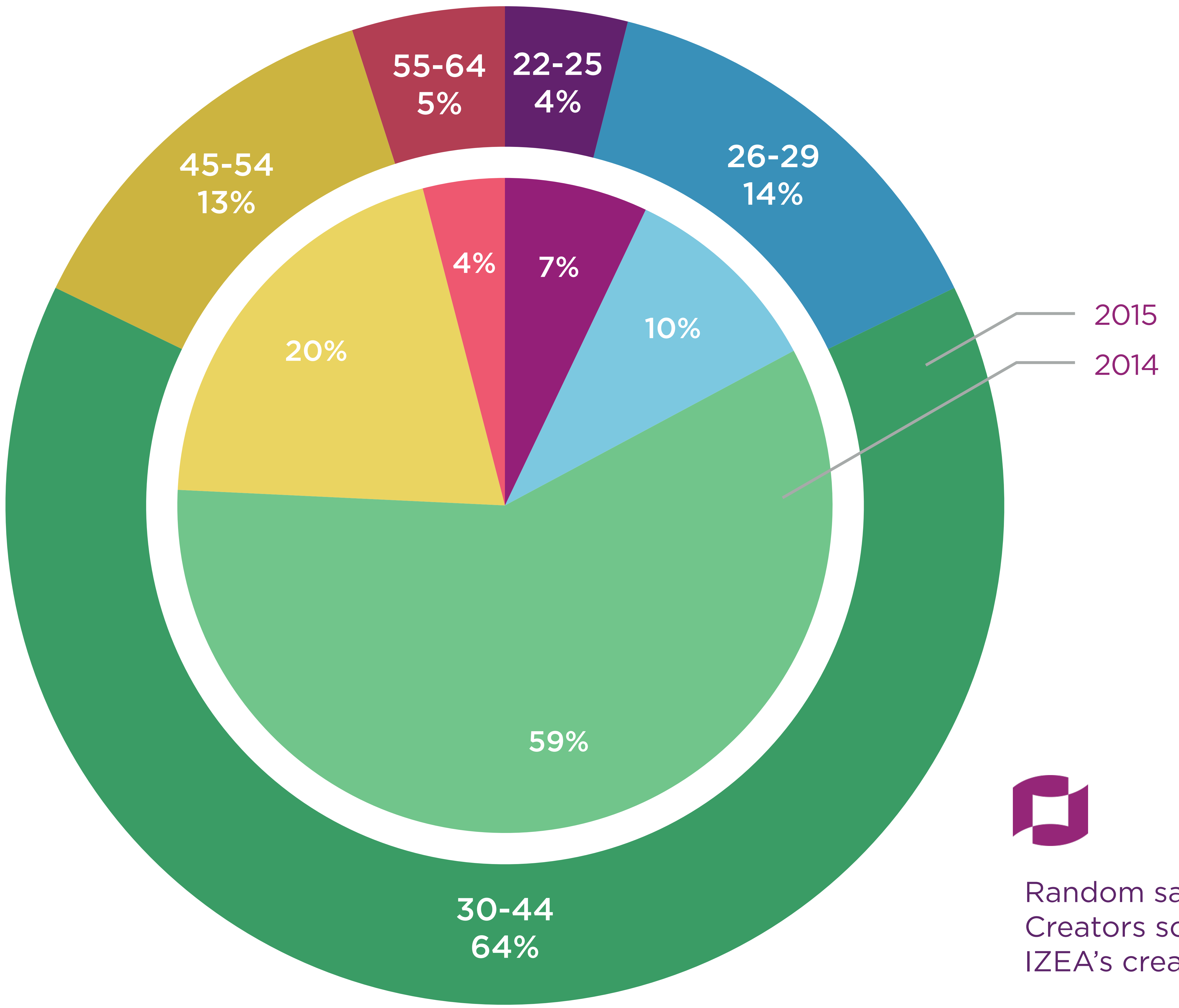
# CREATOR SAMPLE

## The 2015 Panel Closely Mirrored the 2014 SoSS Panel

| FOCAL SUBJECTS | % | |
|---|---|---|
| | 2014 | 2015 |
| Lifestyle | 74 | 75 |
| Food | 80 | 72 |
| Family/Parenting/Kids | 65 | 63 |
| DIY/Craft | 51 | 59 |
| Travel | 40 | 51 |
| Social Media | 44 | 50 |
| Health | 47 | 45 |
| Technology | 32 | 45 |
| Beauty | 52 | 43 |
| Fashion | 47 | 42 |
| Entertainment | 43 | 41 |
| Music | 26 | 24 |
| Video Games | 20 | 24 |
| Advertising | 30 | 23 |
| Pop Culture | 20 | 21 |
| Business | 17 | 20 |

### Age of Respondent




Random sample of 150 Creators sourced from IZEA's creator database.


2015 STATE OF SPONSORED SOCIAL

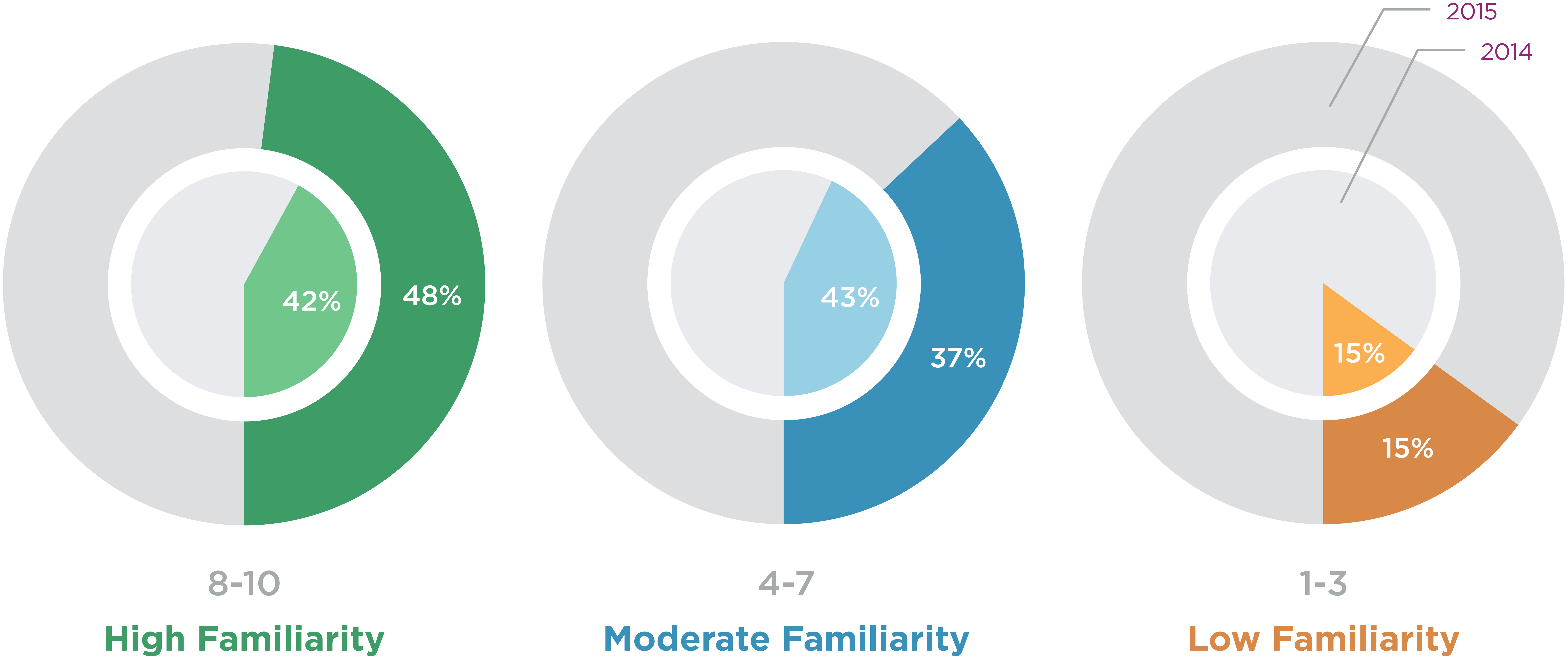
# MARKETERS RESPONSES

# On average, America's brand and agency marketers are familiar with Sponsored Social - but do not yet consider themselves "experts."

**Mean Rating**
**6.6** out of **10**
up from
**6.4** out of **10**
(2014)

Outer Ring 2015
Inner Ring 2014
(Base : Marketers)

