The emergence of media platforms that produce and curate branded content through digital storytelling
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Introduction

In the 1970s, writer and freelance journalist of Rolling Stone magazine Hunter S. Thompson took it upon himself to deliver compelling stories to his audiences through provoking and engaging journalistic pieces that blended fact and fiction. At the time, that narrative style was at the height of its popularity, not without its share of criticism. In the same decade and on similar grounds, the advertising industry began struggling to leave behind practices from the 1950s and 1960s when advertising was cantered on product and image impression towards a strategy of product positioning in people’s minds. For both the media and the advertising industries, the 1970s meant a decade of developing new strategies to increase their impact on people’s minds and behaviours: hence, it meant a rediscovery of storytelling as a form of engaging communication. Now, some 40 years later, brands are struggling to find the right pitch for content promoted in digital platforms.

Engaging narratives are at the heart of people, communities and cultures. Many media companies are essentially storytelling creative collectives that try to connect with their audiences in the same ways advertising agencies create campaigns to get selected messages across to audiences to have lasting impact on their behaviour and choices. A growing trend of trying to merge the abilities and strengths of media and advertising through digital publishers is a matter worth reviewing. In this essay, I set out to explore the emergence of digital platforms that produce and/or curate branded content messages, looking at their benefits and drawbacks based on some aspects of digital storytelling. For that, we will start by exploring some important elements about advertising campaigns, the web as content distribution space and notions on what constitutes branded content. We will continue addressing the topic of the possibilities of branded content and explore some trending practices online; looking at the benefits and drawbacks of digital storytelling, before we can establish some conclusions.

Understandings about advertisement and marketing

Before we start to discuss the subject, it is important to explore some basic notions regarding advertisement. According to Fletcher (2010, p.2), an advertisement is a paid for communication intended to inform and/or persuade one or more people. Furthermore, the author proposes that ad campaigns are mainly intended to do one of the following:

- Launch a completely new brand
- Launch a new product into an existing brand – a ‘line extension’
- Promote an improvement to an existing brand

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• Make people who have not heard of a brand become aware of it

When addressing this matter it is not an uncommon practice to unevenly utilize terms like ‘advertising’, ‘promotion’ and ‘campaign’, among others, to refer to the construction of strategies to sell products or services, with ‘marketing’ often serving as a terminology umbrella covering a range of activities that incorporates execution techniques, media strategies and channels, along with intangible elements like creativity and imagination. As Hackley (2010, p. 138) puts it, mediums, techniques and strategies like mass media, television, press, direct mail, database marketing, sponsorship, product placement, endorsement, etc. all constitute parts of the fixture of marketing, the first ones often called traditional (above the line) with the second one referred to as and non-traditional (below the line).

To have a better understanding of these matters, McStay (2010, p.7) proposes an interesting view by stating that traditionally marketing had more to do with purchase related activities and retail environment; in contrast advertisement had more to do with media. The author adds that in digital, as we will see, this distinction is far less clear. Hackley (2010, p. 9) adds that activities like public relations, personal selling and corporate communications, etc. all constitute forms of communication that have intricate relationship with marketing. Furthermore, he asserts that marketing itself is broken down into sub-categories based on the communication channel: print, broadcast media (TV, radio, cinema) and digital. In that sense, media planning refers to the task of placing finished ads in appropriate media channels for maximum target group exposure, media strategy refers to the judgements made concerning the fit between media channels, creative executions and the brand personality.

As we have seen, finding an ultimate way to define marketing could be slippery business. In the end, the question regarding what entails good marketing has endless answers and various points of view. Percolate\textsuperscript{2}, a technology company that provides software solutions for marketing purposes observes a clear definition by stating that ‘great marketing is aimed at an audience, matched to a platform, triggered by an event, aligned with a business objective, and represents the brand. These five elements are the building blocks of marketing’. According to Hackley (2010, p.139), good marketing has to ensure that there is coherence between media, brand and creative execution.

Literature available on matters of marketing and advertising is arguably as vast as that of medicine and law, specially in present days when new forms of getting carefully crafted messages across to selected audiences through specific channels is key for advertisers to succeed and in times when social media is shaping and re-shaping all sorts of mediated relationships. Hence, we will try to

\textsuperscript{2} Accessible at http://percolate.com/our-business
centre our focus on digital advertising and on one of the main components in it: branded content, that is, the products, services or experiences being offered and its potential consumption, its target market (Fletcher, 2010, p. 8). According to the author, the brand and its target market are inextricably intertwined. As the Percolate approach states, platforms are key elements in marketing. Hence, on our path towards online branded content, we will try to continue by exploring the significance of online media, the specific form in which digital branded content can be created, distributed and consumed and the singularities of the internet to do so.

The web as content distribution space

‘The New Economy’. That is the way in which Castells (2010, p. 147) describes the state of social and cultural affairs supported in part by the rise of the internet. The expression covers some concepts and theories that according to the author can be described as a wave of new processes and new products, spurring productivity growth and stimulating economic competition (Castells, 2010, p. 148). The internet is asserting its specificity as a communication medium with its own logic and language. It is not confined to one particular area of cultural expression: it cuts across all of them; its communication is usually embedded in social practice (Castells, 2001, p. 200).

When addressing the uses of internet in the multimedia system, the author explains that the wonderful thing about technology is that people end up doing with it something different from what was originally intended (2001, p. 195). Music delivery, video distribution, social media consumption and book purchase are some of examples of how the internet serves as an almost endless platform for the expansion of creativity and processes within various industries. It is used for purposes as varied as posting political messages, communicate by email, convey ideas and search for information (Castells, 2001, p. 200).

The ubiquity of the web, the creativity it sponsors and the possibility of massive storage is producing mind boggling figures. By the year 2020, our ‘digital universe’, i.e., all data created by consumers and businesses on earth including video, audio, documents, etc., will be 44 times bigger than it was in 2009 (i.e., it will expand form 800 billion gigabytes to 35 trillion gigabytes) (Van ‘T Hof, Van Est, Daemen, 2011, p. 7)

According to Freedman (2012, p. 69) there are constant claims that the internet facilitates a media economy based on niches and not mass markets, on flexibility and not on standardization, on abundance and not scarcity and on entrepreneurial start-ups and not on the industrial corporation that dominated the twentieth century. The views of cyberspace as an endless space for new ventures, opportunities, creativity, empowerment, etc. are abundant. The possibility of creating new and exciting content, bringing to the surface new players and fostering the share culture are
real. In fact and according to Freedman (2012, p. 74), the internet is stubbornly, or perhaps fundamentally, social in its wiring and thus invites its users to aggregate their skills and knowledge in the interest of all. As Leadbeater (2009, p. 19) explains, the web’s underlying culture of sharing, decentralization and democracy has lead to a revolution in how we think, play, work and create together, in mass.

Certainly there is money to be made on the world wide web. However, the opportunities that the online world gives to those willing to look into it as a space for power relocation, creativity fostering and profit are at times not as idyllic as it may seem, according to some authors and researchers. The matter of concentration on the digital media economy is an issue that must not be overlooked. As Curran notes (2012, p. 88), Google dominates search in countries like Australia and the UK. Regarding online advertising concentration, in 2007, four companies (Google, MSN, Yahoo! and AOL) attracted 85% of gross revenue in the USA. Curran adds that many of the factors that were symptomatic of the ‘mass’ media economy –specially propensity towards monopolization, commodification and accumulation- are central to the dynamics o a new media economy shaped by the contradictory forces of the Internet that promises dispersion but reward concentration and that fetishize openness but encourage proprietary behaviour (Curran, 2012, p. 92).

These figures and appreciations seem to put two sides within the same industry in a battle field. Curran (2012, p. 92) notes that the digital sphere is not a parallel economy but one that accentuates the tensions between the creativity and collaboration of a generative system and the hierarchies and polarization prioritized by a system that rests, above all else, on the pursuit of profit. On one side big media conglomerates responding to their own profit driven logic and control management techniques occupying more spaces online and on the other side digital tribes, creatives and entrepreneurs taking what the information technologies offers to various fields and industries in smaller scales.

