THE CONVERGING WORLDS OF CONTENT + COMMERCE

Why bridging content and commerce is critical for brands
Today, online retail continues to grow as the preferred shopping mode for consumers. Whether shopping purely out of necessity or enjoyment, consumers are looking for a frictionless experience, getting them what they need when they need it – often as quickly as possible. Since its humble beginnings in the late 1970s with the advent of electronic shopping, online retail has evolved in myriad ways to streamline retail experiences for consumers. Content has been key in this evolution as it feeds into online retail by initiating the desire to purchase. Yet, the gap between content and commerce remains largely unaddressed. Typically, consumers had to navigate the online retail path to purchase without a direct linkage from the content they watched on TV screen to the products they are looking to purchase online. However, online retail has evolved to the point where brands such as Amazon have the capability to connect online retail with other cultural formats (e.g., TV shows) to more seamlessly connect content and commerce.

One prime example of connecting content and commerce more seamlessly relates to the creation of brand-funded entertainment. Brand-funded entertainment, of course, is not a new concept. Dating back to the early broadcasting era of the 1950s, brand-funded entertainment has attempted to blend elements of commerce into content storyline, while simultaneously entrenching itself into cultural consciousness. Today, we have countless examples of the successful union between brand-funded entertainment and commerce, most notably Disney’s *The Mighty Ducks* and the establishment of the NHL expansion team, the Anaheim Ducks. Brand-funded entertainment has proven repeatedly as an effective mechanism for raising brand awareness and likewise enhancing a brand’s appeal with its audience. As a content format, brand-funded entertainment defies boundaries and can be taken in any direction, under any vertical. Now, more than ever, is the time for brands to take up the exciting and nascent opportunity of interweaving brand-funded entertainment and commerce capabilities to help bridge content and commerce. Doing so will ultimately benefit brands and more importantly, their customers.
MAGNA Global, Inc. and Amazon Ads partnered on this project to explore the growing convergence between content and commerce. They examined content and commerce as it relates to delivering value for brands relative to traditional means, such as TV ads. In turn, they were able to discern the impact these formats have on the consumer experience in a world where the boundaries of brands, content, and commerce continue to blur.

### WHAT WE SOUGHT TO ANSWER:

**Q1**

How do audiences feel about brand-funded entertainment?

**Q2**

How effective is brand-funded entertainment vs. traditional TV ads?

**Q3**

What is the existing path to purchase for products in TV content?

**Q4**

How can we reimagine the consumer experience for consumers from brand-funded entertainment programming through to purchase?

### OUR APPROACH

We leveraged a two-pronged methodology that would help us better understand both the viewer perspective and effectiveness of brand-funded entertainment. For the viewer perspective, we surveyed a nationally representative, opt-in panel of 1,024 individuals between the ages of 18 to 54 who told us about their TV consumption and shopping habits. From these responses, we were able to identify the existing path to purchase, as well as develop a framework for the ideal path to purchase for viewers.

The second piece to our methodology involved assessing the effectiveness of different brand-funded entertainment formats, comparing brand-funded entertainment and standard TV ads. Our research utilized both an online survey (N=451) and in-lab (N=90) testing among opt-in participants ranging in age from 18 to 54. As such, we were able to focus on both conscious and unconscious responses to branding, and whether brand-funded entertainment influenced brand metrics and KPIs.
IV. KEY TAKEAWAYS
We uncovered the key elements for brand-funded entertainment success, based upon natural consumer behaviors, as well as consumer responses to the brand-funded entertainment format.

Consumers see brand involvement as a positive

We found that consumers do not differentiate if TV shows are created by a brand – what keeps them watching is the content itself. When asking consumers why they chose to watch brand-funded entertainment, 59% of respondents said they found the show ‘Fun to watch.’ Other top reasons why respondents chose to watch brand-funded entertainment was because they ‘Enjoyed the content’ (45%), and ‘Learned something new’ (34%). We found that very little of the audience were deterred by the fact that a brand created the show; interestingly, brand involvement in content creation elevated esteem for both the brand (66%) and show (67%) from the respondents’ perspective.

Consumer understanding of brand involvement

56% Never thought about it/Don't know

Created it, 27%

Signed off on it, 17%

How knowledge of brand involvement impacts perception of...

The Brand

66% Better

31% No Impact

The TV Show

67% Better

30% No Impact
More viewers are accepting of brand-funded entertainment than traditional commercials

Our participants preferred brand-funded entertainment over the traditional TV ad format, with a higher index among those who primarily stream video content (+10%) in comparison to traditional pay TV viewers. Given the positive response to the brand-funded entertainment format, we see this as a prime opportunity for brands to weave themselves into culture, inspire motivation, and drive purchase intent among their audience. This study shows that audiences are reacting positively to brand-funded entertainment, especially among younger generations (e.g., adult Gen Z, Millennials). This positive reaction, in turn, fuels momentum for intent and purchase signals. Brands interested in bridging content and commerce should take note and decide if the brand-funded entertainment format would work for them, and if so, how.