## How familiar are you with Sponsored Social Marketing?



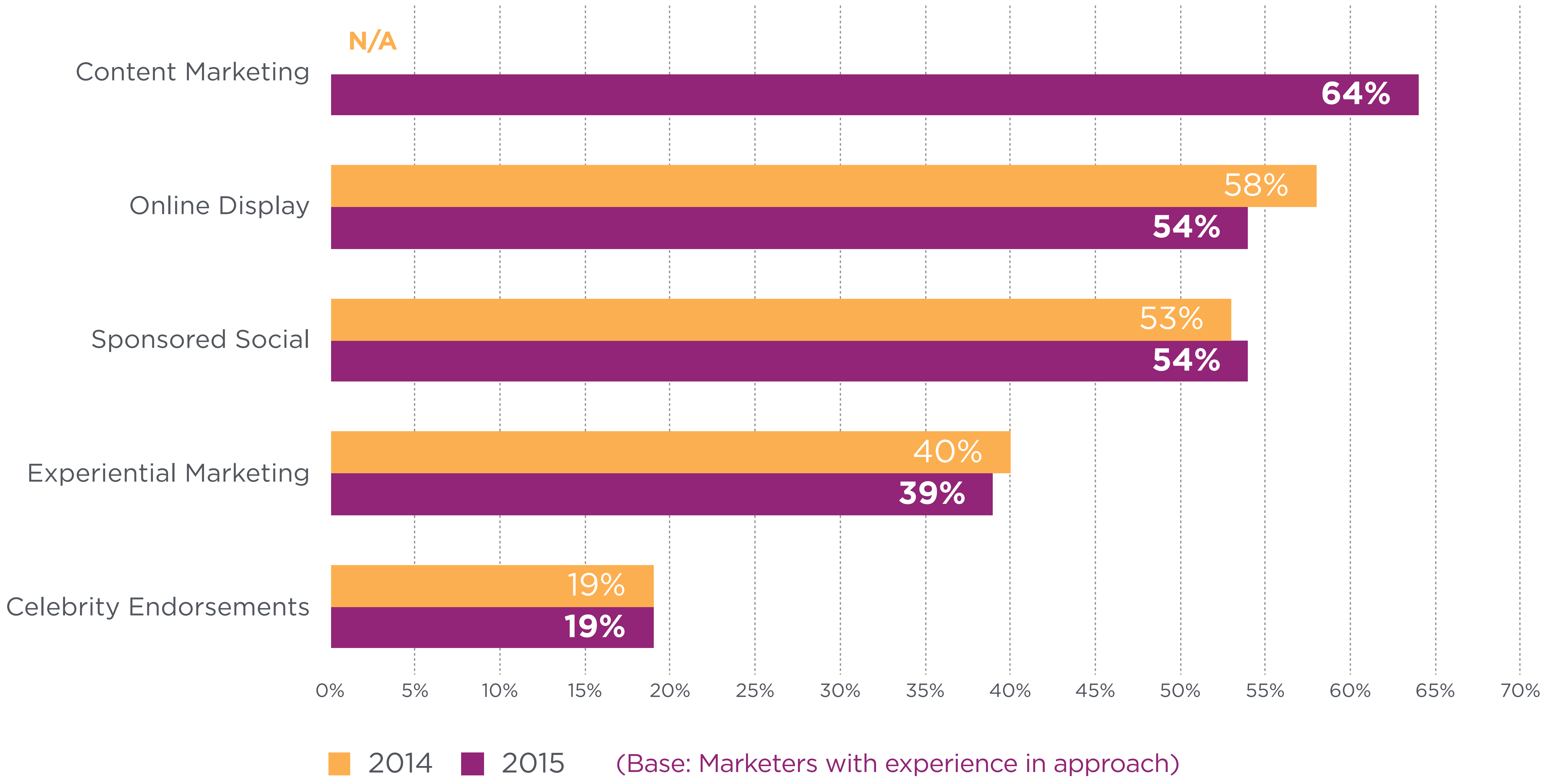
# Sponsored Social is nearly as widely used as longer-lived online, display advertising among client and agency marketers.

**For the purpose of delineating between Sponsored Social & Content Marketing –**

**Sponsored Social** was defined as "Sponsored Posts, Influencer Marketing (i.e. Sponsored Tweets, Posts, Shares, Blogs)"

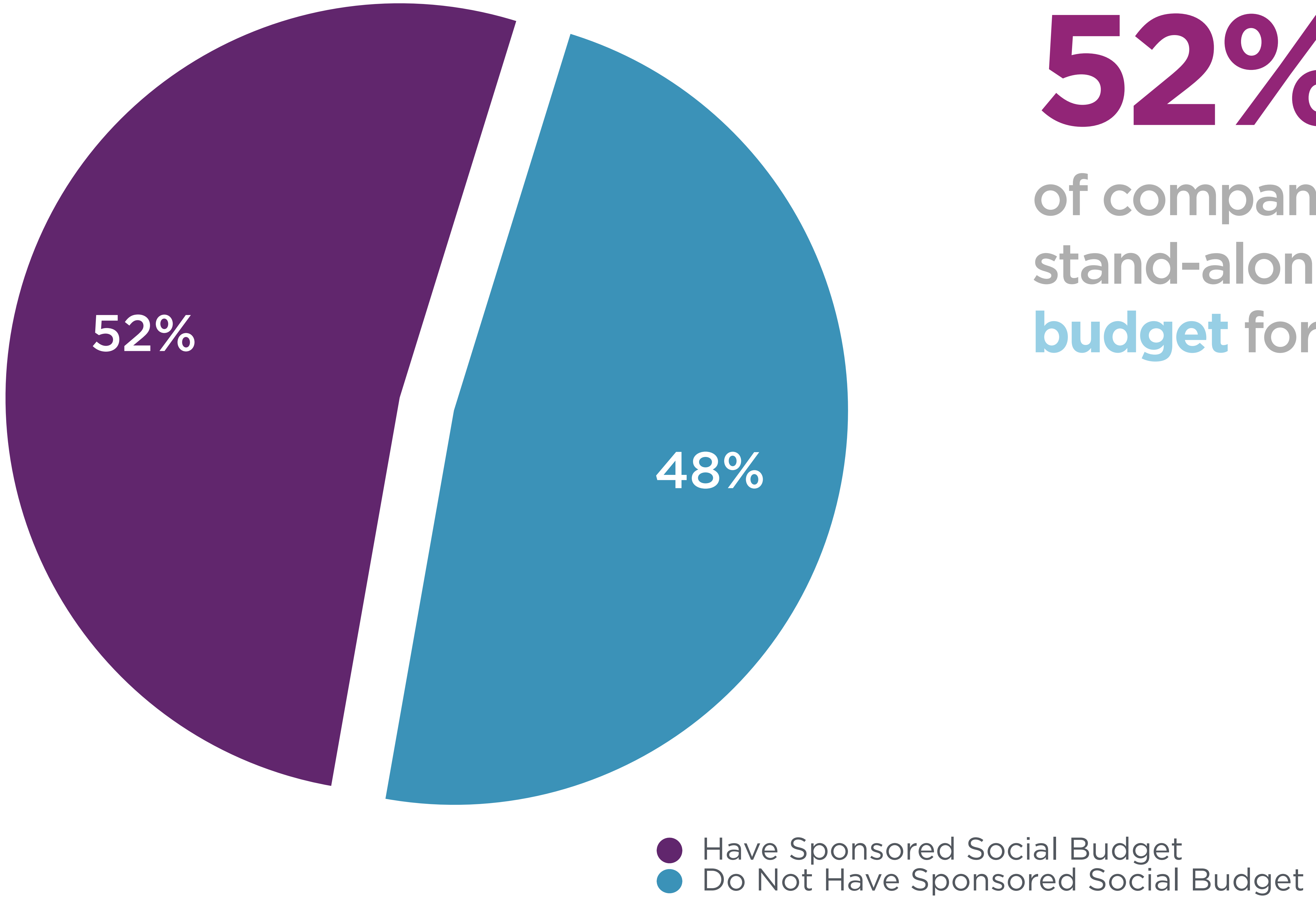
**Content Marketing** was defined as "the strategic development of written, photographic, illustration, or video assets by journalists or subject-matter experts for a brand"

## % Who Used in Past Year




(Base: Marketers with experience in approach)

## 5% of marketers estimate they have an organization annual budget for sponsored social in excess of **$5,000,000***




# 52%

of companies have a stand-alone Sponsored Social **budget** for their brand

# 25%

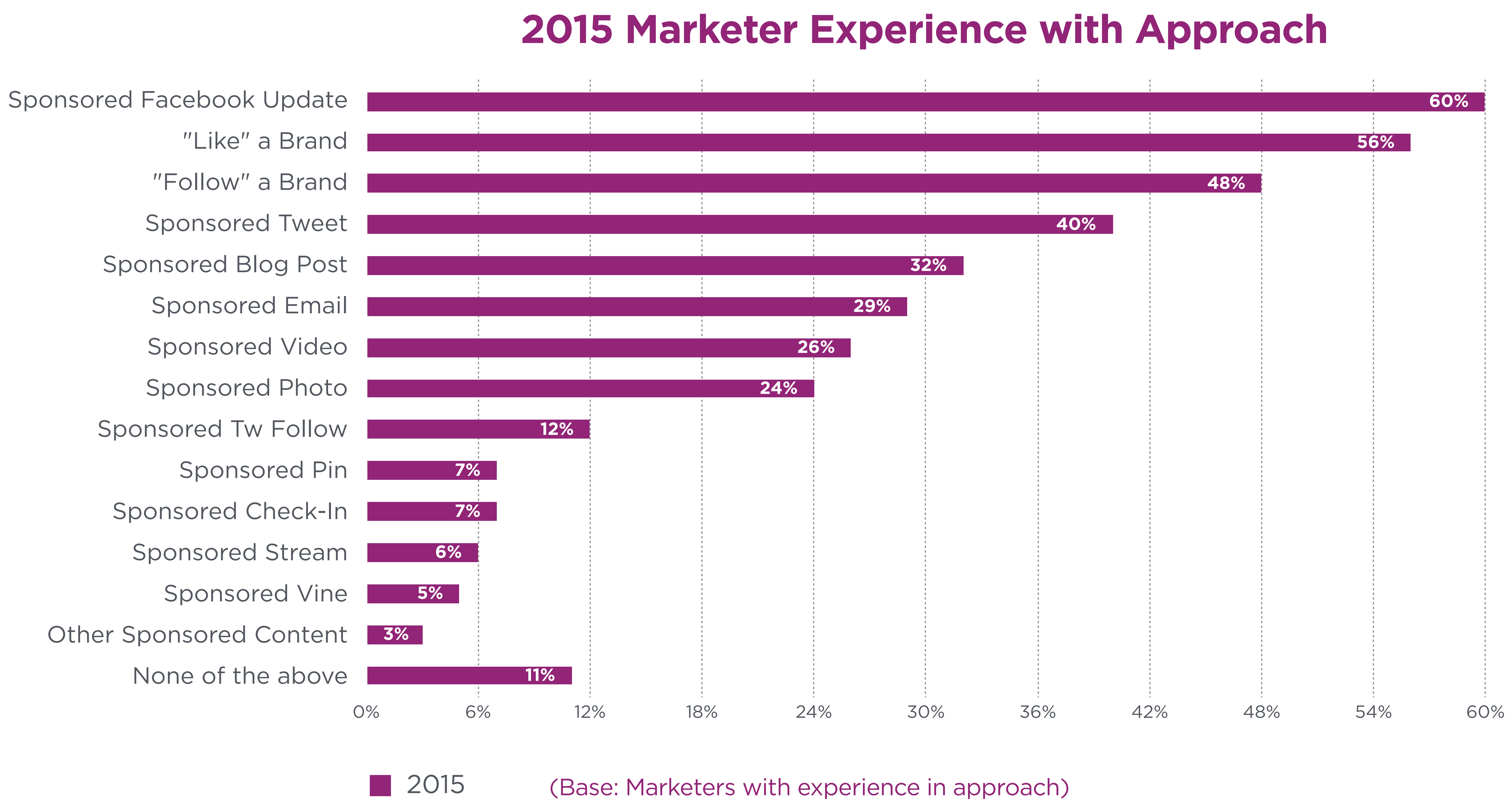
have an organizational annual budget in excess of $500,000*



