BEVERAGE INDUSTRY: BRANDED CONTENT VIDEOS VS. TRADITIONAL COMMERCIALS IMPACT ON BRAND ATTITUDE

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Abstract

Discovery of the internet and social media had an irreversible impact on the ways brands communicate with their customers. The nature of marketing strategies has changed, shifting from traditional marketing to branded content (BC) or also called content marketing. In general, branded content is any content such as blogs, articles, videos, campaigns or other content that is created to indirectly transfer brand message to consumers. Branded content is valuable to customers because it is relevant, enjoyable or informative. As the trend of content marketing is relatively new and there is an insufficient number of academic literature in the field, none in Latvia, the study aims to provide a deeper insight into the effectiveness of branded content in comparison to traditional marketing.

Authors research BC impact on brand attitude, in particular, consumer views on brand favorability, stylishness and innovativeness. Additionally, the study looks into another brand lift metric - purchase intention. The research is based on a pre-test post-test experimental design and it incorporates Mixed Two-Way ANOVA for the purpose to provide empirical evidence in the field. In the experiment, authors use only one type of BC that is short length videos because exactly videos are considered as the most effective form of BC by marketers. The paper concentrates on beverage industry because it is relevant for majority of people, therefore, for experiment participants as well. The study finds that BC videos indeed improve measured brand lift metrics; however, in most of the cases it does not significantly outperform traditional commercials.

Keywords: branded content, content marketing, brand attitude, purchase intention, beverage industry

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1.   Introduction

The shift from traditional advertising to branded content has never been so evident. Online space is flooding from a high wave of articles covering content marketing topic; many praise branded content to be a tremendously effective form of marketing and call it revolutionary. Therefore, even those who were somehow sceptical towards the new trend could no longer remain inactive observers of content marketing evolution, especially after witnessing large international corporations such as Red Bull or Coca-Cola successfully exploiting the benefits of branded content. Marketers, who have observed the bustle surrounding the new trend, predict that in 2015 creating a high quality content will be one of the top priorities. For that reason, companies are in a hurry to reallocate their budgets in a favour of content marketing (DeMers, 2014) (Jutkowitz, 2014) (Rusell`s Group, 2015).

Historically, branded content emerged along with the discovery of the internet and popularity of social media that allowed customers to have control over the content. In other words, people now are able to distribute the content they find interesting and avoid exposure to the material they do not enjoy. Consequently, traditional advertising tactics that focused on pushing through message seem no longer appropriate. These changes forced companies to transform their marketing activities and step into their target consumers` mind-set; as a result, companies started producing content that is relevant, appealing, and enjoyable to their customer, in this way building tighter and longer lasting relationship between the brand and consumers (Toole, 2014).

Although branded content is a highly discussed topic and there is a considerable amount of performed research on content marketing development, the topic is still lacking academic literature that would empirically support the effectiveness of content marketing and its superiority to traditional marketing (Duopoly, 2013) (Content Marketing Institute, 2013) (Asmussen, Canter, Butler, & Nicolette, 2014) (Stokes, 2014) (Corporate Excellence, 2014). Partially it could be explained by a sudden and vast spread of the new trend, meaning that academics could not keep up with the pace of recent developments. However, a more likeable explanation is the difficulty in measuring the branded content performance and its impact on business results (Hudson & Hudson, 2006) (Russel, 2007) (Chaffey & Flanagan, 2014). In a survey conducted by Contently, more than 90% of marketers admitted being not confident if the key metrics they used for measuring branded content impact were effective (Teicher, 2014). The challenge occurs because there is no common framework for measuring content marketing ROI, whereas such metrics as number of views, followers, content downloads, page visitors or shares fail to take into account branded content contribution to a business in a

long term (Contently, 2014) (Vizu, 2014) (McKenzie, 2014) (Skinner, Measure Content Marketing For Success, 2014). A more common approach to measure effectiveness is to use brand lift metrics that include willingness to buy, brand awareness, brand attitude and other metrics. Despite the fact that brand lift metrics are not the ideal measurement due to the overlapping and highly interrelated properties of factors they include, many marketers still choose to employ it (McKenzie, 2014) (Sutton & Zack, 2006).

Recent empirical studies seem to confirm a circulating common opinion about content marketing having a positive impact on business results. For example, Bellman et al. have focused on a specific type of branded content - mobile applications, and have proved that content marketing has a favourable effect on such factors as brand affinity and purchase intention. In 2014, a research conducted by Nielsen confirms that, indeed, branded content has a positive effect on the same brand lift metrics (Nielsen/inPowered MediaLab, 2014). Furthermore, IPG Media Lab research tested branded content articles and their impact on brand recall, favourability, and purchase intent in comparison to direct traditional advertising materials. The study revealed content marketing to be a more powerful strategy (IPG Media Lab&Forbes, 2013). No researches of similar nature were conducted in Latvia; therefore, companies based in Latvia are left without any empirically supported evidence whether branded content can positively affect Latvian consumers, their brand perception or purchase consideration. Performing such research would not only provide useful insights about content marketing effectiveness in Latvian market but also serve as a tool to increase the efficiency of adopted marketing strategies.

Marketers predict videos to be a dominant form of branded content throughout 2015. Statistics show that more than 100 million consumers are watching online videos each day. Approximately 46% of internet users view at least one video during a month. Meanwhile, 32.3 is an average number of videos a regular user is exposed to during the same one-month period. This popularity indicates that an online video is an excellent tool for companies to implement their branded content strategies in order to reach their target customers (Newman, 2014)(comScore, 2014). Video marketing allows companies to create shareable videos that are adjusted to individual target audience taste and interests (Stokes, 2014). According to a survey conducted by Outbrain, a leading content discovery platform on the web, as many as 87% of marketers already in 2012 indicated videos to be the most popular type of content marketing, leaving blog posts and articles behind (Outbrain, 2012).

Taking into consideration an insufficient number of academic papers providing empirical evidence of branded content effectiveness as well as accounting for growing

popularity of an online video, this study aims to answer: **what impact branded content short length videos have on brand perception compared to traditional commercials?** In order to test branded content and traditional commercials, authors focus on a beverage industry and use videos created by beverage brands. This exact industry is chosen due to its relevance to the majority of people that means also to experiment participants**.** Content relevance to the audience is a key factor in obtaining valid results because videos can have a considerable impact only if they address the target audience. Authors focus on a brand perception metric because, firstly, pre-test post-test experimental design of the study is most suited to measure effect on brand attitude. Secondly, it is a broad term and includes perceived brand favourability, stylishness, and innovativeness. The study also determines impact on purchase consideration. This paper compares the effectiveness of content and traditional marketing with a view to determine whether branded content videos are as effective as commercials or perform significantly better.

The paper is structured to enable a reader easily follow the process of the research. The 1st part of *Literature Review* describes development stages in content marketing evolution and explains the concept of branded content in detail. 2nd part of *Literature Review* includes a comparison between content and traditional marketing strategies and review of existing academic literature on the study subject. In the following *Methodology* part, a reader will be acquainted with the chosen research design and provided with an overall description of how experiment will be conducted and results analysed. The paper further proceeds to *Analysis and Discussion of Results,* where the results of our experiment are presented and interpreted with regard to the previous literature. Finally, *Conclusions* will summarize the key points and provide suggestions for future research.

2.   Literature review

2.1. The concept of branded content

In 2014, Oxford Brookes University and Ipsos MORI, a market research company, conducted a study that draws attention to the existence of various branded content definitions that might bring confusion when trying to understand the concept. Therefore, it constructed a generalised definition that takes into consideration all forms of branded content. It states that branded content is any content, which can be associated with a brand in the eye of the beholder. This generalised definition implies that even though, for instance, a video is not related to a brand but people associate it with the brand, then the brand is affected by this content, and therefore, it can be called branded content (Asmussen, Canter, Butler, & Nicolette, 2014).

Branded content, often called content marketing, is an umbrella term. It concentrates on matching content such as information and entertainment by taking into consideration customer needs regardless the stage of a buying cycle they are in (Stokes, 2014). This kind of marketing technique is used to create and distribute content that is valuable for the target audience in order to acquire, engage and encourage individuals to make a buying decision (Content Marketing Institute, 2013). However, driving profitable customer action is not the only goal of branded content; it can also be used to understand better the target audience by gathering data and notifying what content interests it and what is the most effective way to reach it (Stokes, 2014).

Content marketing means that brands and their offered products or services are incorporated in a content that is not considered to be a promotion, paid advertisement or sponsorship of any kind (Corporate Excellence, 2014) (Duopoly, 2013). Therefore, branded content can be seen as a pull rather than a push mechanism; it is not designed to sell a product or service but rather add value to customers through entertainment and education (Skinner, 2014). As a result, content marketing is expected to increase both brand awareness and likability (Duopoly, 2013) (Stokes, 2014).

The relationship between a brand and consumers is transformed by content marketing as it allows establishing more direct, deeper relationship and lets customer to feel a part of shared experience (Corporate Excellence, 2014). In order to understand how companies use branded content, we provide few descriptions of famous content marketing examples, which reader can find in Section 2.2.

As branded content lacks a clear, precise, and uniform definition, there are different ways to classify it. According to Corporate Excellence, centre for reputation leadership, there are six main categories of branded content: (1) audio visual, (2) digital, (3) events, (4) games, (5) music and (6) print. Each of these groups includes a number of different branded content tactics (see Appendix 1 Figure 1).

In the content marketing study conducted by Kapost branded content modes are assumed to be either a lightweight content (e.g. blog post, podcast, handheld video, interview, article, media announcement), which is produced more frequent, or one major piece content (e.g. infographic, whitepaper, e-book, professional video), which is released more seldom.

2.2. Famous examples of successful branded content campaigns

BMW

In 2001, BMW launched film series called `The Hire` that featured Clive Owen driving BMW automobile. The series turned out to be a great success and are now referred as one of the best early examples of branded content. During the first months, the series were watched over 11 million times. That was followed by two million people registering on the brand website while the link to the episodes were shared extensively (Duopoly, 2013) (Sheehan, 2010).

Red Bull

In 2007, Red Bull launched Media House, a global media company that mainly focuses on producing videos related to action sports. The Media House serves as a producer of Red Bull content. This is an excellent example of brand becoming a publisher in order to incorporate content marketing strategies in its operations. The company already attracted over 3.8 million subscribers on its YouTube channels. Red Bull's Austrian founder Dietrich Mateschitz describes the brand as a media company that happens to sell energy drinks (Duopoly, 2013) (Brenner, 2014) (Ratcliff, 2014).

2.3. Examples of branded content campaigns in Latvia

While most companies in Latvia use traditional advertising techniques, in recent years it is possible to observe an increase in a practise of content marketing as a supplement or a replacement for traditional techniques. Various channels are used to share the content from companies – social networks, articles, mobile applications. For example, Latvijas Balzams, a leading producer of alcohol beverages in the Baltics, in recent months has developed an

interactive application, which inspires users to explore a range of different original cocktails. It shares various recipes and tutorials for cocktails with a main ingredient Riga Black Balsam. With regard to video materials as a type of branded content, there are, however, limited examples available in the Latvian market.

The most active branded content producer in Latvia could be considered LMT, a telecommunication network brand, which so far has created such campaigns as „Think-Do", „LMT recommends'' and produced a first-television smart game „Ciemos". Within „Think-Do" campaign, LMT produced a short inspirational movie that aimed to increase patriotism and showed various positive highlights characteristic to Latvian nation without indication to brand products. Within „LMT recommends" campaign the company created a modern folkloristic track and filmed a special national dance performance for the track. The video was awarded in Adwards Festival as the best work in the Branded Content and Entertainment nomination. In turn, the idea of television game "Ciemos" was to provide smart equipment to people from non-urban regions and make teams compete in various challenges thus highlighting the advantages and applicability of smart equipment in daily life.