“Would Rather Watch A TV Show Featuring A Brand Than Watch A Commercial”

- 53% Agree
- Neither Agree or Disagree, 30%
- Disagree, 17%

Reimagining content to commerce experiences for customers

The existing path to purchase, especially from products seen on TV shows, to online or offline purchase, can cause frictions for consumers. Over half of the consumers surveyed said they felt frustration when trying to purchase a product seen in a TV show (52%). Frustration was especially felt among younger generations, such as adult Gen Z (+13%) and Millennials (+7%). Forward-thinking brands looking to optimize the consumer shopping experience should reimagine how they can synthesize their content and commerce experiences in a way that not only delights consumers but battles the long-held belief among marketers that these categories must be treated as mutually exclusive.
Audiences are paying attention to brand-funded entertainment shows. When comparing the two formats, we found viewer engagement to be higher for those who watched brand-funded entertainment (51.1) versus traditional TV ads (47.0).1

Although we found that traditional TV ads fared better on product attention, brand-funded entertainment inspired motivation (i.e., information processing), which is a key indicator for purchase intent among consumers (+7%). Additionally, brand-funded entertainment shows excelled at elevating consumer perceptions of brand authenticity (+5%). Further, we saw a lift in both purchase intent (+9%) and search intent (+21%) among potential new customers that viewed the brand-funded entertainment content.

1Testing was conducted using EEG and eye-tracking to understand unconscious response to branding. Participants (N=90) were recruited to opt-in an in-lab media experience, where they were set up with neurometric equipment to measure eye movement, motivation, visual attention, and cognitive load. All participants were randomized into a single group, where they either viewed a test ad in a TV show, a TV show without a test ad, or brand-funded entertainment. Following the media-experience, participants opted to complete a survey to assess conscious response to branding.
Audiences are naturally inspired to purchase by what they see on TV shows. This desire is only accentuated when viewing content that sparks interest. From our respondents, we learned that TV content initiates the desire to purchase products seen on shows. While watching TV shows, 63% of our respondents reported wanting to purchase a product they saw either every single time or sometimes. This urge was most felt by younger generations such as adult Gen Z and Millennials, with adult Gen Z leading the way (+20%).

**Viewing content triggers purchase intent, and is most felt by younger audiences**

Unless the increase in desire as audiences get younger, it’s likely this trend will only continue in the future.
Often, the desire to purchase products from TV content leads to actual purchases. Overall, 54% of our respondents said that they had purchased products they saw on TV shows. Generation-wise, we found Millennials to be most prone to purchasing (+9%), followed by adult Gen Z. Even though the existing path to purchase from TV ads can be cumbersome, we found that consumers still find ways to get what they need, albeit with friction.

A strong characteristic of the brand-funded entertainment approach is the fact that all categories can benefit when it comes to inspiring commerce intention. Our respondents reported a wide array of products they purchased, all of which they saw on a TV show. Although clothes/accessories (44%) and food (42%) lead the way, the results imply that all other categories hold similar potential when it comes to inspiring purchases via content viewing.
VII. REIMAGINING CONTENT TO COMMERCE EXPERIENCES FOR CUSTOMERS

Audiences of TV content are being inspired to purchase; however, the ability to arrive at the purchase point is not as seamless as it should be. Expediting the path to purchase is critical, especially as it relates to low-cost and mid-cost products and services. Among our respondents, 34% desired to purchase low-cost products (e.g., food, home cleaning supplies, etc.) immediately. The desire to purchase immediately for mid-cost products (e.g., clothing, games, etc.) was similar at 29%. We found that despite the higher price tag (e.g., cars, insurance, etc.), audiences still want to have the ability to research the product or service immediately (33%).