*Excludes the 29% who didn't know or refused

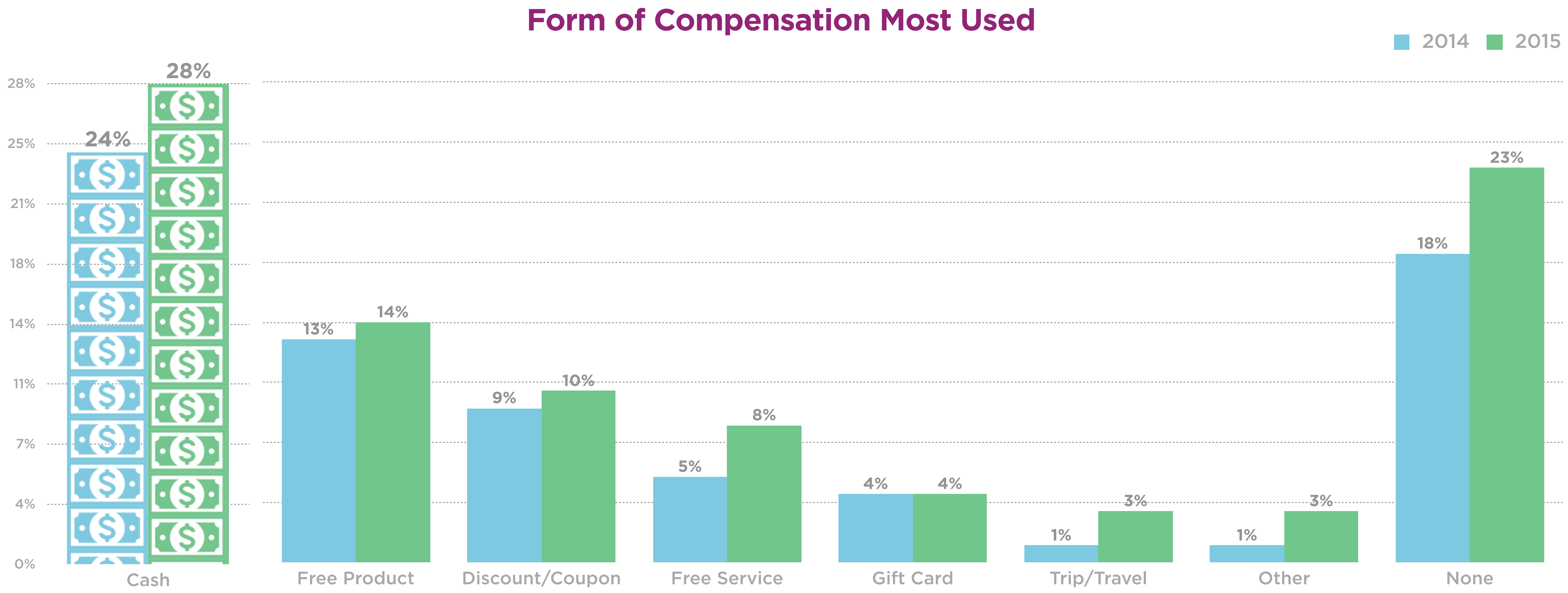
# Brand “likes” and “follows” have declined in popularity as Sponsored Social elements in 2015.

| 2014 | 2015 | CHG |
|---|---|---|
| 56% | 60% | + 4% |
| 63% | 56% | - 7% |
| 54% | 48% | - 6% |
| 39% | 40% | + 1% |
| 35% | 32% | - 3% |
| 30% | 29% | - 1% |
| 25% | 26% | + 1% |
| 22% | 24% | + 2% |
| 13% | 12% | - 1% |
| 6% | 7% | + 1% |
| 9% | 7% | - 2% |
| n/a | 6% | |
| n/a | 5% | |
| 2% | 3% | |
| 15% | 11% | - 4% |




(Base: Marketers with experience in approach)

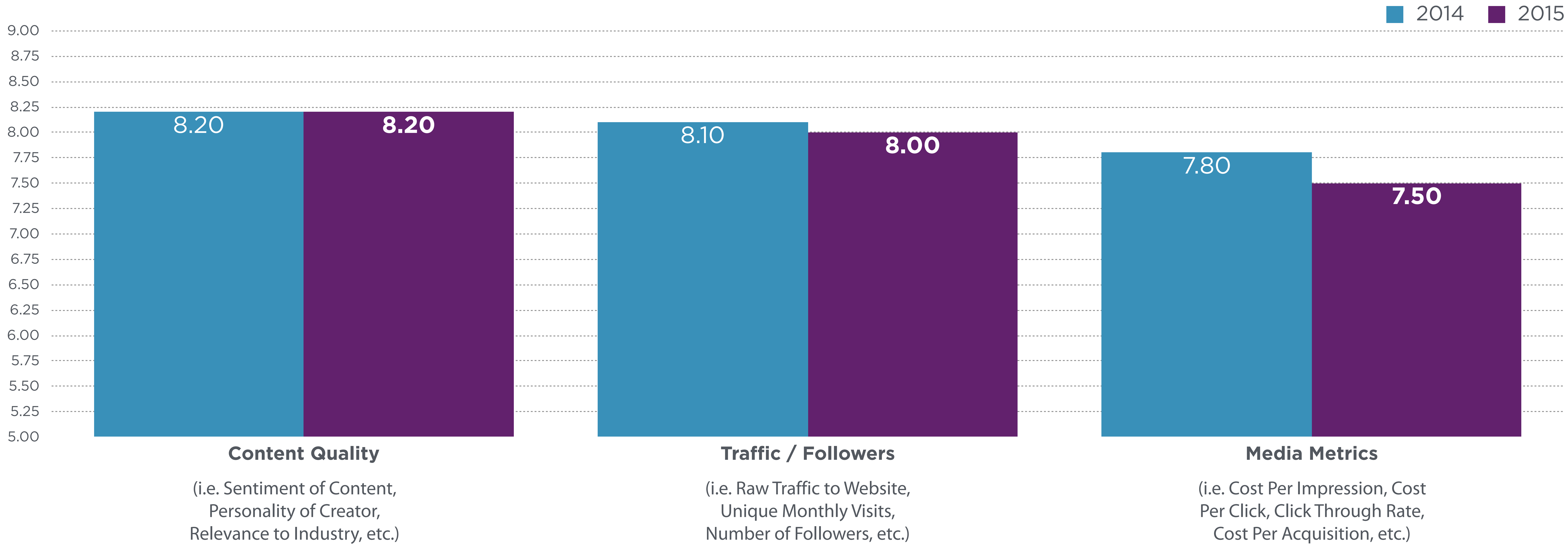
# Cash continues to be the primary form of compensation for partners in Sponsored Social engagements.




(Base: Marketers with experience in approach)

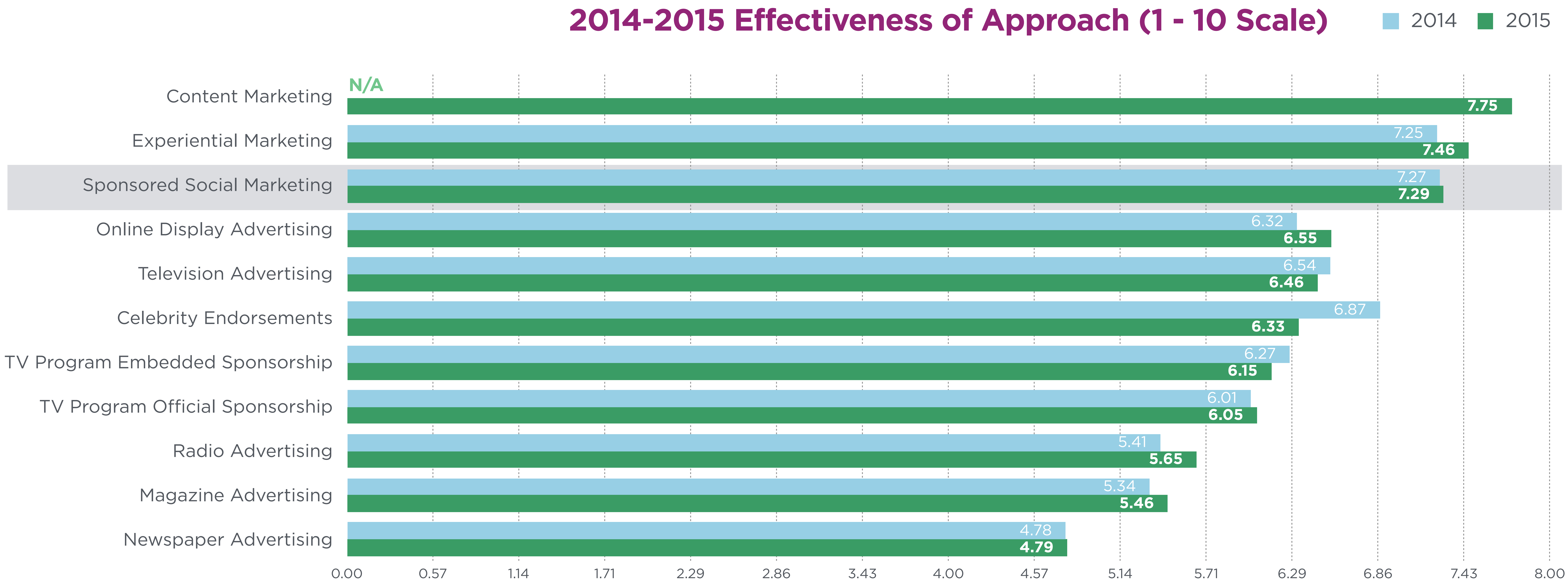
# As seen in past waves, content quality and traffic counts remain of equal and very high importance to marketers engaged in Sponsored Social.