Other recent branded content examples include Vine videos featuring an entertaining horse character 'TheZirgs' created by Tele2, acoustic music sessions from Apsara Tea House café posted on YouTube and Vimeo, TV series about adventures in Cuba from Havana Club or a campaign "Velofenders" from "IR" magazine, which was aimed to address the bike theft problem in Riga. It is worth to mention that public companies also use the branded content to communicate with audience. For instance, Latvijas Valsts Meži (Latvian State Forests), who sponsored Riga International Film Festival, have created series of short videos called "Kino rodas dabā", which showed that forests can inspire and play the main role in films. To conclude, it is possible to see that Latvian companies also intend to create a meaningful content and while there is no sufficient amount of examples yet, there is a reason to believe that the content marketing trend will develop and expand further.

2.4. Branded content: past, present and future

Since the beginning of trade, businesses have been striving to find the ways to build and improve customer relationships. Development of every new communication channel meant an opportunity to reach considerably wider audience and deepen the relationship level. Appearance of press gave a start to the oldest form of traditional marketing – print advertising (Marketing Schools, 2014). Radio allowed not only sponsorships but also radio

advertising; meanwhile, an invention of television enabled TV ads. However, the most significant changes to traditional marketing were brought by internet. First, it enabled companies to publish content by eliminating a barrier created by prohibitive fixed costs of presses (printing presses and delivery trucks), which resulted in popularization of banners and popups. Secondly, it gave a space for a social platform that allowed brands to communicate with consumers by their own direct publishing message.

Social media provided people with distribution power; therefore, a brand message had to provide an enjoyable experience to the audience to be spread around (Contently, 2014). Brian Alvey described it as the revolution that occurred because the audience was now in charge. As soon as marketers realized that, brands started shifting from traditional advertising and began to think as publishers and storytellers with a view to establishing a tight connection with the audience (Corporate Excellence, 2014) (Kapost&Marketo, 2012). To highlight the importance of this shift, in 2012 the well-known Cannes Lions Awards, an international festival of creativity, included an award category for branded content and entertainment (Duopoly, 2013).

It is necessary to draw attention to the similarities between the appearance of television advertising in the 40s and 50s, and content marketing now. Both can be considered less expensive as compared to alternatives and can be perceived as experimental challenge that requires brands to tell their stories in a new and untold way (Contently, 2014).

Present

Because of the need to avoid interruptions in customer communications, which were caused by conventional advertisements, investments in ads have been decreasing. The new trend, branded content, is on the rise and have not been so popular before (Corporate Excellence, 2014) (Chaffey & Flanagan, 2014). Content marketing was nominated as one of the top priorities by 39% of digital marketing professionals in 2013 in a survey conducted by Econsultancy, a platform for market research and guides on digital marketing (Asmussen, Canter, Butler, & Nicolette, 2014). Branded content was also a top priority for marketers in 2014 (Adobe/Econsultancy, 2014). Already in 2013 a surprising 93% of marketers stated to be using content marketing and 73% were creating more content in 2013 than the year before (NewsCred, 2014) (Asmussen, Canter, Butler, & Nicolette, 2014). These tendencies are supported by a Google Trends report that clearly shows a significant growth in popularity of a search term 'content marketing' (Appendix 1 Figure 2).

The key factors that had the biggest impact on development of branded content and its growing popularity are as follows:

- Consumer control over content distribution;

- Decreased content production and distribution costs for a brand;

- Social media (Facebook, Twitter, Instagram etc.) enabling direct communication with audience (Duopoly, 2013).

Future

In general, studies on branded content indicate the main emerging trends in content marketing as follows. First, there are increasing opportunities to create a sustainable brand differentiation with the use of powerful content. Due to new technologies and social media, branded content is now being distributed not only by brand owners but also by competitors, customers, pressure groups and other involved parties as well. Consumers are becoming more and more ignorant to interruptive marketing, which has no value added, in this way the importance of branded content is being strengthened. Organizations are transforming the ways they are organised and coordinated in order to be able to create an effective branded content strategies for the right audience (Asmussen, Canter, Butler, & Nicolette, 2014).

The Content Strategist Joe Lazauskas supplements predictions of brand publishing by projecting the following tendencies: (1) a rise in transparency triggered by customers who respect brands that are clear about their ideas and vision; (2) a necessity for more intensified measurement and higher accountability to see the effect on business results; (3) a necessity for brands to put a special attention towards content distribution channels; (4) considerably more investments into creating enjoyable, relevant content as the competition for customers between brands is intensifying (Contently, 2014).

According to the research conducted by eMarketer, adults in USA and UK started spending more time with the digital media than TV for the first time in 2013 and the number of hours keeps growing (eMarketer, 2013) (eMarketer, 2014). For that reason, businesses embrace content marketing even more, understanding that there is no need to buy media anymore in order to reach their target audience (Lieb, 2011) (Stokes, 2014).

2.5. Goals of branded content

Marketers design branded content according the objectives they set because different content marketing affects different aspects of the brand. Most frequent goals are brand

awareness, brand favourability, customer education, loyalty & engagement, leads, ROI and increased revenue.

In the report about the best ways to measure content, marketer Ryan Skinner suggests to look at results of branded content through three dimensions: content performance, audience performance and business performance. The first aspect represents content consumption and reproduction, the second shows customer response to the content while the last one demonstrates how content affects business outcomes. (Skinner, 2014) (NewsCred, 2014) (Asmussen, Canter, Butler, & Nicolette, 2014) (Kapost & Eloqua, 2014) (Rose, 2012) (Hall, 2013).

2.6. The comparison to traditional marketing

Although content marketing can be considered a recent fast-growing marketing phenomenon, Schmitt (1999) has talked about a change from traditional towards experiential marketing more than a decade before. According to Schmitt (1999) traditional marketing targets consumers as rational decision-makers who are interested in functional features and benefits of market products (Schmitt, 1999). In contrast, experiential marketing focuses on customer experiences and takes into account both rational and emotional consumption-triggering factors.

Koch and Anderson (2009) describe traditional marketing as a straight, persuasive and intrusive technique. In other words, traditional marketing interrupts and attempts to seize customer attention for a short time, and sell a product using a so-called "push" mechanism. Dodd and Stevens (2003) show that obtrusive ad formats can also damage person's impression about the brand. In comparison, content marketing aims to create a valuable content that would earn customer's interest, which means it uses a "pull" mechanism. Content marketing implies that brands become publishers and create educative, entertaining or inspiring content, as opposed to product or brand-focused promotional messages characteristic to conventional methods (Toole, 2014). As a result, a scenario where customers look for the brand is more probable as opposed to a scenario where a brand attempts to find customers.

As mentioned before, branded content can take various forms such as blog articles, podcasts, mobile applications, videos, downloadable guides or other formats that are relevant to the target audience. While digital solutions and traditional media channels such as TV, radio or print media can be used with both content and traditional marketing strategies, the difference will be apparent in a manner brands engage with customers.

Traditional marketing versus relationship marketing is often seen as a narrow and short-term view of marketing, with profits expected in a short period of time and in some occasion brand image development in long term (Payne, 1995) (Grönroos, 1997) . However, due to the short-termism of the reporting systems in companies and intentions to increase sales and brand awareness in shorter periods, traditional methods can be seen as a more attractive option. (Harris & Dennis, 2002) (Hanley Wood Marketing) On the other hand, relationship marketing, which can be related to branded content, chooses longitudinal perspective with a focus on customer commitment, brand lift and higher return on investment in long-term time-scales (Dennis and Harris, 2003). For a summarized comparison between content versus traditional marketing refer to Appendix 1 Figure 3.

2.7. Previous research on the effectiveness of branded content

While there are various academic research papers devoted to a discussion about the historical development and trends in branded content, as well as examination of market practitioners' views on branded content, there is a limited amount of the empirical studies available on the effectiveness of this type of marketing. One of the main challenges in researching branded content lies in measuring impact (Hudson & Hudson, 2006) (Russel, 2007) (Chaffey & Flanagan, 2014).While it is common between marketers to use such metrics as a number of views, followers, content downloads, page visitors or shares, such metrics can be misleading and irrelevant to the brand advertising (Contently, 2014) (Vizu, 2014). Content-driven activities cannot be linked to the intent with ease and such metrics struggle to take into account a contribution to long-term business (McKenzie, 2014). At the same time, brand lift metrics, which measure an increase in interaction with brand, are better metrics to describe the effectiveness, however, are often challenging to measure (McKenzie, 2014) (Sutton & Zack, 2006). Brand lift metrics, for example, are brand awareness, brand attitude, favourability, purchase intent, etc. As follows, no common framework exists for calculating branded content return on investment (Skinner, Measure Content Marketing For Success, 2014). What we have observed in recent time is that companies attempt to measure the effectiveness through a brand research, social and web analytics or brand trackers developed by marketing agencies (Skinner, Measure Content Marketing For Success, 2014) (Contently, 2014).

The most recent research on branded content comes from the research firm Nielsen, which focuses on the role of branded content in the consumer decision-making process. By using an experimental research design with pre- and post-experiment questionnaires, it

attempts to measure the impact of different information sources on such metrics as product familiarity, likeability and purchase consideration. The impact is measured among several types of products and compared among such information sources as branded content, user reviews and expert content. Nielsen (2014) concludes that although the branded content shows a positive effect in lifting familiarity, affinity and purchase intent, the expert content by third parties has the most impact on consumer's decisions (Nielsen/inPowered MediaLab, 2014) . Another recent research conducted by IPG Media Lab (2013) has demonstrated that branded content articles in comparison to traditional banner ads are more effective at reaching the customers. The research involved a virtual lab test within which the consumers were exposed to a generic article or branded content with a follow-up post exposure survey focused on brand metrics (IPG Media Lab&Forbes, 2013).

More specific research has been made on such types of branded content as branded mobile applications, online branded games and branded content in social networks (Bellman et al., 2011) (Deal, 2005) (Zhang, Sung, & Lee, 2010) (Smith, Fischer, & Yongjian, 2012). Branded mobile applications confirm positive persuasive impact and increased interest in brand; however, there is also an indication that the creative execution style of branded content has a significant influence on the effect. (Bellman et al., 2011) It was found that branded online games demonstrate a higher rate of brand recall than the use of traditional banner advertisements (Deal, 2005). In the context of social media brand profile pages, branded entertainment in practice proved to be consistent with the conceptual framework and literature (Zhang, Sung, & Lee, 2010).

Earlier studies have focused on the effectiveness of brand placements, which can be considered as one of the earliest types of branded content. A positive consumer attitude towards product placements has been indicated in several research papers (Nebenzahl & Secunda, 1993), (Karrh, 1995), (McKechnie & Zhou, 2003), however, the amplitude of the impact is ambiguous (Russel, 2007). Taking into consideration a further development of brand placement concept, several subsequent research have studied a more sophisticated form of brand placement – brand entertainment (Hudson & Hudson, 2006), where the brand guides the entertainment content. The metrics of the effects in most studies are recall, brand attitude, purchase intention, direct response (e.g. website visits) and sales (Russel, 2007).

Even though branded content marketing is becoming more and more popular, there have been only few articles and no research conducted in Latvia addressing the topic. Most articles describe recent trends in marketing; provide suggestions for effective content marketing and reference articles published in English sources of information. Recent references also lead

readers to the creative excellence festival Adwards in Latvia, which in 2014 has introduced a new category for creative works called Branded Content and Entertainment (Latvian Art Directors Club, 2014).