Nonetheless and trying to find a balance between optimistic and bleaker visions of the new information economy and the ways in which power and profit are distributed, the internet stands mainly as an opportunity. According to Castells, internet-mediated communications have guaranteed a step from mass production to flexible production (2010, p. 166). Moreover, it has produced a trilogy of actions that are shaping media consumption, from editorial to advertising: decentralization, diversification and customization of contents (2010, p. 368). Finally, it is also used as a way of expanding and re-modelling industries like advertising incorporating concepts like digital branded content.

Whether or not digital life brings added value to peoples life’s when it is intersected with the advertising industry drives us to balance two positions. On one hand we have a consumerist
approach that rules out an enhancement of consumer education and behaviour with the use of
digital tools within advertising (such as social media indeed) due to its instant and ever present
influence on people. On the other hand, the choice approach, by which digital life and greater
access to information makes us better equipped to deal with market pressures. The merge of
digital culture, advertising and branding is a broad subject that entails a variety of players and
scenarios. As with many other forms of media, advertisement has been deeply influenced by the
internet and it has enabled creation and experimentation with new ideas, products and narratives,
among them, branded content as an advertising strategy.

Notions on online advertising

If we were to put it bluntly, online advertising is a way of persuading a targeted audience to adopt a
desired attitude towards a product, brand or service though a carefully constructed message
spread in digital form. As Leckenby (2005, p. 5) puts it, It’s the transmission in digital rather than
physical atoms. However, oversimplifying can be difficult. According to McStay (2010, p. 12),
online advertising, alternatively called ‘digital marketing’, is a media and communication strategy
that has been around since 1994, perhaps longer if you include spamming bulletin boards and
newsgroups. But how is online advertising work different than traditional advertising? The author
proposes an explanation:

*Digital agencies focus on interactive and digital advertising services like strategy, consumer
insight, creative, design, management, media and tracking of the consumption of advertising.
Additional services include video, programming, digital development and deployment. More
uniquely agencies may be involved with brand development, developing digital
communication strategies, working out ways of reaching digital audiences and delivering ads
to them, online video, social networks applications, emails communications, SEO and SEM,
website design, data-mining and ROI assessment (McStay, 2010, p.30)*

As an advertising medium, the internet offers all the elements of other media and more. As an
example, banner ads can now include not only graphics and text, but also streaming audio and
video. And the figures increase has been big. According to Stafford and Faber (2005, p. 9), 906
million were spent on online advertising 1997, according to the IAB. Advertising is an indicator of
the growth of a medium, along with the penetration of the medium into the population of a society.
Moreover US, digital advertising spend surpassed 28 billion in 2011 and will continue double digit
growth year-on-year to hit 40.5 billion in 2014 2013 figures from the UK internet Advertising Bureau
IAB show that online advertising claimed 25 per cent of the 16.65 billion UK pounds ad spend
market last year (Ryan & Jones, 2009, p. 13). Growth figures are more impressive if we note that
in 2003 the online sector held 2 % of the total advertising spend across advertising media (McStay,
2010, p.19)
As Ryan & Jones (2009, p. 19) puts it, using digital channels you can transcend traditional constraints like geography and time zones to connect with a much wider audience (...) it allows you to hone your marketing message with laser-like precision to target very specific niche within that wider market. The matter of precision and effectiveness when delivering messages to targeted audiences is paramount, and that is one of the main reasons for the rise of digital advertising. Hackley (2010, p. 8) reminds us when stating that ‘media audiences are so segmented that it is essential to identify the target market in order to advertise in the media which will reach them most cost effectively’.

Growth in investment in online advertising obviously signals that the web is a prosperous place to make money and to cut ways and processes through faster and more direct pace. As we mentioned, one of the benefits of internet-mediated communications is the speed with which interaction are executed. That speed and wider availability of information could translate into faster consumption, not better discerning as we suggested before. Now that more digital channels are available, is advertising supposed to be crafted and reach the audience faster for decision-making to be made faster as well? Certainly faster does not mean more believable or increasingly engaging messages. Authors like McStay (2010, p.24) state that more than 2/3 of online consumers believe that online advertisement do not tell the truth in their advertisements. If traditional online advertising is in a sense starting to show signs of wear off in terms of credibility, are there new options?

**Branded content, storytelling and digital publishers**

Within the realm of digital advertising, terms like ‘content marketing’ and ‘branded content’ are intertwined and suggest concepts and communication strategies to obtain specific goals. In the end, what does branded content entail? As Fletcher (2010, p. 12) explains, in old times it was about the product and how it functioned, now its about end-benefits. Consumers want psychological and emotional effects as well. They want their purchases to make them feel good, they want brand image to be right for them. Leroux (2014) is more straightforward and operational in his take: ‘branded content is a portion of your marketing budget, it’s a way to engage your customer base through something that is a little more emotional than a TV ad’.

As we reviewed, the web expanded the ways in which people engage socially. It also has expanded the way in which customers get in touch with their brands. According to Fazarinc (2002, p.7), branding in the 1990s was thrown into the complex, confusing internet context that proclaimed that everything has changed completely and the concept of branding must also be rethought. The author explains that as in pre digital days, brand management is about understanding what people think and feel, and what motivates them to buy and use products,
services and ideas (Fazarinc, 2002, p.8). So if transformations still have roots in traditional principles and practices, what does the digital era bring to advertising when looking at branded content?

Branded content is called alternatively content marketing and vice versa. It constitutes any content (print or digital) developed or curated by a brand or a business to provide added value\(^3\). Furthermore according to Seven Elm, branded content is designed to build brand consideration and affinity, not sell a product or service. It is no a paid ad, sponsorship or product placement. Like many other forms of media, content production and creativity, branded content has been influenced by the malleability and ubiquity of the internet. The most important changes that have taken place due to widespread use of the Internet suppose an attitude remodelling in the minds of people and consumers rather than a violent shift in branding practices. As Fazarinc (2002, p.17) explains, the internet enabled and accelerated another evolution of branding, because the brand experience that spanned the period between a customer’s awareness and purchase of a new product is increasingly the beginning of a new relationship that includes an array of after market loyalty services that may overshadow the physical product. This means that the digital era actually enabled branding to act as a persuasion and stimulation technique more advanced that traditional advertising strategies from the past. Also, and as we mentioned earlier, the persuasion and stimulation is obtained at a far quicker pace than before.

It’s no longer only a matter of product purchase, but also a matter of product relevance, whether material or immaterial, that can have a longer lasting effects on businesses and customers. For Fletcher (2010, p.12), brand image is the halo of feeling and emotions that brands inspire. Consumers want their brand image to make them feel more feminine, healthy, smarter, better parents, etc. Moreover, and due to the advent of social media, readers and consumers of branded content are more eager to share branded content from publishing sites than from the company website (Moses, 2010)

As mentioned earlier, digital and print have taken a lead when recurring to channels for the distribution of branded content. As Hackley (2010, p. 20) explains, the multiplication of media channels through new technology has meant that most aspects of brand marketing have become tinged with a concern for the potential impact of brand communication and the integrity of the brand personality. For the author, personality is key when thinking about branded content campaigns. However, as Svensen and Worthington express it, that personality or identity means

\(^3\) What’s branded content – And how does it work? Seven Elm Creative Agency. 20 May. Accessible at http://bit.ly/1pCpoIz
more ‘how a logo works’ whereas branding is ‘not only the way company presents itself, it’s the way it behaves’.

Personality, identity and behaviour are exactly the kind of qualities that the TECHO brand tries to foster among its various target audiences. The organisation engages in poverty fighting through the construction of very low cost modular emergency homes in Latin American countries. María Gracia Sandoval, Head of Brand Management Latin America, says that branding serves the organisations on various levels. ‘TECHO brand has a personality, a specific tone. Its young, innovative and positive. And those feelings have to be linked with the specific channels we want to deliver a unique unmistakably brand message: consciousness and social action’. From that uniquely brand message, the organisation can we can craft its campaigns towards purposes like community organization, fundraisers, healthcare plans, volunteer recruitment, etc. ‘No matter what we do, we always need one high impact message that brands all your operations’. Since TECHO is a non-profit organisation that focuses on poverty, having to come up with one unique and unifying branding feel or message is a bit complicated, since poverty is not only not having basic stuff, it has so many nuances and sub topics. ‘We aim for the brand experience. We cannot sell the constructions or houses. We have to sell the experience of working in those marginalized communities as a team of volunteers together with the locals’.