## Importance in Choosing Social Creator Partner (1-10 Scale)




(Base: Marketers)

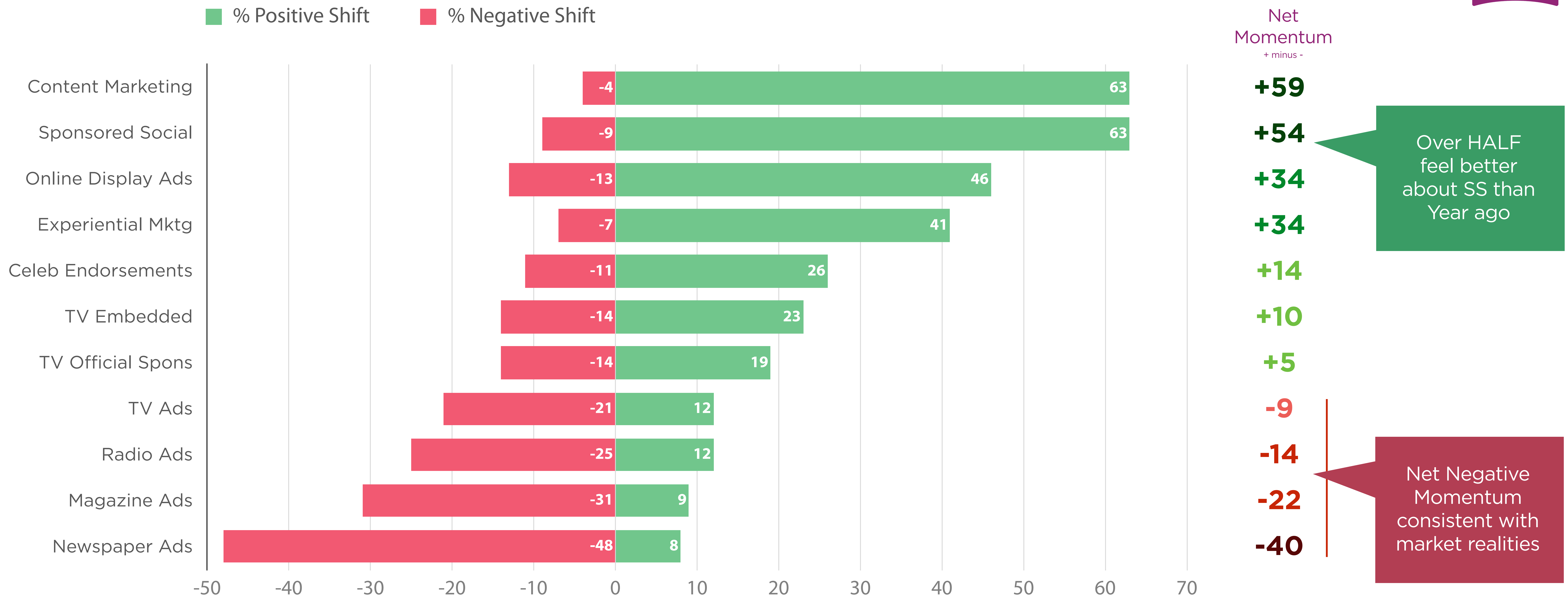
# For second year in a row, Sponsored Social is regarded as more effective than many traditional marketing approaches.




(Base: Marketers with experience in given approach)

# 2015 MARKETING APPROACH EFFECTIVENESS MOMENTUM

## Change in Marketer Regard vs. Year Ago




Sponsored Social and Content Marketing sit at the top of all measured approaches in being viewed as more effective vs. Year Ago

(Base: Marketers with experience in approach)

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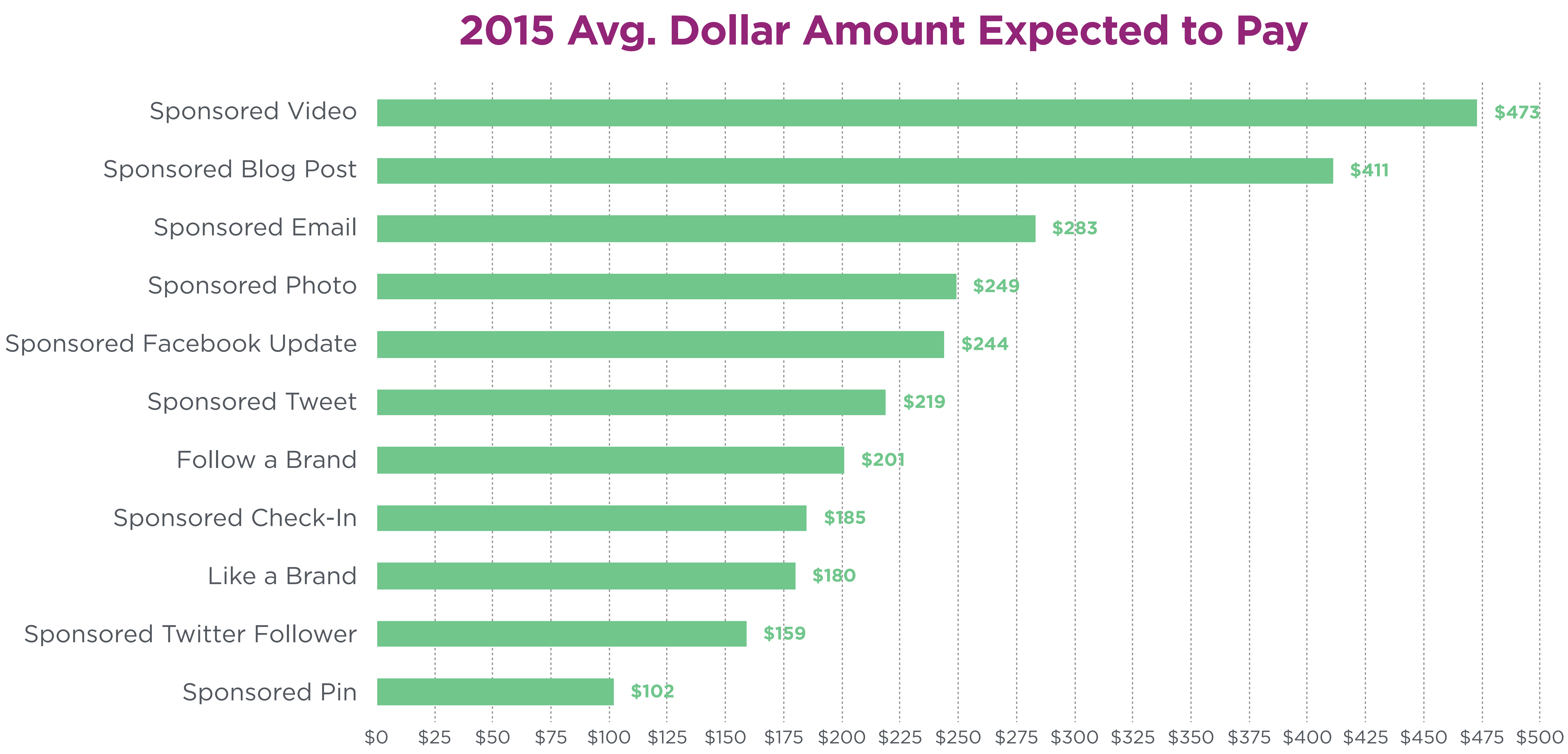
# Marketers expect to pay a premium for long form content, reflecting the time and effort required of Creators to produce it.

**2.1x** premium applied to sponsored video and blog posts vs. other forms of sponsored social




(Base: Marketers)


2015 STATE OF SPONSORED SOCIAL

# CREATOR RESPONSES

# Creators often carry on the conversation online and offline and adopt the sponsored brands themselves.

Creators' Sponsored Social engagement has a ripple effect of value to Marketers, as nearly all Creators continue to **evangelize for brands** beyond the end of their paid projects.

**89%** +1% YoY

Verbally tell a friend about brands that sponsor them.

**85%** +8% YoY

Say they are more likely to purchase from brands that sponsor them.