Research on branded content are also often linked to the idea that individual decisions are based to a great extent on consumer emotions. Studies performed on brand relationships and the effectiveness of advertisements prove that emotions are a critical factor in consumer decisions and brand relationships. To evaluate the emotional and the cognitive reactions to advertisements, Heath, Brandt, and Nairn (2006), for example, have developed the Cognitive Emotive Power Test. In their study, a positive correlation between emotive power and favourability was found as opposed to no significant relationship between cognitive power and favourability. The affect dominance over cognition has been supported in numerous other studies, too (Zajonc, 1980) (Damasio, 1994) (Shiv & Fedorikhan, 1999) (Shapiro, Macinnis, & Heckler, 1997). According to Uberflip, our purchase decisions are affected by influences beyond our awareness. Therefore, for instance, an emotional engagement could be considered as one of the factors behind the effectiveness of branded content (Grimms, 2014).

Taking into consideration previously discussed research and psychological theories we construct hypotheses as follows:

Hypothesis 1: Exposure to branded content videos has a higher impact on brand favourability compared to traditional commercials.

Hypothesis 2: Exposure to branded content videos has a higher impact on perception of brand stylishness compared to traditional commercials.

Hypothesis 3: Exposure to branded content videos has a higher impact on perception of brand innovativeness compared to traditional commercials.

Hypothesis 4: Exposure to branded content videos has a higher effect on purchase consideration compared to traditional commercials.

3.   Methodology

Our research aims to understand the potential application of content marketing strategies in Latvian consumer market with a focus on beverage sector. In particular, it aims to understand the extent to which such strategies could be more effective in positively improving brand perception in comparison to traditional advertising techniques. To evaluate the relative impact of branded content as opposed to traditional marketing and test the hypotheses developed in previous sections, an experimental research design was chosen. The choice of design allows authors to expose consumers to branded content in controlled environment and measure the effectiveness of the content according several predetermined factors. The central metrics in the experiment are brand attitude, while brand consideration is included as a complimentary metric.

The methodology of this report is being based on similar studies in the field; the experiment in particular is designed based on the papers of Bellman et al. (2011), Nielsen/inPowered (2014) and IPG Media Lab/Forbes (2013).

3.1.   Sample description

The sample consists of 60 individuals of the general public aged 18 to 55 years. The choice of the sample size is based on the requirements of the experimental design for a production of valid results. In order to involve in the research those members to whom the presented content should be relevant (Nielsen, 2014), the authors chose to approach adults who belong to the population of working age. About half of the participants were recruited from Latvian universities while representatives of the most active working segment of the population were gathered from various companies in Latvia. The sample contains representatives from financial, IT, tourism and transportation industries. The sample size in original research designs mentioned above differs in each research, but it is a common practice to use adult population in this type of studies. It is considered favourable when population represents the target audience of the content.

3.2.   Design description

Experiment sample and design were selected in a manner to achieve the highest possible reliability of results. The study is based on a pre-test post-test experiment, which is the most suitable option for group comparison and measure of the extent of the change in the dependable variable due to a special treatment. Bellman et al (2011) have used an experimental design to test the effectiveness of branded mobile apps, while Forbes (2013) and Nielsen (2014) have tested branded articles; in a similar manner, this research addresses

the effectiveness of branded content video materials. To increase validity of results the experiment is focused on one business sector. The choice of beverage sector is based on intentions to provide in general relevant content to the audience. The various examples of branded content videos from beverage companies is other reason behind the choice of beverage products. As follows, it is possible to provide diverse branded content videos in the experiment and thus decrease the risk factor that individual content quality could affect the results of the experiment.

Following Bellman et al. (2011), a pre-test part of the experiment includes an online survey addressed to registered participants over a period of one week prior to the lab experiment. The purpose of the survey was to measure the state before the controlled environment experiment and record such metrics as product category involvement, brand awareness, brand attitude and purchase intention towards the brands selected for the experiment session and their competitors. In order not to reveal the brands that we have decided to use in the experiment part, the survey included questions about other brands from beverage sector as well.

The causal relationship between the exposure to a branded content video and brand attitude was established with control over other possible causal factors. The experiment included several controls such as randomization, physical and design controls. It means that experiment participants were assigned to treatment conditions in a random manner, while possible extraneous variables were held constant. The experiment was conducted in a closed room so that external factors would have a minimum effect on experiment results. We have ensured that both groups experience the same conditions except that different video materials were shown to each group. Group A was shown branded content videos from Carlsberg and Absolut, traditional commercials from Pepsi and Kahlua. In reverse, Group B was shown traditional commercials from Carlsberg and Absolut, but branded content from Pepsi and Kahlua. As a result, it is possible to compare impact of various videos on selected variables - brand perception and purchase intention. The number of videos to be demonstrated was chosen to provide enough diversification to minimize consumer preference and content design bias, while at the same time ensure that excessiveness is avoided.

To minimize the self-selection effects that occur when the exposure to a video material is optional, within the controlled environment experiment participants were asked to watch all four video materials presented (Bellman, 2011). In order to obtain sufficient evidence and limit bias that occur from differences in quality of branded content videos, each

group of people was exposed to video materials from different brands following a randomized order of presentation.

After watching the videos participants were required to fill a post-test survey that included similar questions as the pre-test survey. In this way, it makes it possible to see what effect branded content had on consumers in comparison to traditional advertising techniques. Bellman et al (2011) have compared attitude towards the brand and purchase intention for brands tested in the lab experiment and the ones used in the pre-test questionnaire alone (Bellman et al., 2011). The authors have chosen to adjust the design and compare results between two groups, which are (1) experiment participants that were exposed to branded content for a particular brand, and (2) participants that were exposed to traditional commercial for the same brand.

To enhance validity of findings and control the effect that might be present from exposure to the brand before the experiment, we have inquired in a questionnaire about the previous exposure to the particular experiment videos.

3.3. Measures

Data collection instruments surveys were designed in a way to achieve the highest possible content validity. In order to test the brand perception metrics we asked participants to evaluate beverage brands according three separate metrics. We provided five-point evaluation scores for each individual metric.The scores were anchored by such features as "unfavourable/favourable", "plain/stylish" and "old-fashioned/innovative". Finally, to measure changes in a purchase consideration, we used a five-point scale for each brand, where we asked participants to indicate how likely they would buy the particular brand products in the future if price would not be an issue. The possible answers varied from "very unlikely" to "very likely". The survey was anonymous; therefore, respondents could reveal their true opinions.

To measure product category involvement and test brand relevance to participants, we have asked individuals to indicate the frequency of beverage product consumption for each beverage category, i.e. soft-drinks/beer/spirits etc. The participant could indicate whether he or she drinks particular type of beverage daily, weekly, monthly, seldom or never. In a similar manner we have asked participants how frequent do they watch videos on the internet. Pre-survey was also designed to measure familiarity of experiment brands to account for the fact that respondents should rate higher the brands they are familiar with compared to those they are not aware of. In total, we could thus obtain a general comprehension about the type

of audience we addressed and assess the relevance of the video material that we intented to show in the second part of the experiment. Futhermore, two additional brands (Red Bull and Heineken) were not used in the experiment but were included in the pre-survey to avoid highlighting later tested brands.

To ensure the appropriateness of survey responses for the study and reliability of the data collection instrument, we ran a pilot test prior to sending out the pre-survey to experiment participants. A group of ten people were asked to fill in the survey and provide the feedback. This allowed us to identify unclear, confusing questions and make corrections accordingly.

3.4. The choice of the model

To obtain evidence if there is a meaningful difference between pre-test and post-test evaluation scores, we used 2X2 Mixed Measures Factorial ANOVA Model, which is also called Mixed Two-Way ANOVA. The factorial design means that the model includes both between and within-subjects variables. In other words, experiment participants are examined at pre- and post-test, and then participants are also divided in two groups, an experimental and control group (Dewberry, 2004).

In our research, we used two independent categorical variables - time and treatment- and one dependent variable, which is a brand attitude metric or purchase consideration measured at two time levels. For an illustration of the 2x2 factorial design matrix, please refer to Table 1. By comparing the mean differences between the two groups receiving a different treatment, ANOVA allows to understand whether there is a significant interaction between control factor and the dependent variable, thus we can conclude whether branded content has a positive impact on brand attitude and whether it is more effective than traditional commercial.

Treatment/Time	Pre-test (Time 1)	Post-test (Time 2)
Exposure to branded content	Brand evaluation before	Brand evaluation after
Exposure to traditional commercial	Brand evaluation before	Brand evaluation after

Table 1. 2x2 Mixed Factorial Design. **Created by authors.**

For each beverage brand – Carlsberg, Pepsi, Absolut and Kahlua – separate tests are performed. First, we test significance of *time x treatment* interaction and then we look at the main effects for time and treatment variables. Brand attitude is tested with three separate evaluation metrics – "unfavourable/favourable", "plain/stylish", "old-fashioned/innovative"; purchasing decision is tested as a separate dependent variable. Significance of results is determined at 95% confidence interval; F-values are compared to F-critical value 4.01 (df 1, df error 58). For a statistically significant interaction, we conduct an additional test called the simple main effects test, which allows us to confirm the significance of interaction. The simple main effects test examines the difference between groups at each level of other factor. In other words, we inspect the simple effects of time within each level of the treatment variable, as well as test the treatment effect within each level of the time variable. If, however, interaction is not significant, an interpretation of the main effects is used (Mixed ANOVA using SPSS Statistics, 2013) (Field, 2009). Finally, in order to estimate the effect size for the interaction, time and treatment variables, we use partial eta squared statistic. The effect size is determined according the following measures: small effect .01, moderate effect .06, and large effect .14 (Mixed Between-Within Subjects ANOVA , 2009).

In order to confirm that the gathered data can be used for the mixed factorial model, we have performed the analysis of collected data and tested data for seven assumptions that have to be fulfilled for the use of the model.

The first assumption states that dependent variable has to be a continuous variable (Mixed ANOVA using SPSS Statistics, 2013). While ordinal scales with few categories (2-4) are usually classified as discrete, ordinal scales with many categories (5 and more) are in fact classified as continuous (Newsom, 2013). In our experiment the participants evaluated brands on 5-point scales, thus, our dependent variable can also be considered as continuous, which means the first assumption with regard to a dependent variable is met.

The second assumption states that a within-subjects factor, which in our case is time, should have at least two categorical and related groups. In other words, there is a need to have same subjects measured at least on two occasions or under two different conditions (Mixed ANOVA using SPSS Statistics, 2013). As described in our experiment design, we use same individuals to test their attitude towards beverage brands on two occasions, one week before the experiment and straight after the experiment, therefore, our within-subjects factor agrees to the second assumption.

The third assumption states that a between-subjects factor, which in our case is treatment, should have at least two categorical and independent groups (Mixed ANOVA

using SPSS Statistics, 2013). As mentioned before, we have created two groups in the experiment where each group receives a different treatment. Taking into consideration that there are two categories in treatment and independence between groups, the third assumption with regard to a between-subject factor is met.

The fourth assumption requires that there are no considerable outliers in the data set (Mixed ANOVA using SPSS Statistics, 2013). Taking into consideration the small scale of evaluation scores that we use in our questionnaires, presence of outliers in our data set is rather limited. As follows, no outliers were found in our data set. The data we have gathered comply with the fourth assumption.