When there are products and sales at stake, measurement is key. According to authors like Hackley (2010, p. 20), measuring online brand engagement has become a priority for brand managers keen to leverage their brand’s web presence to best effect, while much effort is devoted to garnering the impact of digital communications for advertisers. As Moses (2013) points out, there is still some disagreement on how to measure the effectiveness of native advertising (a close cousin according to the author). This is true to an extent, as digital campaigns are evaluated with performance indicators that track reach or engagement per channel among others to meet agreed goals. In TECHO’s case, effectiveness is measured using tools like Google Analytics for website performance; to detect assess impact on social media they use simple tactics like retweet analysis and #hashtag impact.

Branded content has the potential to connect brands with their desired consumers with creative narrative strategies. But what are these narratives? What make a tale effective enough to


\[5\] Accessible at http://www.techo.org/en/
succeed? Coca-Cola 2020 content marketing manifesto⁶ states that brand experience can be strengthened using content excellence strategies, which differs from creative excellence on the storytelling element, the ‘narrative component’. This statement drops a line to the publishing industry, used to dealing with the intricacies of content excellence and engaging narrative, strategies that are starting to be explored through content curation. And when content production and curation is produced, a story must be told in it. Otherwise, there is no reason for it to be. For these digital content curators, ‘storytelling’ permeates across branded content so it can be used as a tool to deliver compelling material. Storytelling refers to a series of interconnected events or events relating to each other in time for a purpose. In this case, if we consider the ‘digital’ component of it, the series of interconnected events are related to each other using multimedia tools like video, photography and audio, along with text, among others. Hence, digital storytelling integrates narratives in non-linear sequences and there are some examples online.

Prote.in, Vice, Nowness, Crane.tv… The number of online outlets conceived to act as content curation platforms is noticeable (many of them in the UK) as they become alternative forms of brand engagement and awareness. These platforms represent novel editorial spaces that publish information relevant to their clients/brands, either as independent publishers curating content for brands in partnership or as the brand’s own media outlets. The Crane.tv case is a special one: it is an online magazine devoted entirely to branded content though the production of short HD video pieces that showcase products and logos in the narrative, sometimes without direct mentions to the products. It also created video pieces that profile people in the arts or food industry and do brief interviews. Their added value stands in video storytelling for brands. As a matter of fact, the matter of ‘value through engagement’ is paramount. Branded content existed before digital publishers went into the market to try to broker deals with brands and quality of information and strategy are certainly non exclusively dependant on technology; there was good content marketing before the Internet joined forces with it. So what is the ‘value through engagement’ in digital upon which some authors contribute their ideas? As we mentioned before, the ability to reach audiences instantly through digital and social content is a value and could enhance engagement with a brand or a brand experience. It’s all about delivering a story and chemistry between the brand and publishers to ensure that they way in which branded content is delivered will best match the audience of the editorial platform.

If these platforms indeed represent ‘unique spaces’, we find ourselves in a position to analyse them. How to craft compelling content marketing storytelling? Is there a set narrative technique, whether it employs multimedia or just plain text? This has not been fully addressed and it is a strategic content fault, as these online promotional narratives are still under construction drawing

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⁶ The video can be accessed at http://bit.ly/Rm8voT
some elements of journalism and copywriting in the search of a unique form. Hence, we aim to explore some benefits and drawbacks. According to Robin (2010, p. 223), among the elements of digital storytelling are pacing/narrative and multimedia. We shall focus on these two to try to analyse strengths and weaknesses of storytelling when producing branded content. We choose these aspects due to the nature of the channels discussed in the essay, which are digital platforms.

The rhythm of the story and how slowly or quickly it progresses refers to the pacing of the narrative. Due to the web’s lack of physical space to hold information, content has suffered some reconstruction patterns that gives both the curator/editor and the consumer the ability to control pacing in different ways. An ‘information mosaic’ is formed online in which consumers have a say in the direction in which they will read a text or view a photographic essay. This element of digital storytelling enables publishers and content curators to distribute information in such a way that pace is either accelerated or halted. For instance, short videos of less than 30 seconds tend to accelerate consumption and be more time-efficient, while longer texts demand patience and commitment.

The management of pacing and narrative is a cornerstone of journalistic practice. Having to compress key information effectively for better text consumption lead to the creation of the inverted pyramid technique which states that key questions like ‘what’, ‘where’, ‘where’, ‘who’ and ‘how’ must be addressed right at the beginning of any piece of information, specially breaking news. It can be argued that digital channels have transformed static narrative techniques like the inverted pyramid, due to factors like the limitless digital support and more resourceful storytelling. Online content curation for brand, just as news pieces and feature journalistic stories, must engage from the get-go. However, the advantage of online branded content is that it can control pace and narrative without focusing on products to sell or brand benefits (in the way newspapers would have to focus on quickly ‘selling’ their news) and recurring to a narrative that addresses intangible assets such as brand personality.

The online environment enables brands to establish narratives otherwise difficult on other formats such as newspapers ads, where space constraints and publication costs might make it harder to craft an inventive narrative that favours interaction with the brand. Moreover, access to older information stored digitally and available instantly and a ‘start now, continue later’ functionality are also two qualities that this online environment offers content curation for brands. Online environments incite the creation of information mosaics as we said. The ability to build a big piece of information that delivers a uniform brand experience out of smaller units, could stand as a benefit for brands; not only because information can be broken down for creative reasons, but also
because it can be better spread through social media, a vehicle inherently built for mosaic information, specially micro blogging sites like Twitter.

The convergence and interaction of various types of media (video, audio, photography, info graphics, animation…) in a single platform is called multimedia. While platforms like Serious Eats, a food-themed website, have very limited use of multimedia resources, other like Crane.tv solely produce HD video. In the middle are platforms like Nowness, which brings text, photography and video on the mix. Branding needs will determine in part which strategy to use. In that sense, online multimedia might not always be suitable, as information noise is a risk if it is badly integrated or saturated. Multimedia production costs and time consumption is also important to consider. However, if employed accordingly, multimedia tools can lead to better contextual information to create a unified and coordinated brand experience. Moreover, brand imagery could be better showcased with multimedia content, which are also more likely to be shared via social media.

The possibilities that digital platforms can offer brands and advertisers have been one of the most important factors favouring branded content to take off because of the narrative tools that multimedia offers in one single narrative. Adding the reduced cost of running a campaign on social media than on television could help to develop strategies that are not concentrated uniquely on product performance. Moreover, branded content campaigns could be favourable in the case of smaller businesses who are just starting to develop brand image without budgets for traditional advertising. Multimedia for storytelling is basic to sketch and produce a media laydown, a proposal of the assets that a publisher can offer a brand in a single digital space. One written piece, one branded video, three podcast messages/interviews and one photographic essay: the laydown of what you are going to do during that particular period of time and what’s the value of that media is essential. And the times and ways in which that media can engage are also of particular interest, as a video teaser could be shown before the actual one and social media campaigning could be integrated in the laydown.

The risk of attention dispersion and missing the targeted user experience due to the over stimulus by using multimedia tools for the sake of employing them is latent, it could be seen as the flip side to the multimedia coin. Having video production to back up a written narrative with additional information, presenting a video piece that adds new information to a written word story or preparing a photo visual edit made out of video stills. Multimedia combination to tell a narrative and spread a message hardly has a set format. Not all brands could look on video while not all consumers might be moved by reading text., so creativity, type of campaign and material visually attractive, among others, are important when determining how to interlace media and avoid

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7 Accesible at www.seriouseats.com
information duplicity. Moreover, the possibility of falling in contradictory grounds could be fatal for the communication of branded content messages. When misused, the digital environment allow information overflow and overloaded users. While digital could be seen a dangerous grounds under some circumstances, it is also essential to remember that digital behaviour itself can be better tracked and analysed that traditional media consumption. In the case of digital publishers of branded content, marketers can perform better return on investment ROI using web traffic analytics to profile digital consumers and consumption patters. This data is important for clients to decide where and how to promote their content. At the risk of falling into narrative clichés, multimedia storytelling shows advantages and drawbacks much like other forms of media production and advertising campaigning.