**83%** +11% YoY

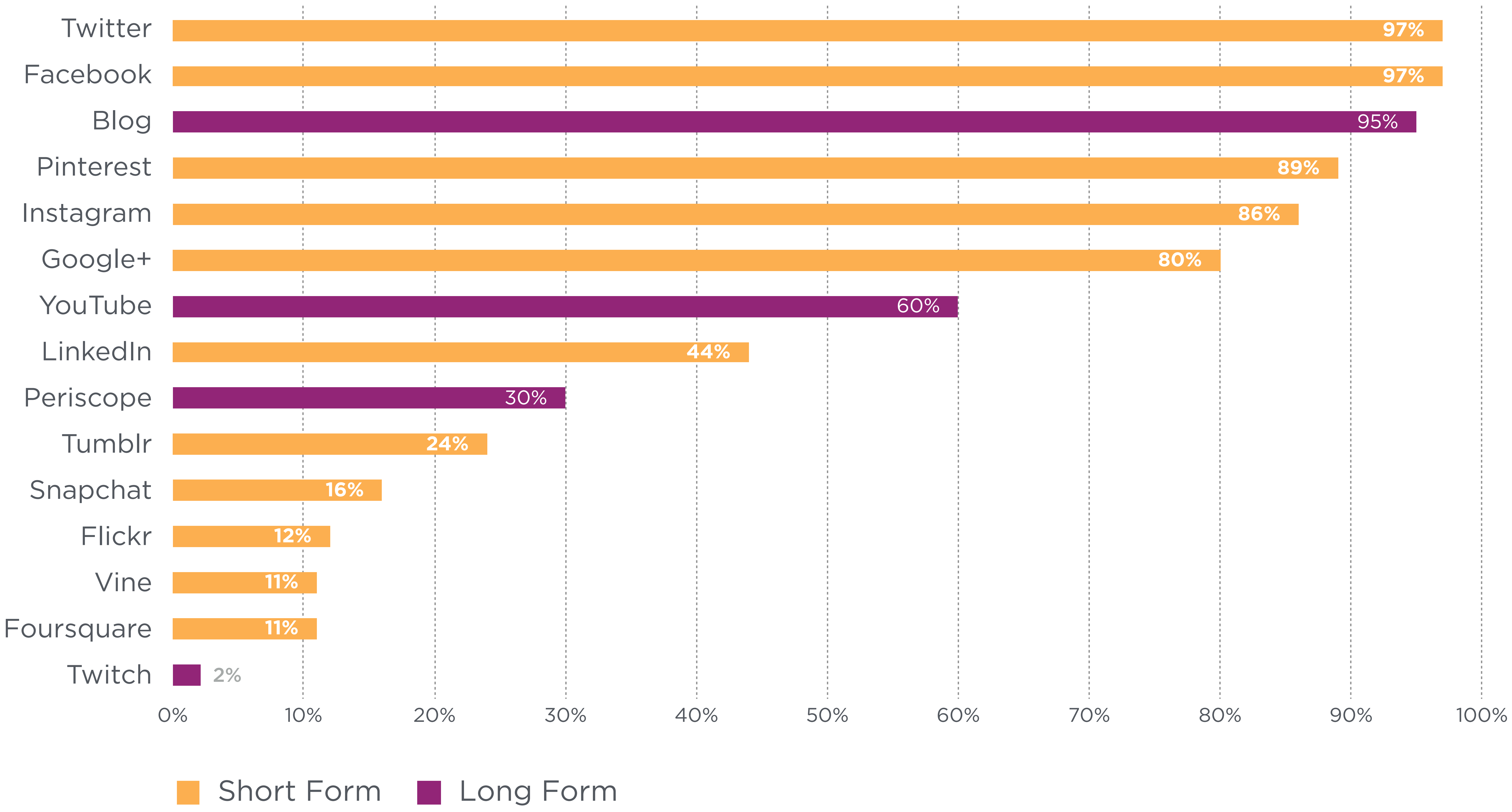
Share additional posts about their sponsors for free, outside of their contractual agreement.

(Base: Creators)

# Short form content platforms continue to dominate as the primary means of content creation and distribution for Creators.

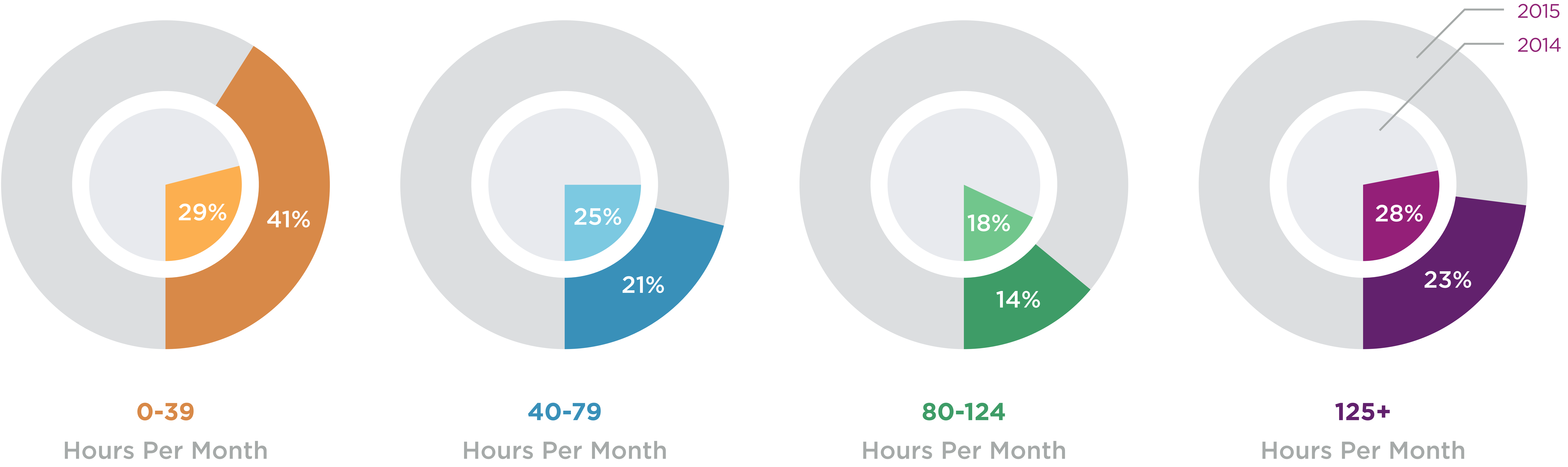
| PLATFORM | 2014 | 2015 | CHG |
|---|---|---|---|
| Twitter | 95% | 97% | + 2% |
| Facebook | 94% | 97% | + 3% |
| Blog | 91% | 95% | + 4% |
| Pinterest | n/a | 89% | |
| Instagram | 83% | 86% | + 3% |
| Google+ | 81% | 80% | - 1% |
| YouTube | 52% | 60% | + 8% |
| LinkedIn | 51% | 44% | - 7% |
| Periscope | n/a | 30% | |
| Tumblr | 21% | 24% | + 1% |
| Snapchat | n/a | 16% | |
| Flickr | 11% | 12% | + 1% |
| Vine | n/a | 11% | |
| Foursquare | 21% | 11% | -10% |
| Twitch | n/a | 2% | |

## 2015 Use of Content Distribution Platforms (Base: Creators)



# Creators are spending less time per month producing content, as more content creators focus on short form, "snackable" media.

## Creators : Hours Per Month Spent Producing Content



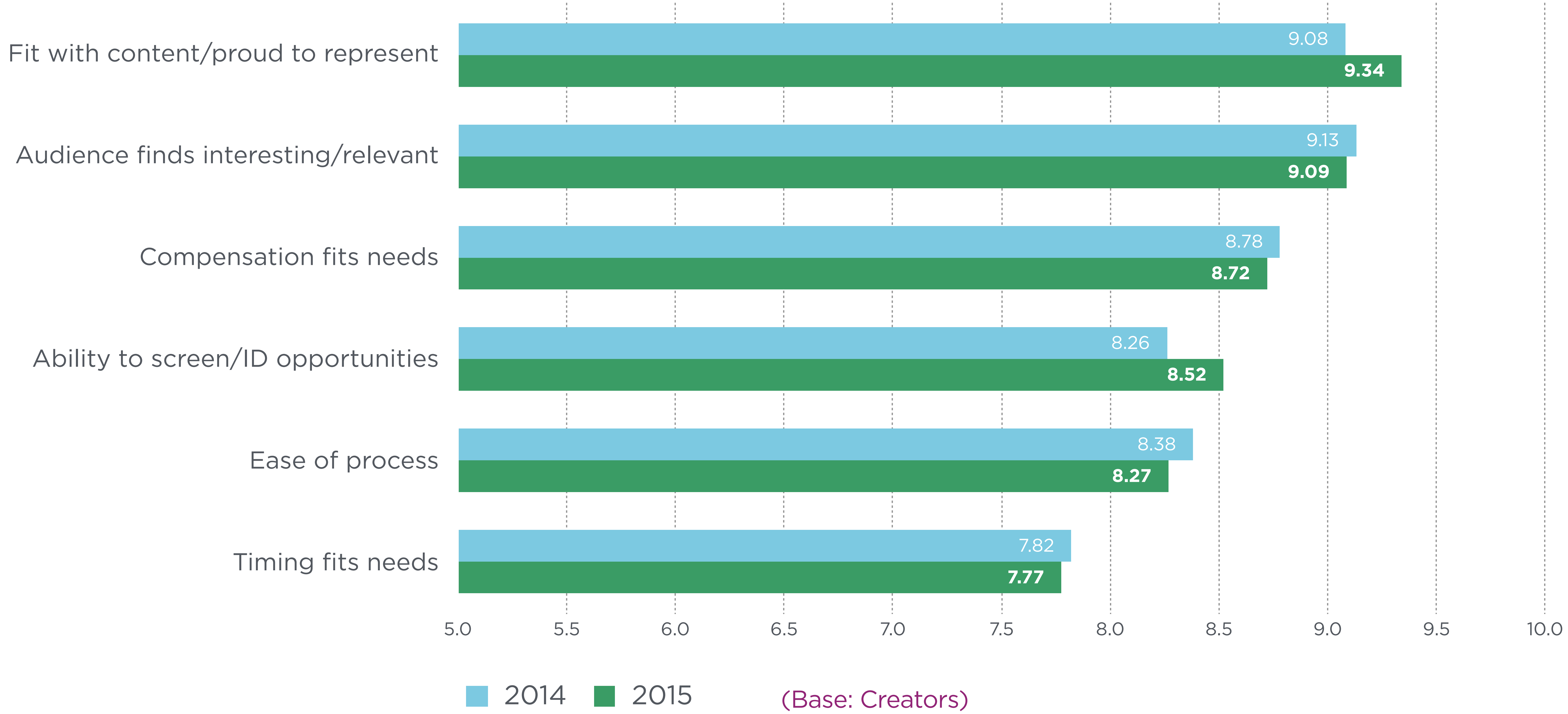

Content Creators spend a median level of 72 hours per month generating content.