According to fifth assumption, the dependent variable should be close to normally distributed, however, it is important to note that the ANOVA is considered to be a robust statistical technique which tolerates violations of normality maintaining validity in the results (Mixed ANOVA using SPSS Statistics, 2013) (Dewberry, 2004). To test for a normal distribution we used descriptive statistics and plotted histograms to assess the normality of data in each group. From our results, we concluded that data are rather normally distributed. Finally, sixth and seventh assumptions require homogeneity of variances for each combination of groups and equality between variances of the differences between the related groups, also known as sphericity (Mixed ANOVA using SPSS Statistics, 2013). Taking into consideration that we have chosen 2X2 Mixed ANOVA, homogeneity of variances as well as sphericity cannot be violated as we use only two levels in time and treatment factors (Dewberry, 2004).

3.5. *Possible bias and limitations*

The studies that we have mentioned in the literature review are valuable sources for a discussion about the effectiveness of branded content; however, we note that there are possible bias in the presentation of research results due to the nature of operation activities of corporate authors. Such companies as Nielsen, IPG Media Lab or Contently focus on customer research and solution development for marketers, therefore, the presented results of research from these companies should be applied with a caution.

The main issues regarding internal validity are maturation and history. Maturation means that post-test results might be affected by a change in biological and psychological characteristics of participants that occurred during the experiment session. History indicates an occurrence of event in participant experience that is not an experimental treatment; therefore, it affects post-test results. Moreover, external validity could be threatened as well;

participants after taking a part in a pre-test could have a different response to a treatment compared to a response if there were no pre-test at all (Dimitrov & Rumrill, 2003).

Taking into consideration laboratorial environment and the use of forced exposure, the result of the study should be applied to real world with caution. The external threat to validity of results can be biased views of participants if there is no interest in either type of the product or content. In natural environment as opposed to laboratorial environment, consumers can choose the content they want to see. Furthermore, branded content video shared by friends or acquaintances can be watched with a higher interest than in conditions of laboratorial environment.

Another limitation is the number of videos that it is possible to test at once. Due to a limited number, the results might not apply to other brand content videos. The effectiveness of a particular branded content example is also dependent on its design and implementation, therefore, the extent to which branded content will be effective or ineffective can be affected by the choice of branded content videos to be used in the experiment. We highlight a need to replicate our findings in other trials and further researches.

3.6. Videos used in the experiment[1]

All videos used in the experiment are taken from an online space. The videos are proved to be either branded content or traditional by reliable sources on the internet and professional in marketing field. All videos are created by companies from beverage industry, as the methodology of this study requires.

3.6.1. Carlsberg

For branded content material authors chose a video showing the prank performed by Carlsberg. The plot of the video is quite simple: unaware of the prank, innocent couples enter a cinema hall where they face room crowded with hostile and aggressively looking bikers. Those who chose to stay in the hall despite the cold atmosphere are applauded, greeted, and rewarded with a Carlsberg beer. The video is regarded to be amusing and entertaining; therefore, a significant effect on brand perception could be expected.

In turn, Carlsberg traditional commercial shows a cosmonaut who landed on the moon and decided to take a rest by enjoying the view of earth and drinking a beer. Video ends by showing that cosmonaut is unable to drink Carlsberg beer due to wearing a space helmet and the absence of gravity.

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[1] For the links to the videos, please refer to **Appendix 2.**

3.6.2. Pepsi

BC video called `The Unbelievable Game` shows men playing football/ basketball while at the same time performing impressive stunt tricks. The video makes one to question the limitations of human physical abilities.

Pepsi traditional ad is an excellent example of a standard TV commercial with a short and straightforward message. The video shows the worldwide star Calvin Harris and well-known football players participating in the great show and performing crowd surfing in order to reach the Pepsi drink.

3.6.3. Absolut Vodka

For branded content video researchers chose a music clip of Swedish House Mafia, the electronic dance music group. The music video was created to promote a new Absolut Vodka drink called `Greyhound`. Clip shows a race of robotic dogs in a futuristic environment.

The traditional commercial does not have a clear story line but rather intends to create associations with the brand. The following scenes are presented in the video: cutting crops (production stage), north country (Absolut Vodka is a Swedish company), distillation process (pure vodka) etc.

3.6.4. Kahlua

BC video called `The White Russian` tells a short story about a man from the west who was running from a pair of villains to protect the found luggage with unnamed valuable content when suddenly a Russian cosmonaut appears to help him out. The video ends up showing the same man but already after many years in the bar telling the story to the bartender and at the same time enjoying a cocktail ` White Russian` which includes Kahlua liqueur.

In turn, traditional Kahlua TV commercial states the brand to be intriguing by showing why in Mexico (origin country of Kahlua) people speak in Spanish.

4.   Analysis of results

4.1. *Descriptive statistics*

First, we have summarized descriptive statistics that depict the relevant habits and preferences of the experiment participants. From Graph 1 we can observe how often experiment participants consume soft drinks, beer and spirits. We can see that only 5% of total sample never consume soft drinks, 23% never drink beer and 17% spirits. However, the number of people consuming various kind of drinks is approximately the same for consumption frequencies weekly, monthly and seldom, with exception of spirits. As only the minor part of participants indicated that they never consume the given types of drinks, it is possible to conclude that content from beverage industry is relevant to the participants.
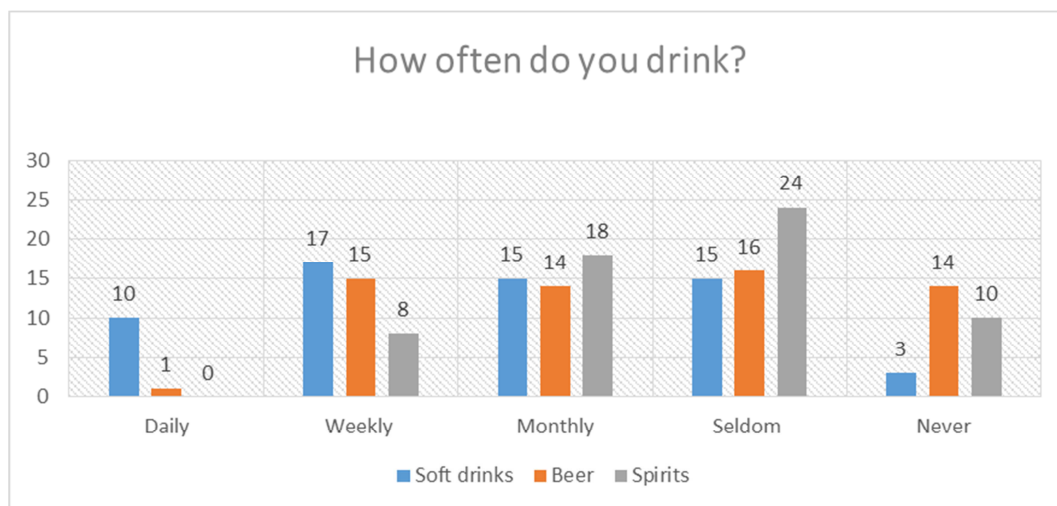
*Graph 1. The consumption for different types of beverages.* **Created by authors.**

Graph 2 illustrates how often participants of the experiment watch videos online. Even 64% of individuals indicated to watch videos on daily basis while 20% on weekly basis. This shows that not only videos are an effective marketing tool to reach target audience but also that visual material is relevant to experiment participants.
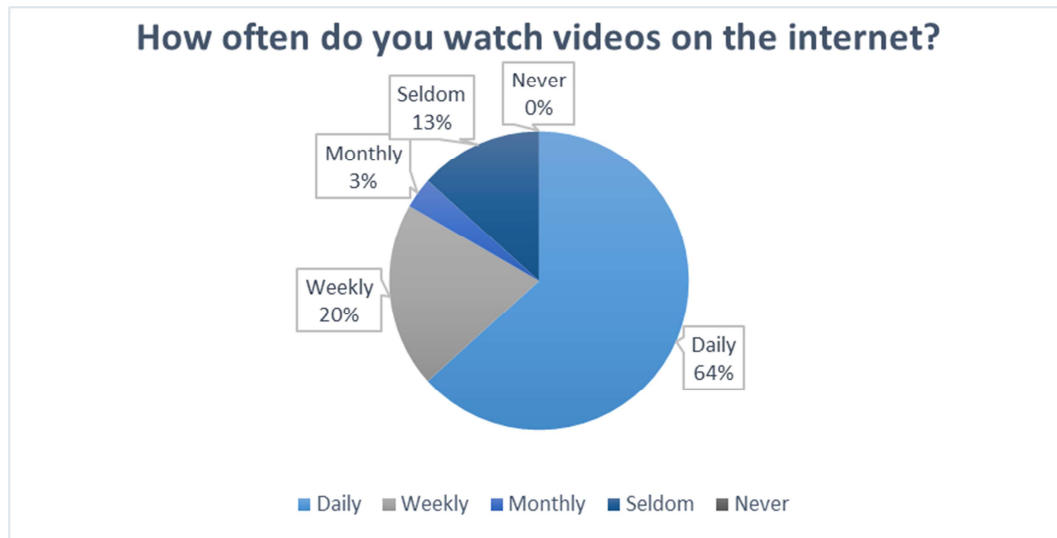
Graph 2. The frequency of watching videos in the internet. **Created by authors.**

Graph 3 portrays participants` familiarity with tested brands. Even 40 out of 60 respondents indicated that they have never heard of Kahlua brand. Regarding Pepsi, Absolut Vodka and Carlsberg brands, participants divided similarly among `Drink it sometimes` and `I`m aware but I don't drink it`. From the results, it is possible to conclude that participants are unfamiliar with the Kahlua brand but are well acquainted with Pepsi, Absolut Vodka, and Carlsberg.
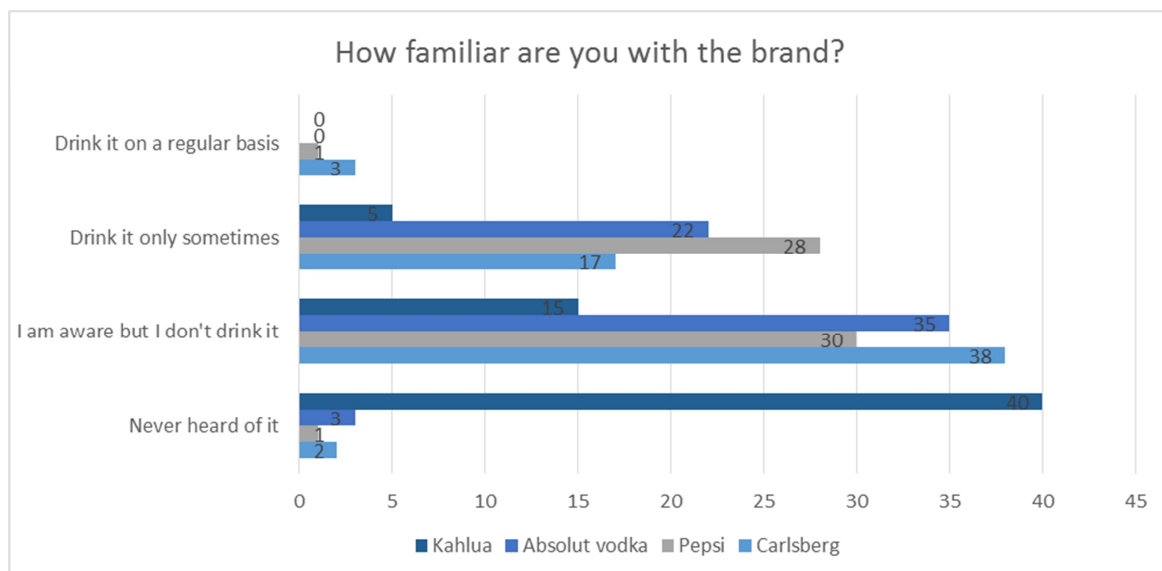
Graph 3. Familiarity with the brands used in the experiment. **Created by authors.**

4.2. The analysis of variance

Our hypotheses predicted that an exposure to branded content video material will have a positive effect on consumer's attitude towards brand and, furthermore, will result in a higher change in evaluation compared to effect from traditional commercials. From 2x2 mixed measures factorial ANOVA we obtained results that show a main effect for time of evaluation(*time*), a main effect for whether participants were exposed to branded content or traditional commercial (*BT*) and in addition a significance of interaction between time of measures and a control factor (*time x BT*) - whether or not participants watched branded content videos.