Frustration was common among our respondents, who reported difficulty in finding products they saw on TV shows. Over half of the respondents we surveyed reported feeling frustrated either all the time (19%) or sometimes (33%) when trying to purchase these products. This sense of frustration was most felt by younger generations, such as adult Gen Z (+13%) and Millennials (+7%). Most times, frustration stemmed from simply being able to find the product. More than half of our respondents (55%) spent longer than 30 minutes simply searching for the product, which is longer than runtimes for most TV shows. From not having enough information at hand, to spending much too long searching for a product, consumers are falling through the purchase pipeline because they have no easy way of making it through. These deficiencies point to an existing gap between content and commerce that remains unaddressed and a huge opportunity for brands to help solve.
There are opportunities to improve the current path to purchase from TV ads; this is evidenced by the fact that consumers are open to a wide array of existing shopping options. Overall, we found our respondents to prefer purchasing through their mobile device. As such, it is only logical that most leaned into the idea of using QR codes as a means of purchasing products directly seen in TV shows. This was especially consistent across viewing platforms (e.g., streaming vs. cable/satellite) and younger generations (e.g., adult Gen Z, Millennials). Most notably, streaming viewers and Millennials were the most consistently open to using multiple shopping options (e.g., QR codes, direct links, and embedded links).

Clearly there are ways to enhance the path to purchase. So, what does this ideal path look like? The content to commerce approach would bridge the current gap by creating content that not only features products of interest; it would likewise serve as a cultural touchpoint and means of connecting the brand to the audience. Brand-funded entertainment sparks desire, but it also presents an opportunity to create a frictionless path to purchase for the consumer. Whether it is via QR code or similar, brand-funded entertainment more seamlessly connects content and commerce by providing a solution of connecting consumer to commerce.

**Consumers lean in on existing shopping options, but there is room for innovation**

**Preferred Method of Purchase**

<table>
<thead>
<tr>
<th>Method</th>
<th>Gen Z Adults</th>
<th>Millennials</th>
<th>Gen X</th>
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<tbody>
<tr>
<td>QR Codes</td>
<td>52%</td>
<td>46%</td>
<td>43%</td>
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<tr>
<td>Direct Link</td>
<td>39%</td>
<td>49%</td>
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<tr>
<td>Embedded Links</td>
<td>38%</td>
<td>44%</td>
<td>45%</td>
</tr>
<tr>
<td>Streaming Viewers</td>
<td>45%</td>
<td>44%</td>
<td>35%</td>
</tr>
<tr>
<td>Cable/Satellite Viewers</td>
<td>45%</td>
<td>42%</td>
<td>35%</td>
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</tbody>
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Preference Scores: 10 Point Scale (Top 3 Box)

**More than half spend longer than 30 minutes simply researching the product**

Typical Time Spent researching Products Seen on TV Shows
How would you define content to commerce in today’s marketplace?

It’s a huge opportunity. Brands that are winning with today’s audiences understand that consumer brands are media brands. The opportunity to connect with consumers through content is far greater than the incidence in which consumers buy or use most brands products and services. If they create content that is compelling and has a direct connection to sales it is a win-win for both the brand and audience.

I’d place that in two different areas: The first is driving the consumer from content to commerce. In other words, taking them directly (or at least drawing a connected line from) a piece of creative content to a purchase. This can be through social media, creating social commerce by linking a social post to an order and fulfillment channel, or through brand-funded content, such as a Twitch channel hosted by a brand and tied back to the product, the brand, the brand values, or the brand vision.

The other area is custom content for commerce channels. In this case, it’s echoing or repurposing creative content a brand develops on their commerce channels.
Content to commerce can be defined in today’s marketplace as giving the right information to consumers at the right time within the right environment to deliver differentiated shopping experiences for consumers. Retailers act as digital content providers to help brands disseminate tailored information about their products while helping consumers make purchase decisions and persuading them to buy now. Consumers make purchase decisions across the full media ecosystem as marketers and retailers work together to reduce friction in the shopping experience which increasingly blurs the line between content and commerce. Working together, retailers and brands can leverage their data to deliver relevant products and content for an elevated shopping experience for consumers. Consumers today are increasingly expecting tailored, seamless shopping UX. An effective content strategy enables that efficient conversion at the point of purchase.

What role can a content to commerce strategy play for brands in connecting with consumers and driving brand love and differentiation?

Content can build an emotional connection with a consumer. It can help the consumer understand the unique value propositions of a product, but even more, it can help a consumer understand the brand values and point of view. Is the brand serious or playful? Do they care about the environment or oceans? Do they encourage people to use their products in unique ways? Are they luxurious or DIY? Longer form content can help the consumer better understand the brand or product, how it echoes their own beliefs, and how it fits in their lives. And then they can purchase it easier, with more confidence.

While products within categories can be similar, the power of the brand has been a key differentiator. In today’s marketing landscape content that breaks through and that audiences choose to spend time with can drive differentiation and love for the brands of today. If a brand can create an experience that takes the friction out of what audiences see in content and how those audiences can buy what they’ve seen, they will win.
KM
How does a brand make content that is authentically interesting or entertaining while still getting brand messages across?