# Creators clearly place primary importance on protecting their personal brand and audience.

Compensation is an understandable, next-level consideration

Process-related factors are important - but lag these other primary considerations

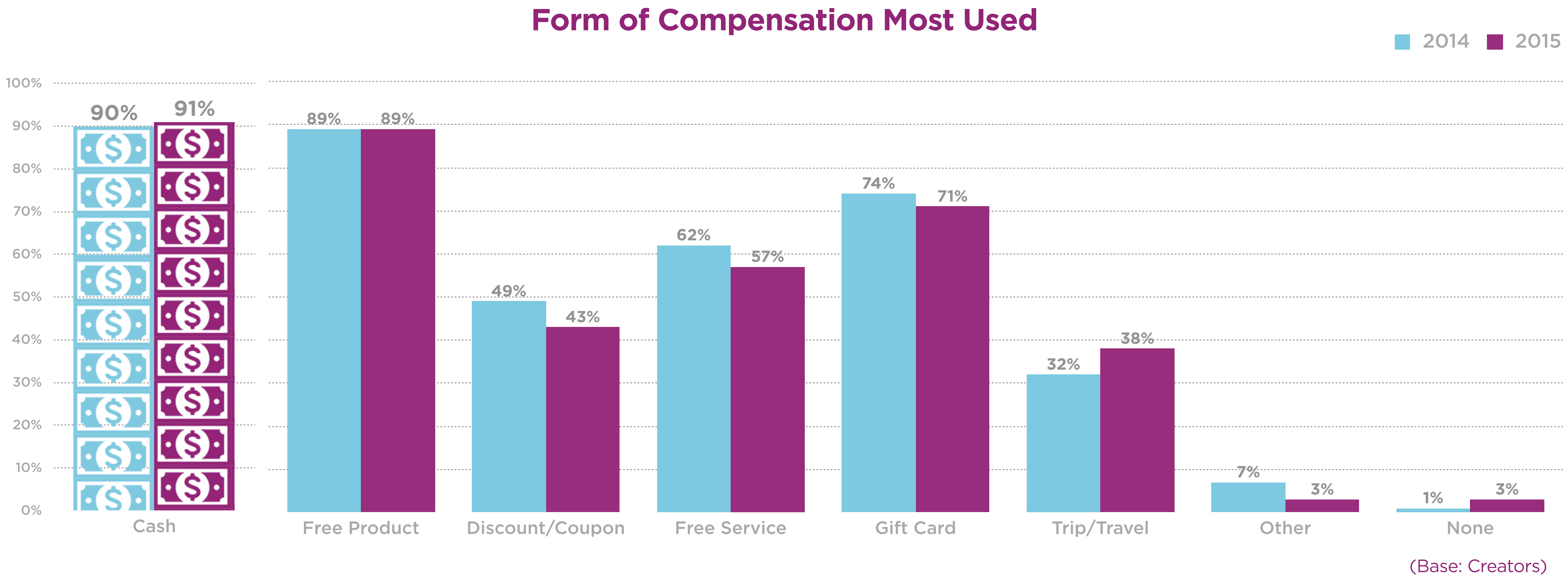
## How important is factor in considering Sponsored Social program? (1-10 Scale)




(Base: Creators)


"The top opportunity to make Sponsored Social better is to hand the right offers to the right people so they can market it to the right audience for you."
- *Content Creator*

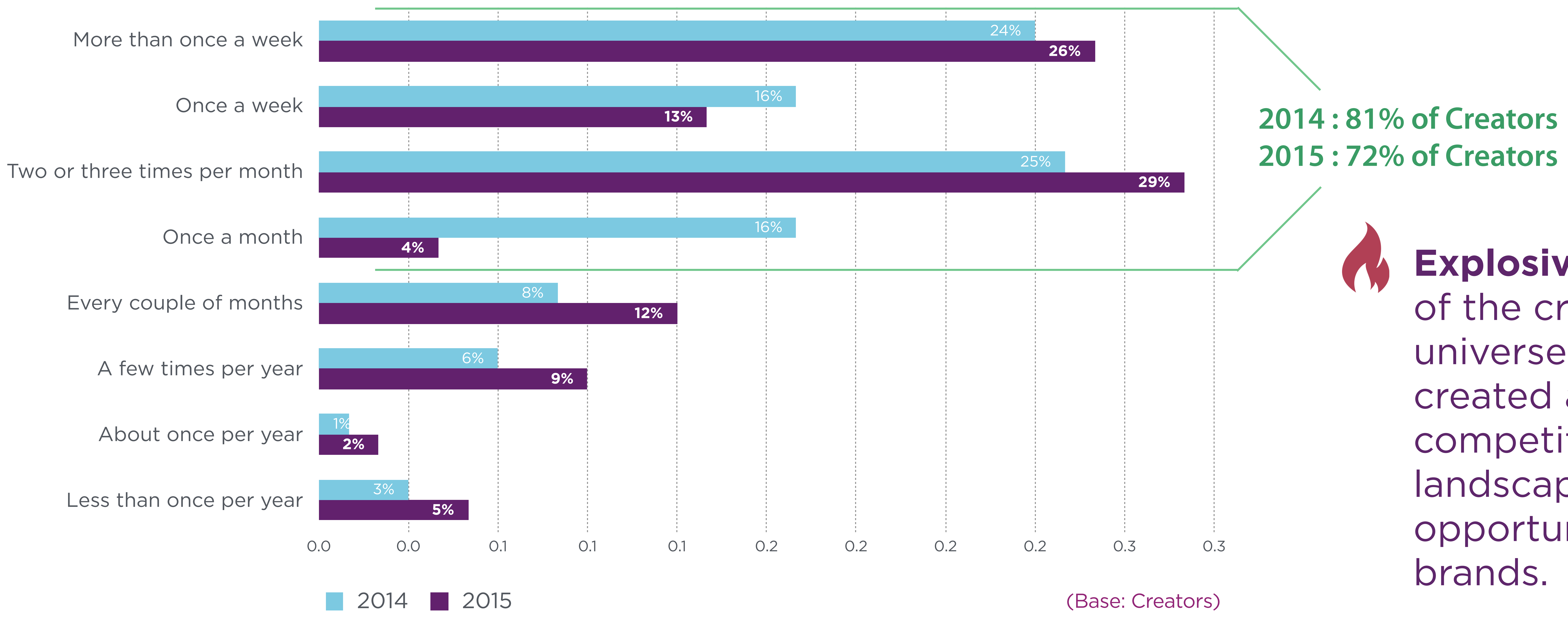
# Cash continues to be the primary form of compensation for creators in Sponsored Social engagements.




Cash is often used in combination with a free product or service and is not mutually exclusive.

# While pricing has increased, frequency of sponsorships has decreased both as a result of increased competition and creator discretion

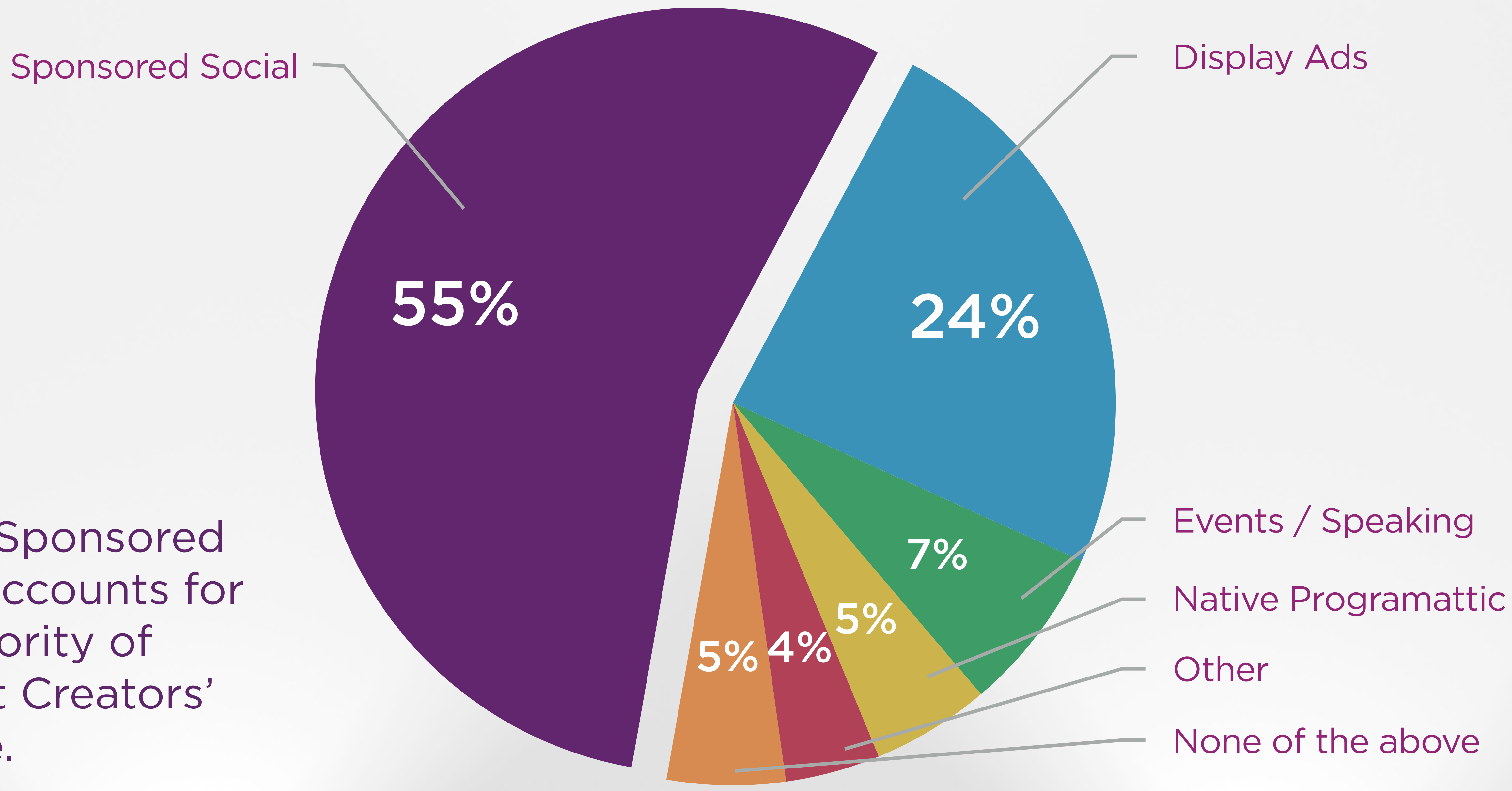
## Frequency of Sponsored Social Projects




**Explosive** growth of the creator universe has created a more competitive landscape and opportunity for brands.

Sponsored Social is a source of income for **9** out of **10** Creators.