4.2.1. Evaluation: Unfavourable-Favourable

Means and standard deviations for the first metric, in scale from unfavourable to favourable, are shown in Table 2, and line graphs of the results are shown in Appendix 3.

Evaluation scores: Unfavourable – Favourable					
Brand	**Time of evaluation**	**Type of video**	**Mean**	**Standard deviation**	**Number**
Carlsberg	Before	Branded Content	2.53	1.592	30
		Traditional	2.70	0.988	30
	After	Branded Content	3.77	1.223	30
		Traditional	3.13	0.900	30
Pepsi	Before	Branded Content	2.93	0.907	30
		Traditional	2.80	1.215	30
	After	Branded Content	3.73	0.944	30
		Traditional	3.00	1.259	30
Absolut Vodka	Before	Branded Content	2.17	1.724	30
		Traditional	3.23	1.135	30
	After	Branded Content	3.20	1.648	30
		Traditional	3.37	1.299	30
Kahlua	Before	Branded Content	1.77	1.331	30
		Traditional	0.80	1.126	30
	After	Branded Content	2.90	1.062	30
		Traditional	2.27	1.388	30

Table 2. Means and standard deviations of evaluation scores 'unfavourable-favourable' by treatment and time variables. **Created by authors.**

4.2.1.1. Carlsberg. A 2x2 mixed-model ANOVA has shown that the main effect for *BT* was not significant for Carlsberg, $F_{(1,58)}=0.76$, $p > .05$, partial eta squared=.01. Thus, there was no overall difference in the evaluation scores between groups where individuals watched a

Carlsberg prank (M=3.15) or Carlsberg traditional commercial (M=2.92). However, a significant main effect for *Time* was obtained, $F(1,58)=27.24$, $p < .05$, partial eta squared=0.32. Evaluation scores in the post-survey after the experiment (M=3.45) were significantly higher than one week before the experiment (M=2.62). Furthermore, a significant moderate *Time x BT* interaction was also obtained, $F(1,58)=6.28$, $p < .05$, partial eta squared=0.1. It follows that although traditional commercial has stimulated an increase in favourability from Time 1 (M=2.7) to Time 2 (M=3.13), it did not produce as much change as branded content from Time 1 (M=2.53) to Time 2 (M=3.77). We can conclude that both video materials produced by Carlsberg were successful, as both have resulted in higher favourability towards the brand. Both videos were humorous in their nature, which we could assume resulted in more favourable attitude. Nevertheless, the branded content in comparison to traditional commercial has shown in relative perspective a higher increase.

4.2.1.2. Pepsi. Similar results can be observed in evaluation scores for Pepsi. The main effect for *BT* is not significant, $F(1,58)=2.80$, $p> .05$, partial eta squared=.05, in other words there is no important difference between two experiment groups in their average favourable or unfavourable attitude towards Pepsi. Similarly, we also obtained a significance of effect for *Time*, $F(1,58)=19.95$, $p<.05$, partial eta squared=.26, with an increase in evaluation from M=2.87 to M=3.37. As in previous example, the effect for *Time x BT* interaction is moderate and significant, $F(1,58)=7.18$, $p<.05$, partial eta squared=0.11. For a visual presentation of results, please refer to Appendix 3. From a profile plot, one can see that brand favourability scores of both groups are very similar before the exposure to video materials; however, after the experiment took place evaluation scores are considerably higher from attendants that were exposed to branded content.

4.2.1.3. Absolut Vodka. Patterns in favourability towards Absolut Vodka are slightly different from previous brands. There are initial differences in perception of the brand in two experiment groups as depicted in Appendix 3. While Group B evaluates Absolut Vodka as favourable (M=3.23), Group A rates it as rather unfavourable (M=2.17). Despite initial differences, we obtain a significant effect for *Time*, $F(1,58)=11.79$, $p<.05$, partial eta squared=0.17, and significance of *Time x BT* interaction, $F(1,58)=7.02$, $p<.05$, partial eta squared=0.11. It indicates a higher increase in brand likeability after watching branded content (from M=2.17 to M=3.2) in comparison to traditional commercial (from M=3.23 to M=3.37). If we take into consideration the initial differences in brand perception, it follows

that the increase in favourability in the group exposed to branded content does not result in much different evaluation scores in the post-survey. The difference between groups, therefore, does not appear significant, $F(1,58)=3.29$, $p>.05$, partial eta squared=0.05.

4.2.1.4. Kahlua. Kahlua brand is a less known brand than Carlsberg or Pepsi, which allows us to test the effectiveness of branded content in both raising brand awareness as well contributing to the consequent favourable perception of the brand. Mixed-model ANOVA has produced results that show a significant effect for *Time*, $F(1,58)=74.5$, $p<.05$, partial eta squared=.56, significant effect for *BT* $F(1,58)=8.11$, $p<.05$, partial eta squared=.12, but insignificant *Time x BT* interaction, $F(1.58)=1.23$, $p>.05$, partial eta squared=.02. One can see that in general there is a considerable positive increase in favourability towards Kahlua from Time 1 (M=1.28) to Time 2 (M=2.58).

We would argue that in part the increase could be attributed to a higher brand awareness. There is no significant evidence that the improvement in scores from pre-test to post-test is greater for the group exposed to branded content video than it is for the other group exposed to traditional commercial. As seen in Appendix 3, the initial evaluation of Kahlua is higher in Group B, but the further developments are very similar for both types of video materials (from M=0.8 to M=2.27; from M=1.77 to M=2.90). As mentioned before, the content that Kahlua produced was in a form of a short film and included an unusual story line; however, we noticed that individual attitudes towards the content resulted to be in contrast. While some individuals have evaluated the Kahlua short film with the highest score, others have indicated that the video is not worth watching. As a result, the average effect of branded content video material is similar to the effect from the traditional commercial.

	Unfavourable/Favourable		
Brand		**F**	**Sig.**	**Partial Eta Squared**
Carlsberg	*Time x BT*	6.275	0.015	0.098
	Time	27.235	0.000	0.32
	BT	0.763	0.386	0.013
Pepsi	*Time x BT*	7.183	0.01	0.11
	Time	19.954	0	0.256
	BT	2.799	0.1	0.046
Absolut Vodka	*Time x BT*	7.017	0.01	0.108
	Time	11.791	0.001	0.169
	BT	3.291	0.075	0.054

Kahlua	Time x BT	1.225	0.273	0.021
	Time	74.508	0.000	0.562
	BT	8.113	0.006	0.123

Table 3. Significance and effect size of interaction, time and treatment variables for 'unfavourable-favourable' evaluation scores. **Created by authors.**

To sum up, from previous brand examples we can conclude that a video format is a relevant form for communication with potential customers as in all cases we have observed a significant effect for time. With regard to metric how favourable or unfavourable is a particular brand, the post-experiment evaluations are on average one scale point higher than pre-experiment scores. While it could be expected that traditional commercials are found irrelevant and bothersome, we have seen examples where traditional commercials are in fact effective. However, more notable is our finding that branded content has a stronger positive effect on how likeable is brand in comparison to traditional commercials.

4.2.1.5. Simple effects test following a significant interaction. To confirm the significance of interaction, we have performed additional simple effects tests. In a table below one can see summarized results that indicate significance at which one factor is distinctive at each level of the other factor. In all cases, it is possible to see that indeed there is an effective increase in evaluation scores from Time 1 to Time 2 for the group that was exposed to branded content videos, but insignificant results for the other group. If we look at the differences between groups at each level of time, we see that while brands are evaluated alike in both experiment groups before the exposure to videos, there are differential results after the experiment. The exception is a brand Absolut Vodka, where we observe distinct opinions in groups before the experiment, but see no different results at Time 2. It other words, there is a higher increase in evaluation scores in the group exposed to branded content, however, due to initial unfavourable evaluation of the brand, there is no significant difference in evaluation between groups after the experiment. To conclude, simple effects tests confirm the previous interpretation of results.

	Unfavourable/favourable		
	Carlsberg	**Pepsi**	**Absolut**
MWITHIN BT(1)[2] BY TIME	3.68, 0.060	1.6, 0.211	0.31, 0.581
MWITHIN BT(2)[3] BY TIME	29.83, 0.00	25.54, 0.00	18.5, 0.00

[2] BT(1) represents the group exposed to a traditional commercial.
[3] BT(2) represents the group exposed to a branded content video.

BT BY WITHIN TIME(1)	0.24, 0.628	0.23, 0.632	8.01, 0.006
BT BY WITHIN TIME (2)	5.22, 0.026	6.51, 0.013	0.19, 0.665

Table 4. Results of simple main effects tests for "unfavourable-favourable" evaluation scores. The table shows F values and significance indicators for each factor. **Created by authors.**

4.2.2. Evaluation: Plain-Stylish

The second metric that we have tested as a part of brand attitude is stylishness. The question to be answered is whether the stylishness perception can be changed with the use of branded content and whether branded content can achieve better results than traditional advertisement. Means and standard deviations for the second metric in scale from plain to stylish are shown in Table 5, and line graphs of the results are shown in Appendix 3.

Evaluation scores: Plain - Stylish					
Brand	**Time of evaluation**	**Type of video**	**Mean**	**Standard deviation**	**Number**
Carlsberg	Before	Branded Content	2.90	1.583	30
		Traditional	3.33	0.884	30
	After	Branded Content	3.47	1.008	30
		Traditional	3.47	0.776	30
Pepsi	Before	Branded Content	2.97	1.189	30
		Traditional	2.87	1.042	30
	After	Branded Content	3.77	0.858	30
		Traditional	3.13	1.106	30
Absolut Vodka	Before	Branded Content	2.27	1.574	30
		Traditional	3.53	1.074	30
	After	Branded Content	3.40	1.192	30
		Traditional	3.57	1.135	30
Kahlua	Before	Branded Content	1.83	1.464	30
		Traditional	0.90	1.242	30
	After	Branded Content	2.93	1.081	30
		Traditional	2.37	1.45	30

Table 5. Means and standard deviations of evaluation scores 'plain-stylish' by treatment and time variables. **Created by authors.**

4.2.2.1. Carlsberg. A 2x2 mixed-model ANOVA revealed that there is no significant main effect for *BT* for Carlsberg, $F(1,58)=0.87$, p >.05, partial eta squared=.02; also, there is no significance in *Time x BT* interaction, $F(1,58)=1.69$, p>.05, partial eta squared=.03. Nevertheless, there is a slight indication that evaluation scores are higher after the experiment, $F(1,58) =4.40$, p<.05, partial eta squared=.07. The increase can be observed to develop from Time 1 (M=3.12) to Time 2 (M=3.47). In Table 5 one should notice that pre-

evaluation scores for Carlsberg are different in two experiment groups with regard to evaluation of stylishness. Such difference could occur due to age, gender differences in two groups as well as previous exposure to the brand. By looking at Appendix 3, it is possible to see that the traditional Carlsberg commercial has supported the initially more stylish perception of the brand in Group B, while branded content video has increased the low evaluation of Carlsberg in terms of stylishness in Group A. The resulting effect, however, suggests that there is no difference between the choice of type of video as both groups have evaluated Carlsberg as rather stylish (M=3.47).