All in all, video as part of the multimedia mix is starting to show its added value. According to figures of The Content Council⁸, custom content spending on production and distribution rose to 43.9 billion US Dollars in 2013, the second highest amount to be recorded. All forms experienced growth; a 9.2% rise over last year’s 40.2 billion, with print still claiming the lion’s share of dollars spent in content marketing. Even though print still has a lead in investment according to the publication, Lori Rosen, Executive Director at Custom Content Council, explains that funds that were previously earmarked for print are being shifted to video content. ‘Video has been the fastest and most consistently growing medium for content marketing—in this survey 62% of respondents now report using video in their content marketing. Branded video is closing in on web and print as one of content marketing’s most common form’. Rosen also indicates that of the average overall marketing, advertising and communications budget, 39% of the funds were dedicated to content marketing.

Reviewing some aspects of digital storytelling for brands leads us to acknowledge that the development of these practices are mostly beneficial. The interest that these types of contents have awoken are powerful enough to the point that major journalistic powerhouses like The Guardian are now experimenting with a variety of promotional content with funding from outside parties, something previously unthinkable for a traditional journalism organisation. The newspaper now produces sponsored content, advertisement features and content supported by foundations. According to The Guardian, these sources of revenue allows them to explore in more depth topics of interest, while being clear about who funded and commissioned them. The mix in which brands, publishers, and advertisers find themselves does not have a stiff relationship format and as Leroux (2012, p. 21) explains, the lines between who creates, brands, curates and distributes content are blurring. Alongside traditional creators and distributors, content is now coming from individuals, entrepreneurs and an increasing number of discerning digital publishers. Prote.in acts both as an

⁸ Accessible at http://bit.ly/1cywOGN
media network connecting brands like Adidas, Nokia, Burberry, Samsung, Levi’s, Intel, Land Rover with cultural influencers (readership) while some brands are also becoming content creators and media owners in their own right: Red Bull Media House and LVMH’s Nowness are just two examples.

There is a bit of a paradigm change, as the nature of content ownership that has traditionally been held by publishers has given a turn. Media businesses see themselves as curators of contents rather than owners. These companies aggregate and package content drawn from a plethora of sources, a vertical publishing approach typified by Glam Media (Carter, 2013). There is the case of Serious Eats – it has built an online community of 2.5 million without spending anything on digital advertising, search engine optimisation or traditional marketing. Once, reach and scale were all that counted, now depth of engagement is what everyone – users and brand partners, alike – is looking for (Carter, 2013).

Conclusions

Brands want to be in passionate environments where success can come from being part of a larger community holding benefits for publishers and readers too. The challenge is how to better integrate these spaces and increase their influence when it comes to developing reach and products on the web. Brands creating valuable assets for their customers is essential and storytelling techniques could just be a key element to provide that value. Through integrated storytelling and content curation, successful media companies can build strong relationships between talent, brands and content creators/distributors. They are also acting as ‘storytelling’ facilitators, ensuring brand messages come out clearly through the content. However, a recipe is still in the making.

Bringing together advertisement, branded narratives and media platforms has meant an exploration of the strategies through which brands and people can establish relationships. Even though the digital scaffold has been set for some time now and many different practices and deals have taken interesting products online, to find the best narrative strategy to deliver ever greater compelling and interactive content is one of the brand’s main concerns when getting on board with partners that can offer exciting environments to push engaging content. For their part, audiences are in a privileged place where advertising could no longer be seen as force fed routine but as a more interactive relationship where the enjoyment of a story goes beyond purely material goals. It is no surprise by now that the online panorama enables present and future publishers and entrepreneurs the chance to explore creativity and storytelling through profitable mediation. Brands, publishers and digital communities talking to each other has created a very vibrant creative environment likely to be further expanded and explored in the future.
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PARALELO

Business Plan
**Executive Summary**

*Paralelo* is a journalistic multimedia online magazine dedicated to the exploration and representation of contemporary Ecuadorian society through the production and distribution of original high quality video, photography, info graphics and feature journalistic text. Through this content production and distribution company we will see a noticeable improvement not only in the way contemporary Ecuadorian society, culture and counter-culture are portrayed in the media, but in the ways in which multimedia journalistic contents can engage people in novel ways and into exploring an alternative country. With this proposal we are creating a new service in a developing market as we will show later. The company is headquartered in Quito, capital city of Ecuador.

We want to stand out as a creative media collective employing original editorial and multimedia storytelling techniques, committed to bringing to the surface of public debate and opinion the trends and traits that make up contemporary society and the forces and characters behind counter-cultural social cycles. In doing so, we choose to become a reference for the creation, edition and distribution of high quality journalistic content online, including full HD video, crisp photography and engaging storytelling narratives involving detailed reporting and word craft. We want to be a peeking window into the future in the Ecuadorian media landscape. To catch a glimpse of the next hour, the next year, or further still, and make a decision based on what we see and turn ourselves to the future (Iyengar, 2010, p. 260). That is our choice.

Our vision aims to connect our readers to their passions through multimedia storytelling, described as multimodal literacies that employ text, writing, visuals, sound and movement in the construction of meaning (Cranny Francis, 2008, p. 2) and to produce and deliver original, provoking and irreverent content and ideas for our readers with quality, imagination and playfulness as our core creative values. Our product will feature original contents about contemporary lifestyle and creative urban spaces, as well as full HD video contents, photo journalism visual essays and other secondary resources such as podcasts, info graphics and ultimately animation.

Our goals are to transform Ecuadorian lifestyle journalism through multimedia storytelling and to become the main online source for the consumption of young contemporary culture. The benefits we offer aim to enrich our readers online media experience through non-linear narratives, encourage journalists, writers and producers to participate in their stories and bring storytelling, marketing and technology together to deliver compelling messages to our audience.

*Paralelo* has two phases, the first one being the stepping stone over which we can establish the second one. In Phase I, we intend to deliver editorial and multimedia contents to our customer segments through a custom-designed website built with Wordpress technologies (Appendix A), fully managed by the company and sustained through online marketing. Phase II corresponds to
the company’s ability to produce original branded content strategies for companies and organizations to promote products and services, create brand value and build customer relationships through multimedia storytelling. This business plan is presented as a guide for self-reference for the implementation of Phase I, as well as an overview explaining how we intend to build our vision, with its most important components, activities and resources.

**Ecuadorian creative industries**

The development of the creative industries in Ecuador is unique because the concept was arguably unknown up until 10 years ago. Traditionally, the notion was limited to the creation of editorial products like books and other teaching material. However, there are now four areas in which the creative industries are clustered: editorial, audio-visual, plastic arts and interactive arts (Montalvo, 2013). According to the most recent economic and demographic census carried out in 2010, the creative and cultural industries in Ecuador generated earnings of more than 2.7 million dollars on that year (last data available) and generated and/or sustained 46.178 jobs. Editorial and audio-visual industries were the areas that registered the highest profits: 1.7 million and 691.000 dollars respectively (Montalvo, 2013). Even though public spending on the creative Industries decreased from 118 million dollars and 82 million between 2009 and 2010, the sector renders roughly 2.500 dollars a year on average per industry worker.

These figures denote that the cultural industries do have a measurable impact in the exchange and movement of capital in the domestic creative economy and that the sector is able to create employment in diverse fields. Moreover, we can imply that the sector is a high generator of added value in economic terms.

The data signals that Ecuador stands as an importer of cultural goods and services. However, at the same time we believe that the development of a self-sustained sector that brings together the rise in the creative industries with the improvement in the access of information and communication technologies (as it will be shown later) is adequate for entrepreneurial activities. The creation of this kind of company is in part dependant of factors like domestic market consumer behaviour, digital culture & communications and connectivity. Therefore, we must have an evaluation of the grounds on which we stand, where Information and Communication Technologies (ICT) have been on the rise in the last eight years (Appendix B).