# % of Total Creator Income




In fact, Sponsored Social accounts for the majority of Content Creators' revenue.

# 2015 NET INCOME MOMENTUM

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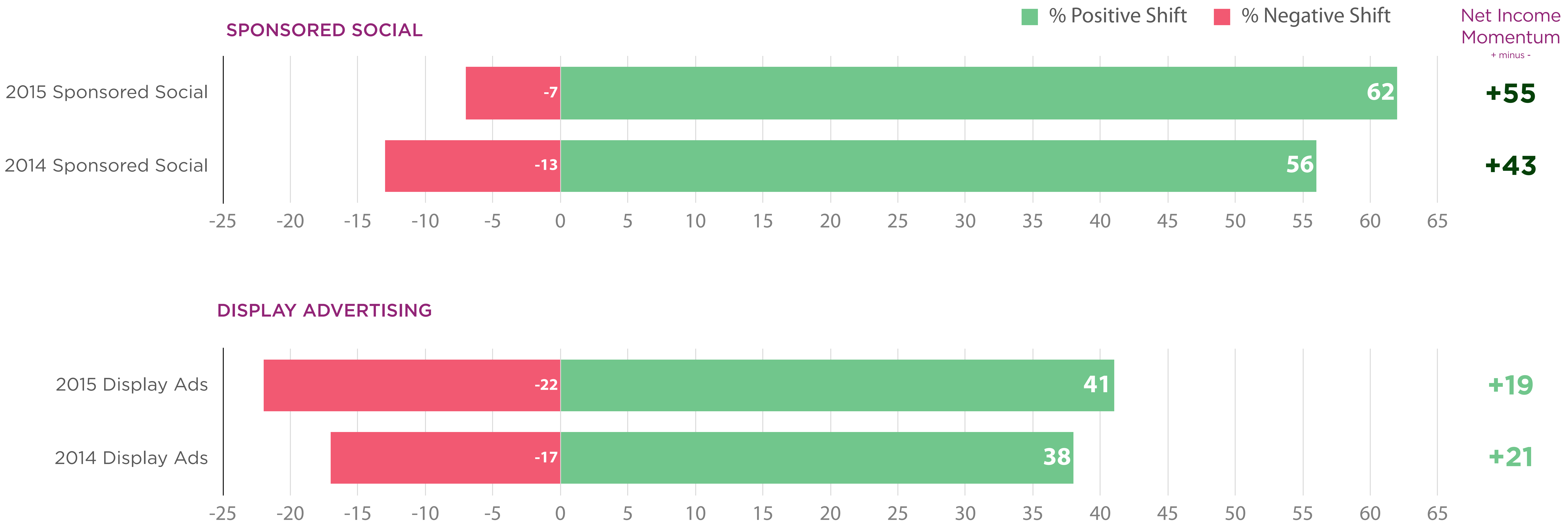
Change in Content Creator Income Source vs. Year Ago




(Base: Creators)

Year-on-year, Sponsored Social continues to outpace Display Ads as a growing Creator income source by a 2 to 1 margin.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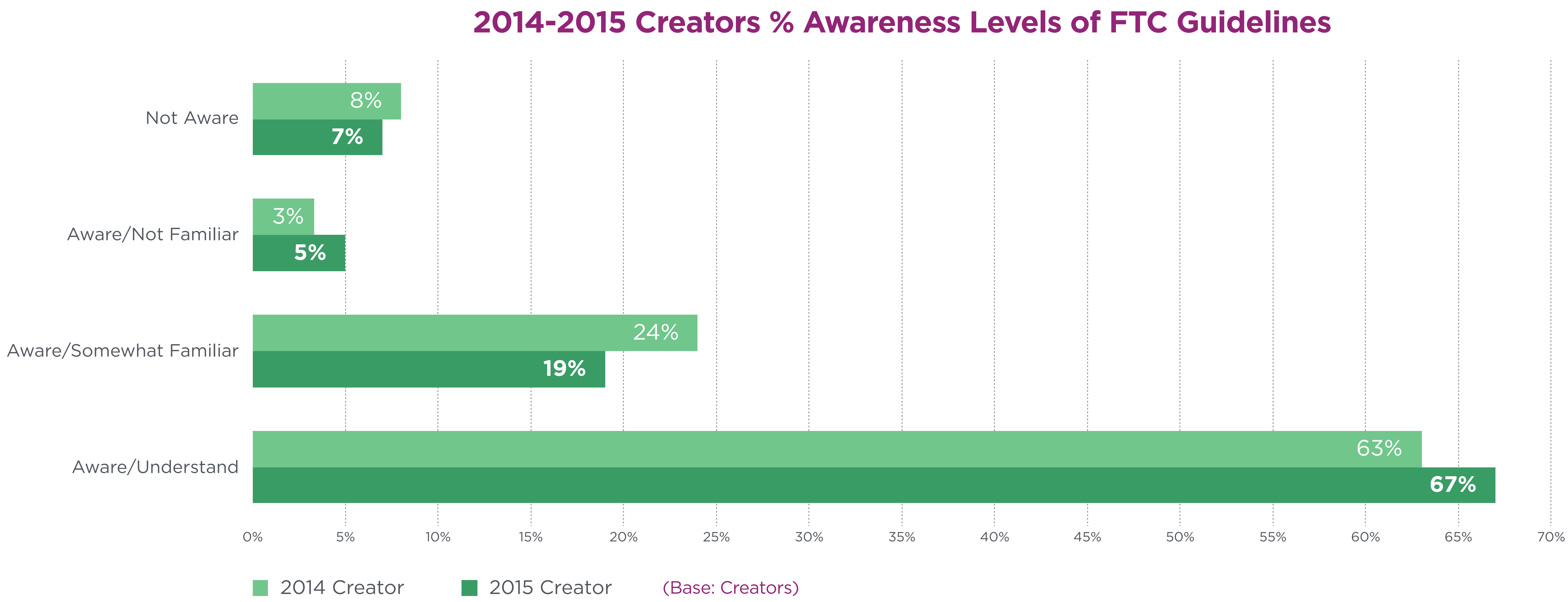
# FTC COMPLIANCE

# Awareness of FTC Guidelines

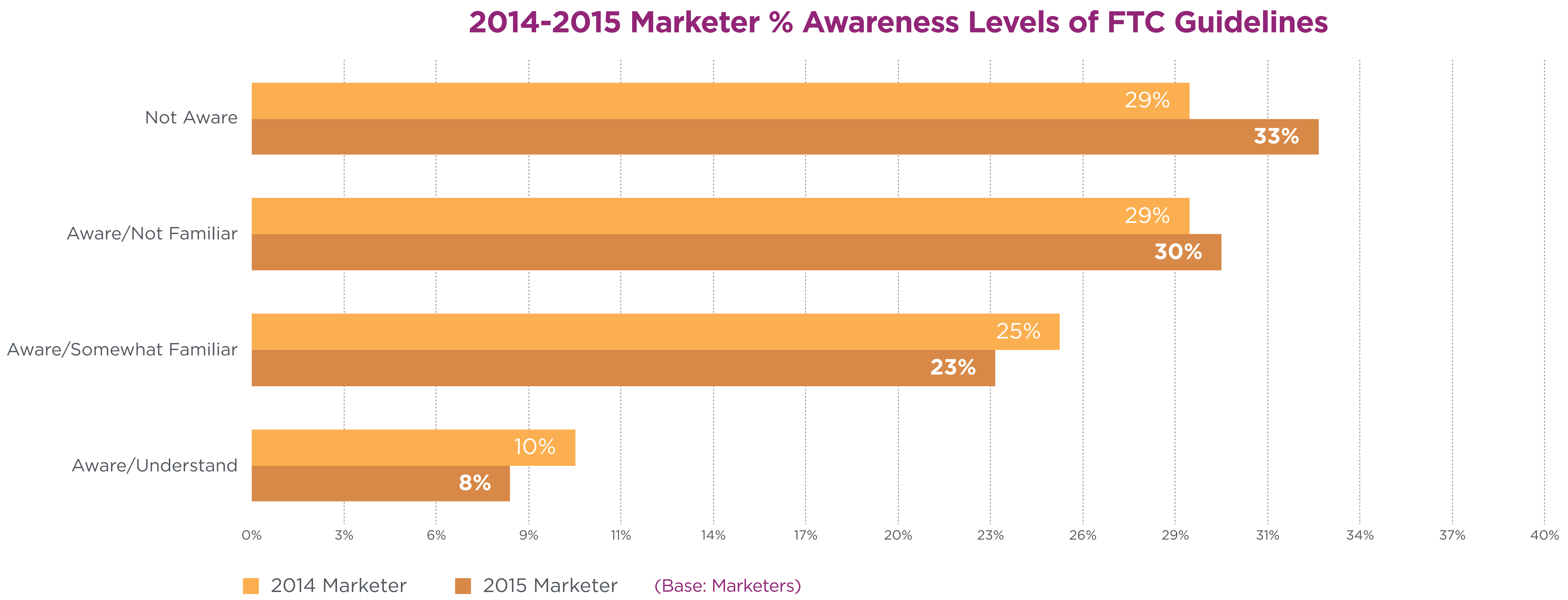
Compensation for content can be in the form of cash, free product or service, experiences, discounts, coupons or other special incentives.

If it is compensated, it is sponsored and must be disclosed.