4.2.2.2. Pepsi. From Pepsi example, we see that there is a similar pattern. There is an effect for *Time* of evaluation, $F_{(1, 58)} = 15.80$, $p<.05$, partial eta squared=.21, but there is no significant effect for type of *BT* $F_{(1, 58)} = 2.39$, $p>.05$, partial eta squared=.04. Furthermore, *Time x BT* interaction is also not significant, although close to the threshold, $F_{(1, 58)} = 3.949$, $p=.052$, partial eta squared=.06. It suggests that there might be a material increase in the perception of stylishness, however, the evidence is not sufficient to make a conclusion that the increase is due to the effect of branded content.

4.2.2.3. Absolut Vodka. In contrast, Absolut Vodka has shown more results that are significant. There is a main effect for *Time*, $F_{(1, 58)} = 11.79$, $p<.05$, partial eta squared=.17, but also a significant and substantial interaction between time and treatment, $F_{(1, 58)} = 10.48$, $p<.05$, partial eta squared=.15. Examination of means in Table 5 indicates that there was a large increase in evaluation scores after the exposure to branded content (from M=2.27 to M=3.4), whereas traditional commercial does not affect the perception of stylishness (from M=3.53 and M=3.57). As mentioned in our choice of videos, the content produced by Absolut Vodka is a music video, which is futuristic in its nature and includes modern music beats; therefore, we assume that the reason behind the considerable increase in evaluation is the particular creative execution of the video. It is also important to draw attention that the initial perception of Absolut Vodka brand is different between two groups; Group B evaluates the brand as stylish (M=3.5), but Group A perceives the brand as rather plain (M=2.27).

4.2.2.4. Kahlua. Kahlua, in turn, does not show significant interaction, $F_{(1, 58)} = 1.01$, $p>.05$, partial eta squared=.02. Similar as in Carlsberg and Pepsi examples there is no evidence that the changes in evaluation are caused by the choice of the video, but an

important increase over two time levels is present, $F(1,58)=49.4$, $p<.05$, partial eta squared$=.56$. In addition, there is a significant effect for *BT*, $F(1, 58)=6.25$, $p<.05$, partial eta squared$=.12$, which means that Group B evaluated Kahlua on average higher (M=2.38) than Group A (M=1.6), but neither types of video resulted in a perception that would characterize Kahlua as a stylish brand.

To sum up, we did not obtain sufficient evidence that branded content in general achieves better results than traditional advertisement techniques in changing perception about brand stylishness; however, an individual Absolut Vodka example has shown that branded content can be more effective in making people to perceive brand as stylish. The idea and creative execution of the content can be crucial for the effect to take place.

		Plain/Stylish		
Brand		**F**	**Sig.**	**Partial Eta Squared**
Carlsberg	*Time x BT*	1.687	0.199	0.028
	Time	4.402	0.04	0.071
	BT	0.87	0.355	0.015
Pepsi	*Time x BT*	3.949	0.052	0.064
	Time	15.796	0.000	0.214
	BT	2.389	0.128	0.04
Absolut Vodka	*Time x BT*	10.482	0.002	0.153
	Time	11.791	0.001	0.169
	BT	6.685	0.012	0.103
Kahlua	*Time x BT*	1.297	0.259	0.022
	Time	63.564	0.000	0.523
	BT	6.249	0.015	0.097

Table 6. Significance and effect size of interaction, time and treatment variables for 'plain-stylish' evaluation scores. **Created by authors.**

4.2.2.5. Simple effects test following a significant interaction. From the test of simple effects, we see that there is a similar pattern for Absolut Vodka like in previous tests. As we observe a significant change from Time 1 to Time 2 within BT(2) and in contrast no significant change in BT(1), it is reasonable to conclude that the simple effects test confirms a significant interaction. The results of factor BT within each level of time show that there is an initial difference in evaluation scores between two groups in pre-experiment period, but no significant results in post-experiment evaluation. Test of simple effects, therefore, is in line with the previous interpretation of the results.

	Plain/stylish
	Absolut
MWITHIN BT(1) BY TIME	0.02, 0.890
MWITHIN BT(2) BY TIME	22.25, 0.00
BT BY WITHIN TIME(1)	13.25, 0.001
BT BY WITHIN TIME (2)	0.31, 0.581

Table 7. Results of simple main effects tests for "plain-stylish" evaluation scores. The table shows F values and significance indicators for each factor. **Created by authors.**

4.2.3. Evaluation: Old-Fashioned – Innovative

Results obtained from the experiment allows analysing brand innovativeness as another component of brand perception. Participants were asked to evaluate the novelty of the brand by choosing an appropriate evaluation score from the scale of 1-5 equivalent to old fashioned and innovative.

Evaluation scores: Old fashioned - Innovative					
Brand	**Time of evaluation**	**Type of video**	**Mean**	**Standard deviation**	**Number**
Carlsberg	Before	Branded Content	2.97	1.497	30
		Traditional	2.97	0.964	30
	After	Branded Content	3.27	1.285	30
		Traditional	3.37	0.85	30
Pepsi	Before	Branded Content	3	1.017	30
		Traditional	2.87	0.819	30
	After	Branded Content	3.73	0.98	30
		Traditional	2.87	1.008	30
Absolut Vodka	Before	Branded Content	2.13	1.525	30
		Traditional	3.37	0.85	30
	After	Branded Content	3.37	1.426	30
		Traditional	3.6	0.968	30
Kahlua	Before	Branded Content	1.7	1.317	30
		Traditional	0.77	1.04	30
	After	Branded Content	2.6	1.037	30
		Traditional	2.2	1.375	30

Table 8. Means and standard deviations of evaluation scores "old fashioned-innovative" by treatment and time variables. **Created by authors.**

4.2.3.1. Carlsberg. Tests of Within-Subjects Effects reveal that the main effect of within subject factor *Time* is significant, $F(1, 58) = 7.681$, $p<.05$, partial eta squared=0.117. It implies that there was a statistically important difference between the means of brand evaluation scores before watching the video (M= 2.697) and after watching the video (M=3.317). However, *Time x BT* interaction, $F(1, 58) =0.157$, $p > .05$ and the main effect for

BT, F (1, 58) = .033, p>.05 show no significance. It allows to conclude that watching branded content videos had no considerably higher effect on Carlsberg`s innovativeness evaluation compared to traditional advertising. Estimated marginal means plot (Appendix 3) exhibits an overall increase in evaluation scores after seeing either types of the videos. It suggests that both marketing materials conveyed a similar level of Carlsberg`s innovativeness to the participants.

4.2.3.2. Pepsi. A statistically significant interaction *Time x BT*, F (1, 58) =8.375, p < .05, partial eta squared= 0.126, and the main effects, *Time* (F (1, 58) =8.375, p <.05, partial eta squared= 0.126) and *BT* (F (1, 58) =5.516, p < .05, partial eta squared= 0.087), were obtained. Results indicate the relevance of the type of video participants were exposed to. Individuals did not change their opinion after watching Pepsi commercial and perceived brand as rather old fashioned than novel (M= 2.87). However, after seeing Pepsi branded content video participants had a considerable shift in their impression about the measured dependent variable. It implies that branded content video was effective in transmitting the right message. In other words, showing players performing impressive stunts while playing football and basketball made participants to regard Pepsi brand as more innovative (M=3 changed to M=3.73).

4.2.3.3. Absolut Vodka. Obtained results show that interaction *Time x BT*, F (1, 58) =8.469, p < .05, partial eta squared= 0.127 is statistically important. This can be observed in the plot where the separate line B is clearly steeper than the line for T (Appendix 3). It indicates the larger change from evaluation score of Absolut Vodka innovativeness at Time 1(one week prior to experiment) and Time 2(after experiment) for the group who saw Absolut Vodka branded content. The statistical significance of interaction allows to attribute the change in brand`s perception to the type of the video participants were exposed to. Branded content material linked Absolut Vodka brand with innovativeness as it showed futuristic environment and incorporation of modern technologies. It is necessary to draw attention to the observed large difference between the means of evaluation scores at Time 1 between the Group A (M=2.13) and Group B (M=3.37) because it contributes to the greater change between means of evaluation scores at Time 1 to Time 2. This difference can be explained by the varying age of participants within the groups, the average age for the Group A is 31 years old while Group B 22. Older generation tended to view Absolut Vodka as rather old-fashioned brand.

Showing the branded content video allowed to correct individuals` perception to the more desirable levels.

4.2.3.4. Kahlua. There is no statistically significant results for the interaction *Time x BT*, F (1, 58) =2.169, p >.05. It indicates that the type of video participants are exposed to is irrelevant because the effects of different videos on perceived brand`s innovativeness are very similar. However, the main effect for *Time* (F (1, 58) =41.525, p <.05, partial eta squared= 0.417) and *BT* (F (1, 58) =6.99, p <.05, partial eta squared= 0.108*)* are statistically important. Evaluation scores were considerably higher after watching the video (M=2.4) than before (M=1.233) suggesting that in general showing the videos might have affected participants` perception positively. The mean of evaluation scores for Group A M=2.1483 was lower than for Group B M=2.150. From the plot, we can clearly see that the difference between evaluations between the two groups was already visible at the Time 1 (Appendix 3). As in the case of Absolut Vodka brand, we assume that age was the factor that contributed to the difference in perceived Kahlua brand innovativeness at the Time 1.

Old-Fashioned/Innovative				
Brand		**F**	**Sig.**	**Partial Eta Squared**
Carlsberg	*Time x BT*	0.157	0.694	0.003
	Time	7.681	0.007	0.117
	BT	0.033	0.857	0.001
Pepsi	*Time x BT*	8.375	0.005	0.126
	Time	8.375	0.005	0.126
	BT	5.516	0.022	0.087
Absolut Vodka	*Time x BT*	8.469	0.005	0.127
	Time	18.217	0.000	0.239
	BT	7.593	0.008	0.116
Kahlua	*Time x BT*	2.169	0.146	0.036
	Time	41.525	0.000	0.417
	BT	6.99	0.011	0.108

Table 9. Significance and effect size of interaction, time and treatment variables for 'old fashioned-innovative' evaluation scores. **Created by authors.**

To summarize, interaction *Time x BT* was not statistically significant neither for Carlsberg nor Kahlua brands but revealed branded content being more effective than traditional advertising for the brands Pepsi and Absolut Vodka in positively affecting individuals` perception of innovativeness. These results are consistent with ex-ante expectations about selected videos impact on perceived brand`s ingenuity. Both Pepsi and Absolut Vodka branded content videos successfully created associations with novelty, making a viewer to

unconsciously attach to the brand`s image such a key words as technologies, modern, innovative, unbelievable, future and etc. Meanwhile, dominant theme for Kahlua BC was `western` and for Carlsberg `old bikers` that develop no instant mental connection between innovativeness and the brand.

4.2.3.5. Simple effects test following a significant interaction. Further simple effects tests reveal that perception of brand innovativeness changed significantly in result of exposure to branded content while seeing traditional commercials had no statistically important impact on perceptions for both brands, Pepsi and Absolut Vodka. These results are consistent with previously conducted tests. Furthermore, results show that before a treatment (Time 1) there was no significant difference between the groups regarding the perception of the brand for Pepsi but significant for Absolut Vodka. However, after exposure to the videos (Time 2), there appeared to be a statistically important difference between the groups for Pepsi but insignificant for Absolut Vodka. These results confirm effectiveness of branded content video for Pepsi brand. Insignificant group difference at Time 2 for Absolut Vodka can be explained by significant difference between the groups at Time 1. In other words, after watching a video, evaluation scores of perceived brand innovativeness between the two groups converged resulting in no statistically significant difference between the groups evaluation of how innovative the brand is. In conclusion, results are consistent with the outcomes of previously performed tests.