According to the World Economic Forum (WEF), countries with more penetration of ICT experience work productivity seven times higher to those less evolved. WEF figures published in

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9 Figures in this business plan are presented in US dollars rather than in UK pounds, as the US dollar is the most widely used currency in Ecuador and prices and calculations can be better performed using it.

10 It is worth mentioning that public expenditure in culture and the arts needs to be more efficient in order to avoid cuts like the one seen between 2009 and 2010.
Ecuador by Ekos Negocios¹¹, a major market watch and editorial company providing market information, the use of personal computers worldwide grew from 100 million in 1990 to 1,4 billion in 2010. Internet users grew from 3 million to 2 billion in the same period. HSBC has identified Ecuador as a low-development country nonetheless with very significant advances on new technology inclusion and growth based on a copy-paste model. Internet users in the country grew 133.415% between 1998 and 2012. If this trend continues, for the period 2012-2015 three digit growth will be recorded that can reach 200% (Appendix C). It is important to mention the Ecuadorian Communications Law¹², newly created legislation dictating that some parameters must be met for the development and creation of the creative industries in Ecuador. For instance, it states that all commercial ads displayed in the country through media must be produced by Ecuadorian individuals or companies, where capital belongs in majority to Ecuadorian citizens. The same goes for the establishment of creative industries clusters. Moreover, it states that up to 80% of the workforce or crew involved in the production of this kind of material must be Ecuadorian.

Regarding the national media market and according to national government figures and data generated by the Centre of International Studies in Communication for Latin America (CIESPAL), as of December of 2012, Ecuador has 254 digital media outlets (Appendix D). The vast majority of them belong to traditional media companies, newspapers (local and national), radios (mostly rural), magazines and TV channels. According to the investigation by CIESPAL, the basic breakdown in the country stands as follows:

- 82 local radio outlets
- 51 national radio outlets
- 24 local printed outlets
- 23 national magazines (with printed version)
- 19 local TV outlets
- 16 native digital newspapers
- 4 native digital magazines

The highlighted mark is where we want to be, with an offer that holds characteristics not yet introduced in the Ecuadorian digital media market, directed to defined customer segments with a value proposition that we will explain in more detail. As Bragg & Bragg explain (2005, p. 34-35), both intuition and logic have a part to play at every step in the idea development process. For us it’s exactly like that.

**Customer segments**

In Phase I, we target two customer segments related to each other, described as multi-sided markets (Ostelwalder & Pigneur, 2010). On one hand, we target digital media consumers or

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¹¹ The report can be downloaded in its original version in Spanish at [http://bit.ly/1HfY4](http://bit.ly/1HfY4)

¹² This law is the first regulatory piece of legislation of this kind in the country, approved on June of 2013 by the National Assembly.
readership/consumership and on the other side we target advertisers wanting to connect with those consumers through marketing.

First customer segment:
This segment targets consumers from the ages of 18 to 38, which break down into two groups. The first sub-segment encompasses college educated consumers between the ages of 18 and 24 and the other, college educated consumers from 25 to 34 (Appendix B). These segments cluster both the wide majority of active Internet users in the country and are the portion of the population that register the highest percentages of college enrolment (past and present). Additionally and according to Ekos Negocios market research, the second segment (25 to 34) is the most actively engaged with online transactions such as purchases 81% of the total online purchases made in the country (Appendix C).

Second customer segment:
This segment comprises companies —specially service sector enterprises— interested in having an impacting on our first customer segment through online marketing campaigns. We want to focus on service sector opportunities, as this sector (along with the food and beverage sector) are the most actively involved in digital or online marketing spending, according to data from the Interactive Advertising Bureau (IAB)\textsuperscript{13}, an international digital marketing regulatory body with presence in Ecuador since 2013 (Appendix E). According to market and advertising expenditure information developed by Rivas & Herrera/Young & Rubicam, in Ecuador in 2013, motor companies and soft drinks invested more on advertising than other industries, with the Government also playing as an important investor (Appendix E).

As mentioned earlier, in Phase II the company targets a third customer segment that includes companies that traditionally assign their budgets to market and promote their products and services through traditional channels (newspapers, television, radio, websites and social media) and look for innovative ways for brand, product and service distribution and customer relationship. Therefore, we target companies and organizations that rely on branded content strategies through the production of multimedia and audio-visual products. However, as explained before, plans for Phase II of the company are not a subject for this business plan.

Value proposition
The Ecuadorian market for original online journalistic multimedia content creation and distribution is developing steadily. There are sites like \textit{GkillCity}\textsuperscript{14} that engage in content production, even though it does not include multimedia; it rather aims to be a source of satirical contents regarding

\textsuperscript{13} www.iabecuador.com
\textsuperscript{14} www.gkillcity.com
lifestyle and politics. Ecuador Multimedia\textsuperscript{15} produce daily news on a variety of topics, but they do not engage with multimedia contents (oddly enough). On the other hand, there are portals like Plan V\textsuperscript{16} which allocate their resources to create original politically-charged journalistic contents with strong right-wing editorial stands and with very scarce use of multimedia resources like video. Lastly, La República\textsuperscript{17} is a newly created right-wing political news source that has no multimedia resources like HD video. Their proposal stands on producing print-like contents but readable online. That is the industry standard in Ecuador as of today, where multimedia is yet to take off. As England & Finney explain (1998, p. 2), multimedia is the seamless integration of text, sound and images of all kinds and control software within a single digital information environment.

In a field of standardization and poor quality like the Ecuadorian media sector, our value proposition is both a seemingly easy task and a bold choice, as the adoption of a new and previously unknown media product raises questions, specially for a intangible products like this, which arrives to the consumer for no money. We want to disrupt traditional Ecuadorian online journalistic production patterns and satisfy a need of fresh media, adaptable to a younger audience and willing to stand as a counter-cultural creative space for experimentation and coverage. Based on the tetrad of media effects (McLuhan, 1988, p. 129.), we identify four value propositions.

We aim to render the traditional way of producing online journalistic content in Ecuador obsolete, as we do not intend to serve as an outlet that merely reproduces or recycles previously created information for publication. We commit to publish only our own content, as we believe this is one key ways to differentiate ourselves from current journalistic practices, driven in part by news agencies, public sector agendas or standardized press conferences. We focus on own editorial agenda, digital cultural curating and our own digital storytelling techniques. As Erstad & Wertsch explain (2008, p. 24), when focusing in digital storytelling we have to take the broader perspectives of culture, communication and cognition as a wa way connecting inter and intra personal communication. By creating original multimedia contents, we enhance consumer experience, as our content will be unique in the country. That is another way in which we want to differentiate ourselves, as our consumers will not be reading un layered, print-like contents online. We want to craft a multimedia experience where they can easily digest non-linear narratives.

To have a unique offer we have two new proposals for the Ecuadorian market. To help achieve 100% truly original contents, we want to retrieve gonzo journalism techniques, which actively incorporates the content creator as part of the narration, often taking sides or pushing an agenda. Found throughout Hunter Thompson’s work (1979), Gonzo Journalism, sometimes labelled as

\textsuperscript{15}www.ecuadornmultimedia.com
\textsuperscript{16}www.planv.com.ec
\textsuperscript{17}www.larepublica.ec
New Journalism, works as an interlaced art of storytelling, blending literature, creativity, fiction and immersive reporting among other characteristics. As Wolfe explained, by trial and error, by ‘instinct’ rather than theory, journalists have begun to discover the devices that gave this narration its unique power... its concrete reality, its emotional involvement, its ‘gripping’ and ‘absorbing’ quality (Wolfe, 1975, p. 46). Failing to go mainstream and quickly fell out of favour in the media industry, often labelled as subversive and very anti objective. We take on the opportunity to re-assess and reverse the objectivity issue, a concept traditionally understood as perfect neutrality and the elimination of interpretation. Gonzo journalism provides the reader with human reality, something objective journalism cannot as the journalist has been detached from the reporting (Jacobson, 1975, p. 90). When reporting lifestyle and trend-setters, we do have an agenda, a biased voice and our own interpretations18. In his theories of value, Thorsby (2001, p. 29) explains that the range of cultural value can be aesthetic, spiritual, social, historic, symbolic and authenticity. We want to be driven by social and aesthetic, understood as harmony, style and taste (in content craft and multimedia design) and social, where the product may convey a sense of connection with others and it may contribute to a comprehension of the society in which we live and to a sense of identity and place.