MB
For brands to develop highly-effective content strategies, it’s essential that they must find the right balance among brand value, consumer interest, and platform capabilities to deliver the most compelling and effective engagement. Brands build authentic content when they take into account the experience they’re creating for consumers and develop content leveraging critical insights about the consumer. Understanding not just when but how to engage a brand’s high value audiences, why it’s relevant for that platform, moment, and audience will deliver the most compelling and entertaining experience.

WM
Authenticity is the primary concern. Younger generations are digitally savvy. They’ve grown very adept at determining what is authentic, and what is not. To reach them, authenticity is a necessity. This means brands need to carefully understand their limitations, and their products’ limitations, to not oversell or exaggerate them.

KM
What are some of the challenges brands face when they approach a content to commerce strategy?

WM
Marketing the content. Brands frequently come up with great ideas, but don’t put aside the budget to let the world know about those ideas.

BG
I think one of the biggest challenges are how some brands are structured. They may have a media client, a content client, and a performance client. These initiatives involve all three. I’ve seen the best success when there is a senior leader that can rally and coordinate and drive synergy and integration between the storytelling, distribution, and conversion elements of the campaign.

KM
When thinking about how to bring content to commerce to life, what are critical capabilities you look for from media partners to help you deliver success?

BG
The first thing I look for is a desire to truly partner on creating something new. Content to commerce is an evolving space and it takes true partnership to pull it off. The partner needs to be able to reach the right audience but also have a proven way to deliver and fulfill a commerce capability.
What is the single most important thing for brands to consider when executing content to commerce in today’s marketplace?

Brands need to remember that they are creating entertainment first and that the content needs to be something audiences will choose to spend time with. The competition isn’t the other brands in their category, it’s the content that the audience is spending time with already. It’s story, creative and quality first. Once the audience is attracted and engaged you have an opportunity to convert them to customers.

What do you think is the future of commercial content? What kinds of brands are innovating fastest?

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IX. CONCLUSION

Although there is high interest in purchasing products seen in TV shows, the current trajectory on the path to purchase is fraught with friction. In turn, this friction leads to frustrated consumers and a leaking pipeline for brands. Forward-thinking brands should take note of these pain points and begin to think about how they can innovate in a way that would solve for this, which would have both short- and long-term positive implications for both the brand and consumer.

Content and commerce is fertile ground for exploration. Forward-thinking brands looking to optimize the consumer shopping experience should reimagine how they can synthesize their content and commerce experiences in a way that not only delights consumers but battles the long-held belief among marketers that these categories must be treated as mutually exclusive. Brand-funded entertainment is one solution that brands can leverage to bridge content and commerce. This study shows that audiences are reacting positively to brand-funded entertainment, especially among younger generations (e.g., adult Gen Z, Millennials). This positive reaction, in turn, fuels momentum for intent and purchase signals. Brands interested in bridging content and commerce should take note and decide if the brand-funded entertainment format would work for them.
IMPLICATIONS

There is terrific scope for forward-thinking brands to collaborate with partners, such as Amazon Ads, to produce and distribute brand-funded entertainment. Brand-funded entertainment is both effective and unique in that it effortlessly weaves together content and commerce in a manner that enriches the consumer experience. It likewise drives tangible outcomes for brands, from content to commerce.

When it comes to publicizing the amount of brand involvement in content creation, brands should better understand the program audience and their preferences and expectations. Although our findings indicate that knowledge of brand involvement does not negatively impact brand and show perceptions, it is still imperative for the brand to contextually assess whether explicit vs. implicit involvement is appropriate.

Given the dynamic nature of creating brand-funded entertainment, Amazon has both the capabilities and assets to provide a solution of bridging content and commerce. Current Amazon services, such as Freevee, Prime Video, Amazon Live, and Twitch, can create, produce, and facilitate brand-funded entertainment. Amazon shopping options, such as Amazon.com facilitate commerce efficiencies in workflow for brands and their agencies.

To engage and inspire people through brand-funded entertainment, it all starts with content. Brands must commit to content concepts that are truly entertaining for viewers while also ensuring their brand is authentically woven in, as well as contributing and not detracting from the entertainment experience. Often this is far easier said than done; nonetheless, brands should heed this advice.

Generally speaking, long-form brand-funded entertainment offers multiple possibilities and directions that brands can take with this idea. When it comes to brand-funded entertainment, all categories are at play, and anything is possible. Brands should consider which brand-funded entertainment format would work best for their vertical and respective audience.

Our research indicates the current process for viewers of brand-funded entertainment to discover deeper information and purchase from brands is not as seamless as they would like. Brands who look to solve this viewer friction in creative and inventive ways will gain advantages over their peers and create material tailwinds for both their brand and bottom line.