Old Fashioned/Innovative		
	Pepsi	**Absolut**
MWITHIN BT(1) BY TIME	0.00, 1.00	0.92, 0.341
MWITHIN BT(2) BY TIME	16.75, 0.00	25.76, 0.00
BT BY WITHIN TIME(1)	0.31, 0.578	14.96, 0.00
BT BY WITHIN TIME (2)	11.40, 0.001	0.55, 0.461

Table 10. Results of simple main effects tests for "old fashioned-innovative" evaluation scores. The table shows F values and significance indicators for each factor. **Created by authors.**

4.2.4. Evaluation: Purchase Intention

Participants were asked to evaluate buying consideration for the brand product before the experiment and after. They could select the answer out of possible options: Very Unlikely, Somewhat Likely, Not Sure, Somewhat Likely and Very Likely. The answers were transformed into numerical scale 1-5 in order to be able to analyse them through SPSS software.

Evaluation scores: Purchasing Intention					
Brand	Time of evaluation	Type of video	Mean	Standard deviation	Number
Carlsberg	Before	Branded Content	2.73	1.413	30
		Traditional	2.33	1.241	30
	After	Branded Content	3.77	1.135	30
		Traditional	2.43	1.194	30
Pepsi	Before	Branded Content	2.93	1.285	30
		Traditional	2.77	1.104	30
	After	Branded Content	3.37	1.217	30
		Traditional	3.1	1.029	30
Absolut Vodka	Before	Branded Content	2.27	1.337	30
		Traditional	3.13	1.332	30
	After	Branded Content	3.33	1.213	30
		Traditional	3.1	1.348	30
Kahlua	Before	Branded Content	2.27	1.112	30
		Traditional	1.6	0.894	30
	After	Branded Content	3.03	1.066	30
		Traditional	2.3	1.291	30

Table 11. Means and standard deviations of purchase consideration by treatment and time variables. **Created by authors.**

4.2.4.1. Carlsberg. The outcome of SPSS analysis shows that interaction *Time x BT* was statistically significant, $F_{(1, 58)} = 22.511$, $p < .05$, partial eta squared= 0.28. There were also main effects for *Time,* $F_{(1, 58)} = 33.192$, $p < .05$, partial eta squared= 0.364, and whether group saw branded content video or traditional advertisement (BT), $F_{(1, 58)} = 7.948$, $p < .05$, partial eta squared= 0.121. The line graph for Carlsberg illustrates wider divergence of means of evaluation scores for the different groups at Time 2 compared to Time 1 (Appendix 3). This change is largely attributed to the impact of BC on purchasing decision; before viewing videos both groups on average were somewhat unlikely or not sure about buying Carlsberg product in the future (M=2.73; M=2.33) even though the money was not an issue. However, after the experiment, group which was exposed to BC showed a considerably higher shift in their buying consideration towards `Somewhat Likely`, compared to intentions of those who watched traditional commercial (`Somewhat Unlikely/ Not Sure`).

4.2.4.2. Pepsi. The main effect for *Time* was statistically important, $F_{(1, 58)} = 15.964$, $p < .05$, partial eta squared= 0.216. As it can be seen from the line graph, the mean at Time 2 (M=3.233) was significantly higher than at Time 1 (M=2.85). It indicates that participants were more likely to purchase Pepsi product after the experiment than before. However,

interaction *Time x BT,* F (1, 58) =.272, p >.05, and the main effect for *BT*, F (1, 58) =.580, p >.05, presented no significance; therefore, there is no evidence showing that the change in buying consideration is attributed to the type of video participants were exposed to. It is reasonable to assume that exposure to any of Pepsi content increased brand awareness that resulted in higher probability of making a purchase.

4.2.4.3. Absolut Vodka. Results suggest that interaction *Time x BT,* F (1, 58) =25.221, p <.05, partial eta squared= 0.33, and the main effect for within-subject factor *Time,* F (1, 58) =.272, p <.05, partial eta squared= 0.303, are both statistically significant. In the line graph it can be observed that even though the means which represent likelihood of Absolut Vodka product purchase for Group A (M=3.31) and B(M=3.13) are rather similar after the experiment (Time 2), the change of evaluation score was apparently larger for the Group A. As interaction is statistically important, it is correct to claim that Absolut Vodka BC video was effective in positively influencing participants` purchasing decision towards the brand product while exposure to the commercial had almost no impact.

4.2.4.4. Kahlua. Performed analysis presents the absence of statistically significant results regarding interaction *Time x BT,* F (1, 58) =0.054, p >.05. In other words, the exposure to either of the videos had relatively the same effect on the likelihood of purchasing Kahlua product; therefore, it is impossible to conclude that BC is more powerful mean in affecting buying decision than traditional advertising. However, the main effects for within – subject factor, *Time* (F (1, 58) =26.113, p <.05, partial eta squared= 0.31) and between- subject factor *BT* (F (1, 58) =8.159, p <.05, partial eta squared= 0.123), were statistically important. The significant difference between the means at Time 1, pre-test situation (M=1.933), and Time 2, post-test situation (M=2.667) can be observed in the line graph (Appendix 3). As in a Pepsi case, it is reasonable to assume that being exposed to any type of the video results in higher brand recognition that consequently leads to an increased likelihood of purchase.

When examining overall results it is possible to conclude that branded content videos compared to commercials had a statistically significant impact on purchasing decision for the brands Carlsberg and Absolut Vodka, while it was irrelevant for Pepsi and Kahlua. However, the change of overall mean of purchase intention evaluation scores from pre-experiment situation to post-experiment situation was important because it shows that although the type of video presented does not matter, the visual material in general can have a positive influence on prospect`s intent to purchase a product.

Purchase Intention				
Brand		**F**	**Sig.**	**Partial Eta Squared**
Carlsberg	*Time x BT*	22.511	0.000	0.28
	Time	33.192	0.000	0.364
	BT	7.948	0.007	0.121
Pepsi	*Time x BT*	0.272	0.604	0.005
	Time	15.964	0.000	0.216
	BT	0.58	0.449	0.01
Absolut Vodka	*Time x BT*	28.58	0.000	0.33
	Time	25.221	0.000	0.303
	BT	0.968	0.329	0.016
Kahlua	*Time x BT*	0.054	0.817	0.001
	Time	26.113	0	0.31
	BT	8.159	0.006	0.123

Table 12. Significance and effect size of interaction, time and treatment variables for purchase intention. **Created by authors.**

4.2.4.5. Simple effects test following a significant interaction. Further tests show that the exposure to traditional commercials had no significant impact on buying decision for both brands while watching branded content video did, which suggests BC effectiveness. At pre-experiment situation (Time 1) simple effects test revealed no statistically important difference between the two groups' considerations of buying Pepsi product but was significant for Absolut Vodka. However, outcomes at post- experiment situation are opposite; showing that exposure to videos resulted in significant divergence between the groups' intentions for Carlsberg but no important difference for Absolut Vodka. In summary, simple effects results are consistent with previously conducted analysis and confirm that exposure to branded content videos have a significant impact on purchase decision.

Purchase Intention		
	Carlsberg	**Absolut**
MWITHIN BT(1) BY TIME	0.52, 0.475	0.05, .820
MWITHIN BT(2) BY TIME	55.19, 0.00	53.75, 0.00
BT BY WITHIN TIME(1)	1.36, 0.249	6.32, 0.015
BT BY WITHIN TIME (2)	19.64, 0.00	0.50, 0.484

Table 13. Results of simple main effects tests for purchase intention. The table shows F values and significance indicators for each factor. **Created by authors.**

4.   Discussion of results

Hypothesis 1 cannot be rejected as data analysis generated statistically significant evidence. It reveals that even though traditional commercials to some extent are effective as well, branded content has a stronger positive impact on brand favourability. Hypothesis 2 is rejected, as there is no sufficient amount of evidence to confirm that branded content videos has a greater influence on perceived brand stylishness in comparison to traditional commercials.

Test results of Hypothesis 3 show that BC videos created by Pepsi and Absolut vodka brands were considerably more effective in positively changing the perceived brand innovativeness compared to traditional commercials. However, the branded content material of other two tested brands did not over-perform traditional commercials. Therefore, Hypothesis 3 cannot be rejected or confirmed completely. We conclude that branded content can have a greater effect on perception of brand innovativeness compared to traditional commercials if it is designed specifically according to the interests and preferences of the target audience.

The same dilemma as in the case of Hypothesis 3 occurs for Hypothesis 4. Exposure to BC videos has a higher effect on purchase consideration compared to traditional commercials but only for two brands out of four tested ones. This leads to the same conclusions that BC is effective if it targets chosen audience well and if it is created in a qualitative and entertaining way.

Overall, results are consistent throughout all four hypotheses regarding the statistical importance of Time. In other words, even if branded content is not effective in a relation to traditional advertising, in general, visual content, more precisely video format, has a significant influence on brand perception and purchase intention. Therefore, it should be considered as a relevant and efficient form of communication.

When comparing the study outcomes with the results of previously conducted research, it is possible to see some inconsistencies. IPG Media Lab/Forbes (2013) revealed that branded content articles have a higher positive effect on purchase intention compared to articles incorporating traditional advertising such as an ad display. Our conducted tests cannot firmly validate the fact that BC has a higher impact on buying consideration in comparison to traditional advertising because further tests with more brands are needed. However, our research paper supports Nielsen/inPowered (2014) and Bellman et al. (2011) by showing that overall branded content has a positive effect on buying intentions. Like IPG Media Lab/Forbes (2013) study, we have also provided empirical evidence of branded content having a stronger positive impact on brand favourability compared to traditional

advertising. Our study is consistent with both Bellman et al. (2011) and Nielsen/inPowered (2014) showing that exposure to branded content indeed improves brand attitude. Finally, common circulating opinion about branded content being more effective than traditional advertising can only be fully supported by our study results regarding brand favourability.

5.   Conclusions

Although there is an increased worldwide interest in the concept of branded content strategies, companies face difficulties in measuring the effectiveness of branded content and its impact on individuals. Moreover, in Latvia, where the use of branded content is not that widespread and traditional commercials is a more common practise, there is a sceptical view whether branded content can achieve better results. Our research aims to answer what impact branded content videos have on brand perception compared to traditional commercials and provides a reader with a practical insight into the effectiveness of branded content videos in Latvia. The conducted experiment allows us to compare the effect from two strategies and enables us to make conclusions about the impact on brand perception in connection with the available literature.

The paper provides empirical evidence that branded content videos have a stronger positive impact on how likeable is brand in comparison to traditional commercials. However, no sufficient evidence is obtained to confirm that branded content has a higher impact on perception of brand stylishness, innovativeness or purchase intention. The experiment has shown that in half of the cases, branded content was more effective than traditional commercials, but in other cases, no significant difference in results was observable. Such factors as creative execution or inappropriate target audience could be reasons behind diverse results; however, a further research on crucial factors for branded content strategies could be conducted to provide a better comprehension of the results in our research.

We have measured an instant reaction to the branded content videos and traditional commercials, as well as subsequent changes in brand perception. The research is valuable as it provides a practical insight in individual attitudes towards traditional and content marketing strategies, which can serve as both a basis for expectation build-up for further studies and as a factor for consideration in a strategic marketing plan development for companies. Accounting for the aim of branded content to affect customers in the long-term perspective, further studies could develop a model to test the effectiveness in the long-term and measure branded content as a constant process rather than a one-time event.