Channels and promotion
Open-source publishing software is the channel through which we reach our customer segments and it is the form in which we engage and interact with them. Establishing a Content Management System (CMS) (Appendix A) we can own our site and fully manage it. As a starting point we intend to re-brand one of our partners’ blog titled Lo Inquieto www.loinquieto.net, a contemporary arts, literature and fashion space started in 2010 (Appendix F). Currently, the site is edited and maintained by one of our partners, Daniela Rizzo, whose credentials are presented in the Cost structure & resources section ahead. The web is the place where we establish customer relationship. The availability of Lo Inquieto as a preceding product allows us to start with tangible readership figures. Awareness of the online product on this first stage will be reached by product redesign and promotion through social media, while performing Search Engine Optimization (SEO) for better organic search on engines like Google, in relationship to our editorial proposal, with keywords tagging (contemporary, ecuador, multimedia, storytelling)19. According to King (p. 5, 2008), SEO consists of strategies like keyword optimization, effective and updated content and smart cross-linking that match the particular subject/offer.

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18 The Communications Law states that when reporting, facts and opinions must be clearly defined and that proof must be presented when presenting accusations or assert the facts. However, by employing lifestyle reporting and cultural critic, we do not aim to attack or slander. We only choose to present and represent what others do not. More details of our editorial policy will be defined in collaborative work with the company's partners and journalists.

19 It is noticeable that Google's top result in organic search when typing words 'multimedia' and 'ecuador' is Ecuador Multimedia, which actually does not use multimedia tools and has not been updated (as of April 9th, 2014) since June of 2013.
Web metric tools like Google Analytics will tell us if we are being successful in reaching our customer segments, while it will give us insight on overall traffic performance, demographics, geographic distribution, etc. Targeted traffic goals and analytics information will be further assessed and measured with services like Alexa and Similar Web, also helpful in delivering web traffic and consumption data, free of charge when not acquiring their premium services like Google Analytics. Finally, The delivery of our value proposition to our first customer segments is free of charge and we aim to initially engage with them in dialogue and marketing via social media content distribution. As Qualman Explains (2012, p. 11) traditional newspapers and magazines need to recognize that people are having their news pushed to them from friends and automated free subscriptions. We do not only want to fetch for readers, we want to ‘get found’ and for that we will command a social media strategy distributing our contents and engaging with our consumers through Facebook and Twitter profiles.

Key activities
We describe our key activities as the steps needed in the pre-operational stage to start content production. We emphasize the activities of this stage, as it is the period where the most important ones will be carried out before we go live with the CMS and start content production before the no income stage (Appendix G)

Revenue streams
Revenue in Phase I is divided in two stages: no income and income.

A. No income stage: on the appendix related to the Key Activities section we outline the steps before we enter Phase I including the acquisition of a domain address and having established the CMS. This stage begins on the date the site goes live and we start producing content. We do not expect to produce income for the first 6 months. We choose this option because we have the need to develop our editorial and multimedia proposal on actual live contents and we need to command enough traffic and obtain analytics information in order to start offering display advertisement as a source of steady and sustainable revenue (Appendix H). During this stage, multimedia design and management partner Marcelo Espinosa will participate in the company as a part time partner until we can start generating income, which we explain in the next stage. Myself, editorial manager Oscar Maldonado and second editorial manager Marcelo Ayala, will be joining the company as a full time working partner during these months.

B. Income stage (Appendix I and Cash Flow)
Cost structure and resources
As a startup on the digital media sector we have some advantages when assessing the main resources we need to begin content production, mainly because we do not need a venue or facility in order to offer our product to our customers. This is the physical resources and its costs, human resources and their participation in the enterprise and other operating expenses (Appendix J). We see this company as a building up place for new ideas, content innovation, crowdsourcing, imagination and horizontal collaboration with collective leadership. As Brafman & Beckstrom explain (2006, p. 5-8) in many arenas, a lack of traditional leadership is giving rise to powerful groups that are turning industry and society upside down. The advent of the internet has unleashed this force, knocking down traditional businesses, altering industries, affecting how we relate to each other and influencing world politics. Human resources needed to start our operations range from background on literature, fashion and the arts to multimedia journalism and video production with personnel holding master degrees overseas and with international work experience in the mentioned fields (Appendix K).
Cash flow
References


Rivera, J. (2012) *Mapa de Medios Digitales en el Ecuador.* Quito, CIESPAL.


Wordpress is a Content Management System (CMS) for professional website publishing. The company offers two main products: the first is a set of development tools and resources, commercially known as Wordpress.com, that serves amateur customers. On the other hand, WordPress.org, their second offer, targets professionals or companies looking for more capabilities and tools like plugins to monetize. The main difference between these products lay on the ownership issue. A site built with WordPress.org is under the publisher’s control and allows content to be stores on servers not owned by the company. More information about WordPress publishing technologies https://wordpress.org/about. The Toronto Standard, a Canadian newspaper founded on the XIX Century, was recently re-founded in digital form and runs entirely on Wordpress technologies.
According to the annual report of 2011 dealing with statistics about the information age and technology, processed by the National Ecuadorian Institute of Statistic and Demographics, Internet usage growth in the country has gone up 9316% in the last decade, with 54.4% of people going online daily and 39.9% doing it at least once a week. Additionally, 37% of Ecuadorians are daily Internet users. People between the ages of 16 and 24 go online the most with a 64.9%, followed by people between 25 and 34 years old with 39.6%. Those who use it least fall between the ages of 65 and 74 with 3.3%. Also, in 2008, 3'300.000 persons were online, roughly 22% of the population. In 2011 it rose to 4'100.000, a percentage of the population of roughly 28%. Updated information from 2012 show that 35.1% of the population are currently online in Ecuador. Additional data shows that 52% medium income households have Internet. Also, 85% of medium income households spend between 18 and 35 US Dollars a month on Internet services. 32.6% of the population use the Internet to communicate, followed by 31.1% that used it to obtain information. Roughly 10% of the population have a smartphone with Internet, more men than women, 52.9% against 47.1%. People between the ages of 16 and 24 lead with 11.7% followed by people between 24 and 34 with 11.5%.

We want to target consumers who live their lives online and still have the adequate formation in order to privilege alternative media for the consumption of culture and counter-culture social processes: we target a critical audience ready to challenge established social views. That is why we specially focus on college educated people.

![Graphic I: Percentage of people between 18 and 24 enrolled in a institute of higher education in Ecuador](image)

According to Ekos Negocios, between 2000 and 2010, the country experienced the second highest growth in consumership in more than a 100 years, with an average of 6%. Moreover, national Government policy has been directed to the amplification and diffusion of access and use of the Internet, communication and information technologies since 2009 with an estimated annual investment of 90 million dollars per year. According to government figures, 75% of the country will have affordable access to broadband by the year 2017. Furthermore, the Ecuadorian middle class is experiencing a sustained resurgence period since 2007.

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20 Accessible at www.ecuadorencifras.gob.ec
21 www.ekosnegocios.com
with 81% having stable jobs of up to 1.500 US dollars monthly. At the moment, 58% of middle class families are home proprietors, which enables them to direct 76% of their income to entertainment and other services.

Image II: Ekos Negocios market report is the most respected investigation of its kind, according to the Camera de Comercio de Quito.22

Appendix D

Out of these 254 outlets, 34 are native digital. That means they where founded online, not having a prior printed audio-visual precursor. The first journalistic online media outlet in Ecuador appeared in 1994, when HOY newspaper began publishing plain text from their printed edition in their website. Since that year, the market for digital journalistic media began developing to reach the present stage. According to the investigation, the vast majority of these media outlets apply to some degree and in various forms, the key components characterize digital media like multimedia recourses, interactivity and real-time information processing (Rivera, 2013).

22 www.lacamaradequito.com
Image III: A screenshot of the digital newspaper HOY newspaper, the first Ecuadorian digital news source, very limited in the use of multimedia resources.