# Awareness and understanding of FTC guidelines is directionally increasing for Content Creators



# However, awareness and understanding of FTC guidelines is not increasing for Marketers



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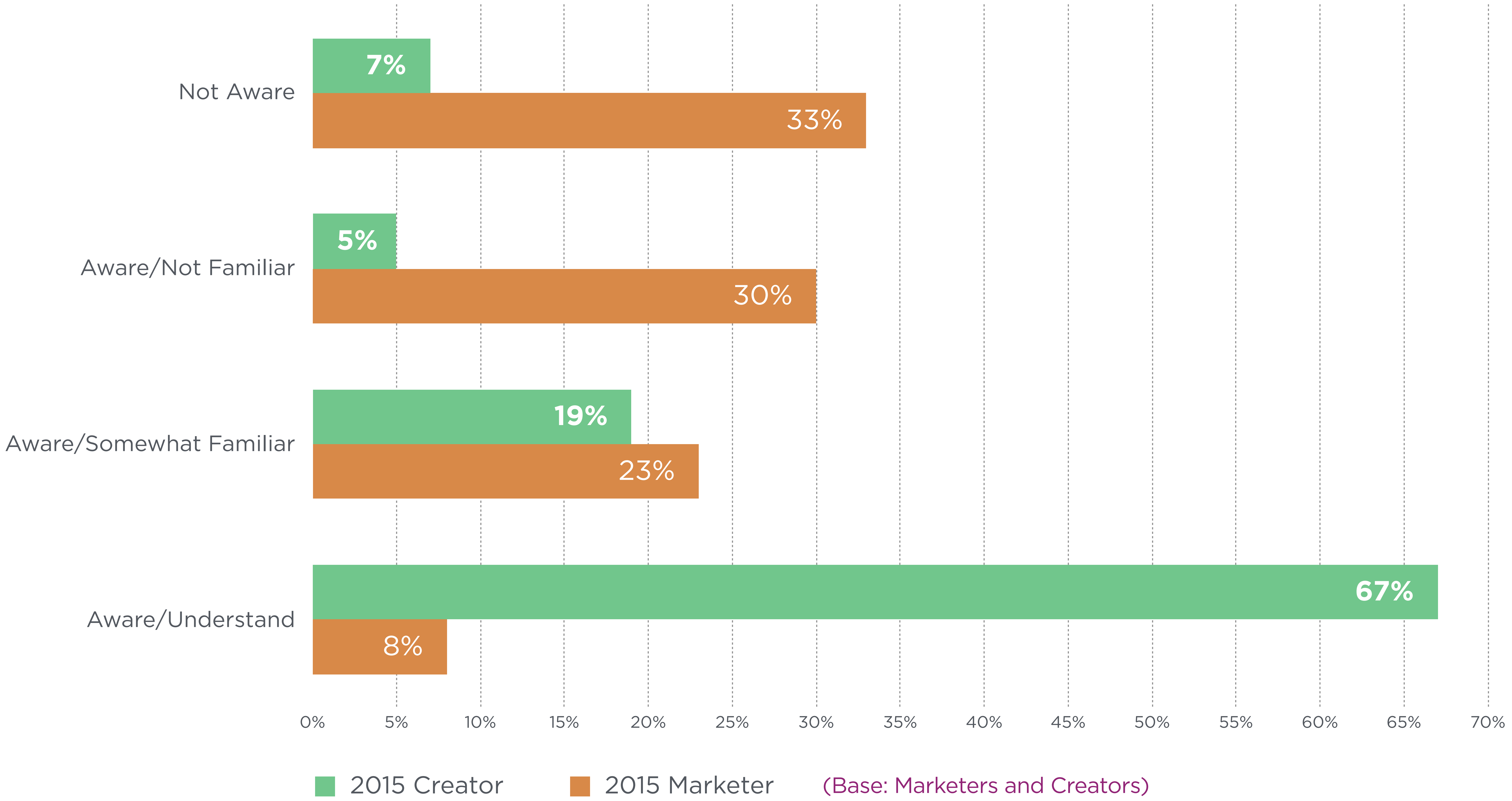
# 2015 FTC AWARENESS

## Creators vs. Marketers




Creators are far ahead of marketers in terms of awareness of FTC guidelines

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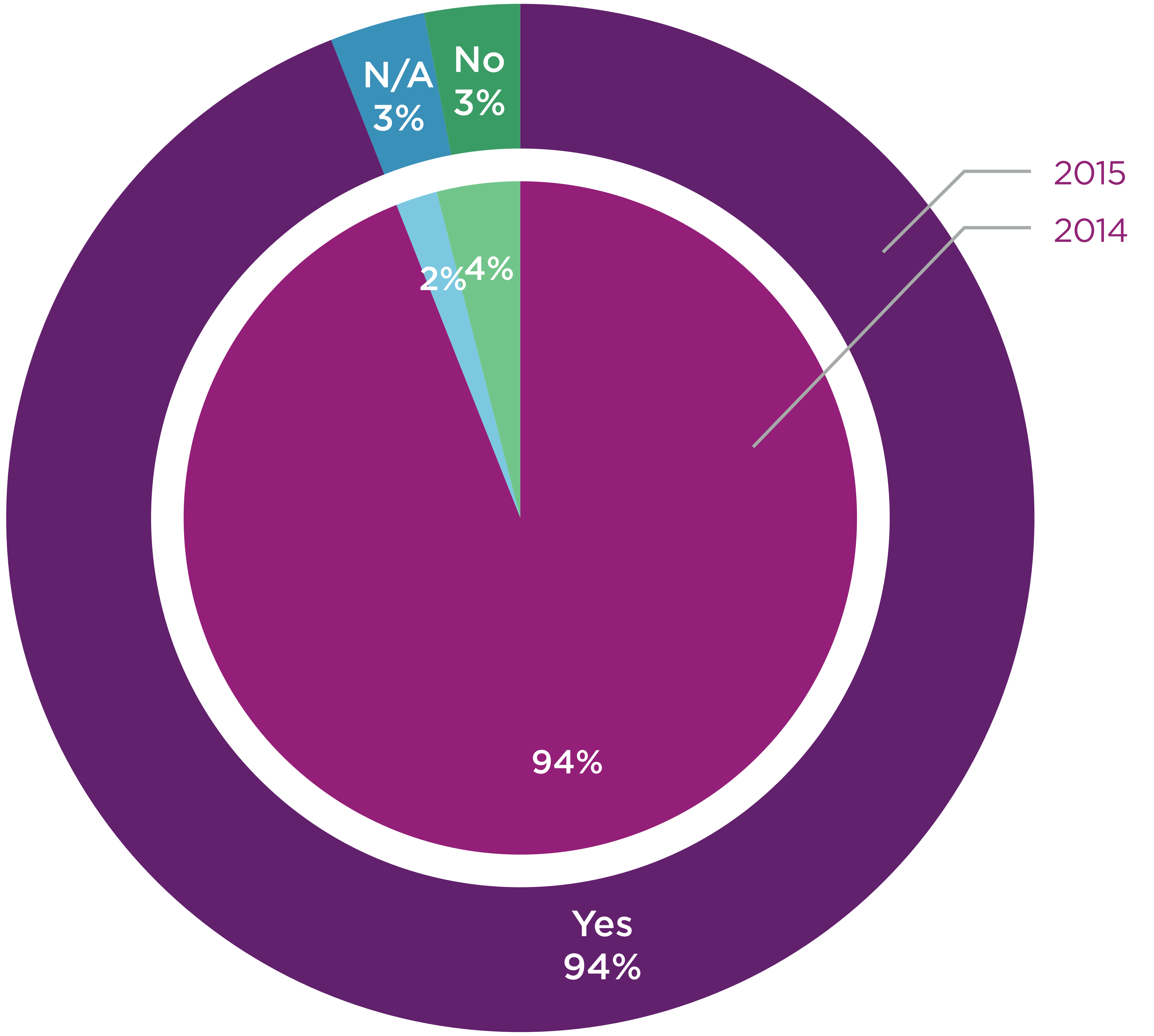
# 2014-2015 CREATOR DISCLOSURE

## Participation and disclosure by type

| DISCLOSURE TYPE | 2014 | 2015 |
|---|---|---|
| In-post | 63% | **75%** |
| Disc. Policy Statement | 49% | 40% |
| Both | 49% | 48% |
| Other | 2% | 6% |

Notable increase in In-post disclosure vs. a Year Ago

**Do you typically include disclosure in SS Content?**




The vast majority of Creators continue to claim adherence to FTC guidelines in some way.


2015 STATE OF SPONSORED SOCIAL

# INSIGHTS & IMPLICATIONS

Marketers who have oversight or experience with Sponsored Social have clearly embraced it as a legitimate and effective part of the marketing mix.

# KEY MARKETER INSIGHTS

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- 52% of marketers have a stand-alone Sponsored Social budget for their brand in 2015.
  - Marketers with annual sponsored social budgets of over $700k more than doubled from 4% to 10%.
  - 5% of Marketers have an annual organization budget in excess of $5,000,000.
- More than half of all marketers surveyed reported Sponsored Social use in the past year.
- Marketers embrace sponsored social as a highly effective member of the marketing/media mix that exceeds or equals established go-to-media in marketer regard.
- Multi-platform sponsorship campaigns are becoming more commonplace as advertisers seek to engage a wide range of Creators.
- Marketer familiarity with FTC guidelines continues to be a challenge for the industry and negatively impact the space.

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# KEY CREATOR INSIGHTS



- Compensation for social media posts is expected by the overwhelming majority of creators.
  - Cash compensation remains a primary form of compensation and is preferred by Creators.
- Snackable, short form content dominates the sponsored social landscape in terms of marketer investment and creator interest.
- Sponsored Social represents the primary source of Creator income, beating out display advertising and all other forms of monetization on a dollar basis.
- Competition in the space is increasing, with more Creators looking to monetize their online content and influence.
- Creators are dedicated to developing transparent, ethical sponsored content.