Appendix E

This is the amount spent annually in advertising in Ecuador for different industries, with Government investment included, mainly for campaign purposes and TV and radio time bought very year. Data generated by Rivas & Herrera/ Young & Rubicam and Infomercados, a bimonthly market watch publication of the Bolsa de Valores de Quito.

<table>
<thead>
<tr>
<th>Industry/Sector</th>
<th>Annual spending</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motor and auto</td>
<td>33'770.490,14</td>
</tr>
<tr>
<td>Soft drinks</td>
<td>24'600.935,64</td>
</tr>
<tr>
<td>Government</td>
<td>99'536.365,50</td>
</tr>
<tr>
<td>Food and household</td>
<td>369'257.520,93</td>
</tr>
</tbody>
</table>
Table I

There are some disagreements on the percentage currently invested in digital marketing in Ecuador. However, according to the IAB, last year 4.4 million pounds or 7% of all budgets were spent in online advertising in the country, with 55% of that amount going for display advertising. Out of that amount, 33% was invested in social media and the remaining 12% was spent in mobile devices. Of the total sum, 88% corresponds to traditional trade and 20% to e-commerce. Also, the IAB establishes that within the services industries, hotels, travel agencies and the education sector are the one that invest more in this type of advertising and states that mid-size enterprises and companies are the ones that invest more heavily in online marketing. Furthermore and according to the IAB Ecuador, online advertising is a sector that grows at an annual rate of 50% in the country. In some years, online marketing will surpass traditional marketing in the country. These are the first ever figures regarding online marketing in the country, since the IAB began collecting data last year.23

On the other hand, Rivas & Herrera/ Young & Rubicam report that the investment in digital marketing ranges from 7% to 20%. It is important to note that the apparent disproportion is attributed to some issues like information gathering methodology, as the IAB gathers it from national companies leaving out multinational companies that (sometimes) engage in digital marketing through international agencies rather than direct commercial agreements.

Appendix F

Lo Inquieto is a lifestyle and fashion site founded in 2010 by one of our partners and is the basis upon which we will redesign Paralelo. Average monthly unique visitors in late December 2013 reached 2500 approximately. Currently, new contents are published up to 2 times a week and do not include any kind of multimedia resources other than photography.

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23 The information was synthetized from an article published in El Comercio newspaper, accessible at http://bit.ly/1hNGIYe.
Appendix G

These are the key activities needed before we enter Phase I where no income or revenue will be considered by the company. The list of key activities will be revised once the site goes live after the sixth month to start the no income stage.

| 1-2 Months | Layout the first editorial guidelines.  
|           | Establish our manifesto on Ecuadorian contemporary society.  
|           | How do we reflect that / How do we as media producers participate.  
|           | What do we publish and do not publish. |
| 3-4 Months | Develop our media brand, name, identity and logo.  
Establish website design, functionality and content management strategy.  
Set up and test performance metrics tools (Google Analytics)  
Determine legal grounds, copyright protection, distribution and liability.  
Explore partnerships. |
| 5-6 Months | Identify the ‘Universe of Contents’  
Genres (description, parody, comparison, critic, praise, etc.)  
Topics (comedy, anti-politics, consumer watch, young culture, digital life, etc.)  
Formats (feature story, video piece, visual essay, etc.)  
Storytelling resources (what is multimedia and what is not)  
Production pace (how often we deliver new content)  
Time constraints (relationship between workload, personnel and delivery)  
Establish partnerships |

Table III

Appendix H

Interview with Diego Cabezas Z., Market research and BAV Executive at Rivas Herrera / Young & Rubicam Ecuador. Topic: Profitability in the Ecuadorian online advertising market. Date: April 6th, 2014.

In Ecuador, companies and brands are actively embracing the need to incorporate marketing digital as an investment as part of larger media campaigns. Depending on the type of campaign and the established goals (message, demographics, age, consumer behaviour) marketers wants to achieve, the usual practice is to combine a web strategy with traditional media channels. And when talking about web advertising, display banners are the common strategy. In display advertising through web banner management in the particular case of Ecuador, the industry standard is either a Cost per Mille scheme (CPM), which enables to compare the price and impact of a message and agreed fixed rates based on performance. Schemes like Cost Per

24 Audio available under request.
Click (CPC) are not used in Ecuador and are specially unadvisable for startups sites that need to build up traffic to try to guarantee sustained income through CPC campaigns.

We can establish an average cost of placing online advertising on digital publication, according to some evaluation parameters such as traffic frequency and a well-performed SEO. Marketers and advertisers look for traffic values, creative formats and competitive prices. The topic of pricing is balanced by between different media, as supply and demand keeps prices steady. It is important to bear in mind that pricing your advertising space depends on factors like the one mentioned, but how covered you want to be is key. For example, if one company offers a monthly pack of 16 dollars for 1000 web impressions (CPM) and another offer 12 dollars, choices may change.

Pricing must be kept in relation to you site’s performance and competitors prices, understanding once again that interactive formats and value deals can have a big difference and actually render display advertising income. Pricing also depends on the number of people that will be engaged by the message, reading density and navigation habits. Banners in the upper left side be more expensive because they draw the reader’s attention in a stronger way due to reading customs, cultural learning and language conditions.

Appendix I

Market prices for display advertising on Ecuadorian media outlets varies according to some site conditions like traffic size and SEO. After the 6 months period of no revenue, we want to start offering display advertising deals on the basis of our traffic, competition prices and editorial offer to foster attractiveness for advertisers in the service sector that want to connect to our consumers/readership. As we mentioned before, the income stage of Phase I enables us to be sustainable during a period of 12 months over which we can build a content portfolio to step in branded content.

The methodology we use to determine the price for advertising spaces is mainly based on a comparison strategy. For that, use start to consider three examples, one is *El Universo*, a large newspaper with more than 75 years in the media business that has a digital edition; *HOY*, a smaller regional newspaper that had the first news site in the country in the 1990s and the last on is *La República*, a native digital news publication that appeared in the Ecuadorian market 4 years ago.

*El Universo* usually commercializes its contents through direct display marketing agreements rather than engaging in ad networks like Google AdSense. *HOY* and *La República* do the same thing. All of these offer space for advertising banners and commercialize it through either monthly fixed rates or through Cost per
Mille (CPM). These are example prices for CPM advertising in *El Universo* for mega banners, video banners and square banners.

**CPM rates**
- Mega banner (Home): 12. This means it costs 12 dollars to show the banner on 1.000 page views
- Video banner (Home): 12 This means it costs 12 dollars to show the banner on 1.000 page views
- Square banner (Home): 10 This means it costs 10 dollars to show the banner on 1.000 page views

*To make 1,200 dollars with a mega banner, this company needs to sell 100,000 impressions*

This newspaper also offers fixed monthly rates through fixed banners on a monthly basis. Notice that the banners and formats for fixed monthly rates are not the same as those from the CPM scheme.

**Fixed rates**
- Half banner (Home): 3.600
- Peel (Home): 3.600
- Button (Home): 2.500

These are examples of the set prices of CPM advertising in *HOY* for upper banners and pop up banners.

- Pop up banner: 15 This means it costs 15 dollars to show the banner on 1000 page views
- Square banner: 6 This means it costs 6 dollars to show the banner on 1000 page views

*To make 1,500 dollars with a pop-up banner, this company needs to sell 100,000 impressions*

*(15 x 100 = 100,000 impressions)*

These are the examples of the set prices of *La República* for mega banners and square banners. They work with fixed prices for an estimated in 100,000 impressions.

- Mega banner: 3.000
- Square banner: 2.600
- Full banner: 2.600

Before we can set prices and calculate cash flow, we need to determine where we want to be in terms of traffic to our website and the available formats and banner to offer display advertisement. As we saw on Appendix H, *Lo Inquieto* [www.loinquieto.net](http://www.loinquieto.net) has on average 2500 average monthly unique visitors. By the end of the no income stage we project to have 20,000 monthly unique monthly visitors, an increase of 900%

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26. Banner size and formats are published by the Interactive Advertising Bureau (IAB), a non-profit organization to develop industry standards [www.iab.net/displayguidelines](http://www.iab.net/displayguidelines).

27. Prices in US Dollars are extracted from these companies official rates, downloadable from their websites.

28. Depending of the measurement period in web traffic analytics, an unique visitor is an user that visits the site one time in a particular time frame.
in six months. Additionally, we project a bounce rate\(^\text{28}\) of no more that 70\% (currently it is 80,07\% while digital editions of large national newspapers like *El Comercio* have a bounce rate of 62,67\%). At the moment, *Lo Inquieto* has a average time spent in the site of 1 minute, 38 second: we target an average time of more than 2 minutes. Having that verifiable monthly traffic, we can set figures for display advertising income.

We establish a basic pricing comparison with *La República*, as it is the nearest competitor. According to Similar Web, this company has an average monthly traffic of 170.000 that they engage through display advertising in a fixed rate scheme. Hence, for a monthly 2.600 square banner fixed rate, the cost for each visitor is 0,015.

**Fixed rates (Monthly)**

*La República*

<table>
<thead>
<tr>
<th>Format</th>
<th>Cost</th>
<th>Average visitors (Monthly)</th>
<th>Price per person</th>
</tr>
</thead>
<tbody>
<tr>
<td>Square banner (300 x 250)</td>
<td>2.600</td>
<td>170.000</td>
<td>0,015</td>
</tr>
<tr>
<td>Mega banner (728 x 90)</td>
<td>3.000</td>
<td>170.000</td>
<td>0,017</td>
</tr>
</tbody>
</table>

Our editorial proposal is not similar to that of *La República* and neither is our approach to multimedia storytelling and technological resources. However, the comparison is key to assess a relationship between ad cost, quality and media brand growth. By offering interactive banners (like pop-up video banners) and engaging quality content we can establish competitive prices. These are our monthly fixed banner prices:

<table>
<thead>
<tr>
<th>Format</th>
<th>Cost</th>
<th>Average visitors (Monthly)</th>
<th>Price per person</th>
</tr>
</thead>
<tbody>
<tr>
<td>Square banner (300 x 250)</td>
<td>400</td>
<td>20.000</td>
<td>0,02</td>
</tr>
<tr>
<td>Mega banner (728 x 90)</td>
<td>600</td>
<td>20.000</td>
<td>0,03</td>
</tr>
<tr>
<td>Small banner (468 x 60)</td>
<td>300</td>
<td>20.000</td>
<td>0,015</td>
</tr>
<tr>
<td>Skyscraper (160 x 600)</td>
<td>500</td>
<td>20.000</td>
<td>0,025</td>
</tr>
<tr>
<td>Pop-up banner (500 x 500)</td>
<td>800</td>
<td>20.000</td>
<td>0,032</td>
</tr>
<tr>
<td>Pop-up video</td>
<td>800</td>
<td>20.000</td>
<td>0,032</td>
</tr>
</tbody>
</table>

The prices shown in the table are calculated for display in the Home page. Internal pages or landing pages will also feature banners and will be allocated depending on contractual agreements and offers. The price per person of our offer is more expensive than that of our nearest competitors (up to 33\% in the case of the mega banner). However, as we have explained, we offer a unique editorial experience.

As CPM is a measuring marketing tool advertisers employ to compare the impact of their messages in a audience, we can only present our own CPM prices in comparison to outlet with similar web traffic. Comparing our company with the traffic site of a large newspaper is senseless. As an example, *El Universo* has on average 5 million monthly visitors, while we target 20.000 at the beginning of our income stage. At

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\(^{28}\) Bounce rate is defined as the percentage of visitors that enter the site and leave before surfing other pages in the same website.
this point, we have no comparison with a similar competitor and hence we cannot yet project prices for a CPM display advertising scheme.

Image V: Examples of basic standardized banner formats and sizes according to the IAB.
Appendix J

We will begin Phase I with a startup capital of 4.000 dollars, money available from partners savings. This money will sustain the company during the projected no income stage, covering all costs and will serve as a safeguard.

No income stage (Duration 6 months)

<table>
<thead>
<tr>
<th>Concept</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Utilities</td>
<td>40</td>
</tr>
<tr>
<td>Internet/Communications</td>
<td>60</td>
</tr>
<tr>
<td>Transportation/Gas</td>
<td>100</td>
</tr>
</tbody>
</table>

Monthly expenses during the no income stage (6 months) of Phase I: 200

Income stage (Duration 12 months, fixed costs)

<table>
<thead>
<tr>
<th>Concept</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>2,100</td>
</tr>
<tr>
<td>Utilities</td>
<td>160</td>
</tr>
<tr>
<td>Internet/Communications</td>
<td>50</td>
</tr>
<tr>
<td>Transportation/Gas</td>
<td>120</td>
</tr>
<tr>
<td>Company setup fees (including legal)</td>
<td>800</td>
</tr>
<tr>
<td>Taxes/Administration/Accountancy</td>
<td>-</td>
</tr>
</tbody>
</table>

Equipment\(^{31}\)

<table>
<thead>
<tr>
<th>Equipment</th>
<th>Quantity</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>MacBook Pro Laptop</td>
<td>1</td>
<td>Already available</td>
</tr>
<tr>
<td>MacPro Desktop</td>
<td>1</td>
<td>Already available</td>
</tr>
<tr>
<td>Canon 70D Camera</td>
<td>1</td>
<td>Already available</td>
</tr>
<tr>
<td>Sony PWR 200 Camera</td>
<td>1</td>
<td>Already available</td>
</tr>
<tr>
<td>Software Bundle</td>
<td>1</td>
<td>Already available</td>
</tr>
<tr>
<td>Sony lavalier mic</td>
<td>2</td>
<td>37,28</td>
</tr>
<tr>
<td>Audio-Technical Boom mic</td>
<td>1</td>
<td>55,24</td>
</tr>
<tr>
<td>Raveli camera tripod</td>
<td>1</td>
<td>29,69</td>
</tr>
<tr>
<td>Seagate 1TB HD</td>
<td>1</td>
<td>67,99</td>
</tr>
<tr>
<td>Web hosting services</td>
<td>Bundle</td>
<td>10,00 annually</td>
</tr>
</tbody>
</table>

\(^{29}\) We will start operations as a limited liability company, which under Ecuadorian legislation enables partners coming together with a minimum capital. Limited liability is recommended for small startup with a few partners, where they are liable/financially responsible for the amount of capital initially invested in the company.

\(^{30}\) Including 400 starting capital required by Law. This is not included in the monthly expenses as it is a one time payment.

\(^{31}\) Retail prices as published by [www.amazon.com](http://www.amazon.com) on April 3rd, 2014.
Appendix K

Position, personnel and professional profiles of human resources employed in the editorial and creative ends of the no income and income stages.

Editorial managers…………………………………………………………………Oscar Maldonado & Marcelo Ayala
Photography……………………………………………………………………………Oscar Maldonado & Marcelo Ayala
Video………………………………………………………………………………………Marcelo Espinosa & Marcelo Ayala
Multimedia design……………………………………………………………………Marcelo Espinosa
Web development……………………………………………………………………Marcelo Espinosa

Oscar Maldonado: multimedia journalist and content editor. Holds a BA in Journalism from Universidad San Francisco de Quito, Ecuador and a MA in Communications, Technology and Culture from the Federal University of Rio de Janeiro, Brazil. Currently a Media and Communications postgraduate at the Institute for Creative and Cultural Entrepreneurship ICCE, Goldsmiths, University of London. His background is in print and digital media. His main skills reside on content conceptualization and production, journalistic narratives and storytelling.

Marcelo Espinosa: multimedia producer, designer and manager. Has a BA and in Telecommunications and a minor in Marketing from Indiana University, Bloomington, Indiana United States and a MSc in Informatics from Purdue University, Indiana, U.S. His work includes multimedia production and editing in national news services and content production for large TV stations. His skills include multimedia software management, CMS, video production & editing, video narratives and post production software.

Marcelo Ayala: arts, fashion and lifestyle journalist, writer and media producer. Obtained his BA in Communication and Journalism from Pontificia Universidade Católica de São Paulo, Brazil. He has experience in content management, creative storytelling and video journalism. His skills and interest include journalism, fiction narratives, video production, advertising photography and digital media production. He his currently enrolled as an MA student at Faculdade Cásper Líbero in São Paulo.