Taking into consideration the reviewed literature and results of the research paper, companies are suggested to reallocate their marketing budget and shift their focus towards branded content videos instead of traditional commercials. First of all, customers consider a traditional commercial as a forced brand message, therefore, they avoid to be exposed to it. Meanwhile, branded content videos do not have that kind of preconceived negative associations, therefore, customers do not try to block the brand message. This allows companies to reach their customers more easily. Secondly, branded content videos create added value to customers because it is entertaining, informative or in other way useful material. As a result, customers do not avoid exposure to BC videos and voluntary decide to watch them. Furthermore, often they share branded videos with their friends in this way helping the brand to distribute its message to other potential customers. Thirdly, content marketing is a creative approach that allows to produce more original content which would match target audience interests. In comparison, to create traditional commercials precisely for the target audience is rather complicated due to such constraints as limited length, high production costs or only few distribution channels.

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Appendix 1. Graphic illustrations of branded content types, trends and comparison to traditional advertisements
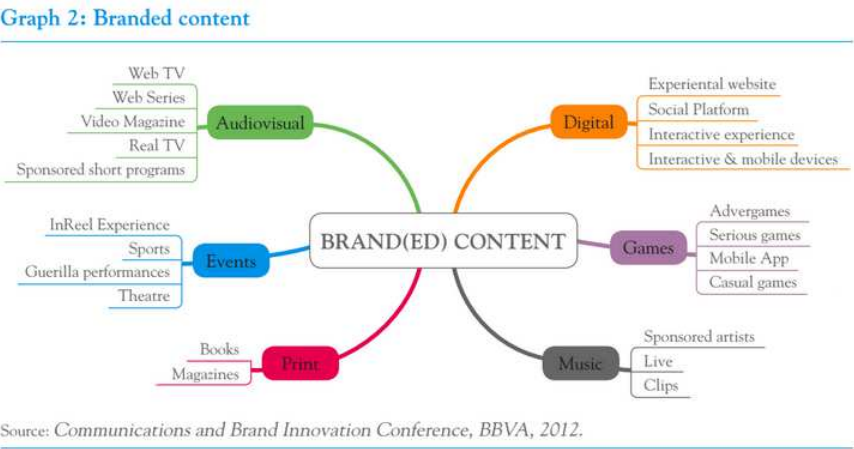
Figure A.1. Branded content types. **Source: Corporate Excellence, 2014.**
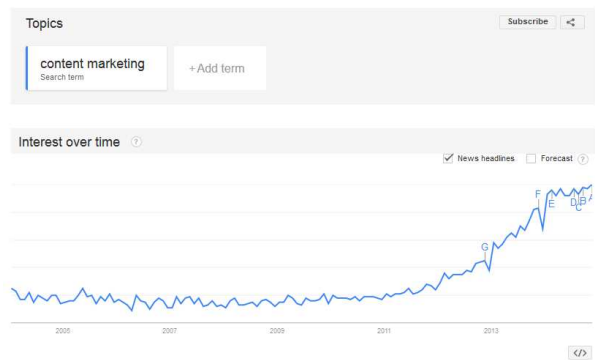
Figure A.2. Google trends.
Source:http://www.google.com/trends/explore#q=content%20marketing.

Traditional advertisement	Branded content
Brand creates messages	Brand creates original content
Brand pulls messages	Consumer finds content
Brand looks for customers	Consumer looks for brands
Brand buys spaces	Brand creates spaces
Consumer runs away from advertisement	Consumer looks for enjoyment
Brand is boring and bothers	Brand entertains
Brand pushes	Brand pulls

Figure A.3. The comparison between a traditional advertisement and branded content.
Source: Corporate Excellence, 2014.

Appendix 2. Branded content videos and traditional commercials used

	Group A	Group B
Carlsberg	BC https://www.youtube.com/watch?v=RS3iB47nQ6E	T https://www.youtube.com/watch?v=LwSGCt6U46w
Pepsi	T https://www.youtube.com/watch?v=-zVChf15jJE	BC https://www.youtube.com/watch?v=jkUcFF4VmO4
Absolut Vodka	BC https://www.youtube.com/watch?v=PDboaDrHGbA	T https://www.youtube.com/watch?v=tHCpyK2nUpc
Kahlua	T https://www.youtube.com/watch?v=CiECdhofWbY	BC https://www.youtube.com/watch?v=f283Jwt2ePo

Appendix 3. Line graphs from 2X2 Mixed ANOVA Tests

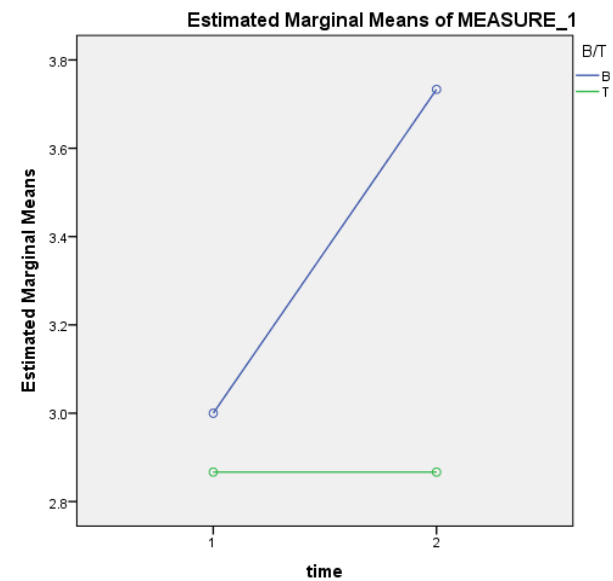**Unfavourable –Favourable**
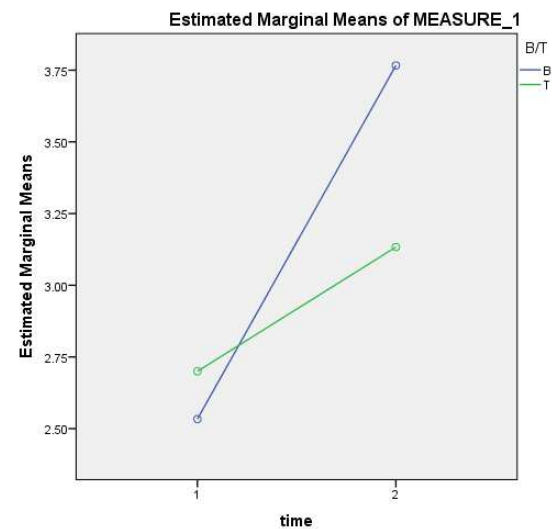
Figure B. 1. Carlsberg evaluation.
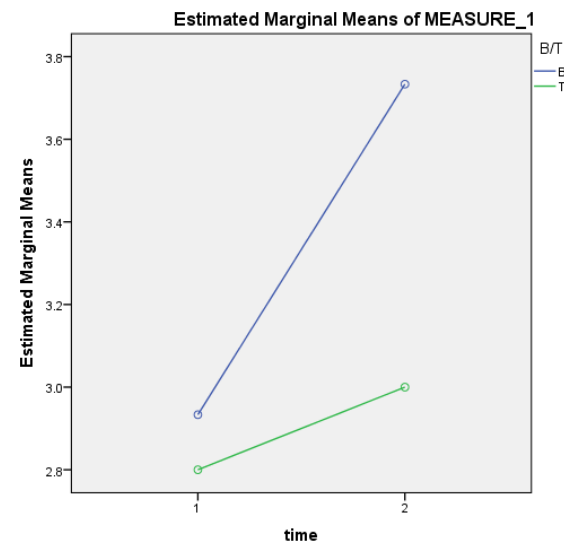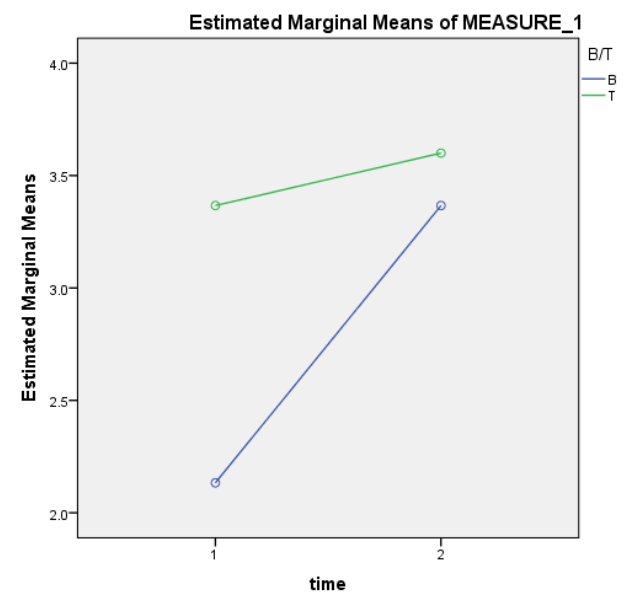

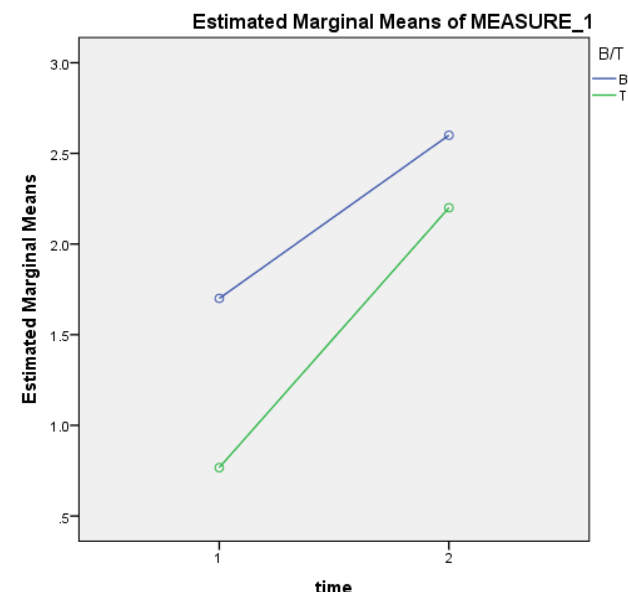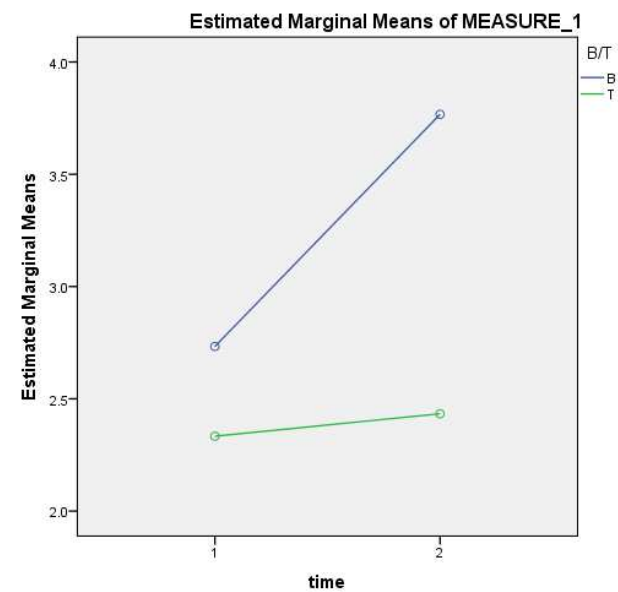*Figure B. 2. Pepsi evaluation.*
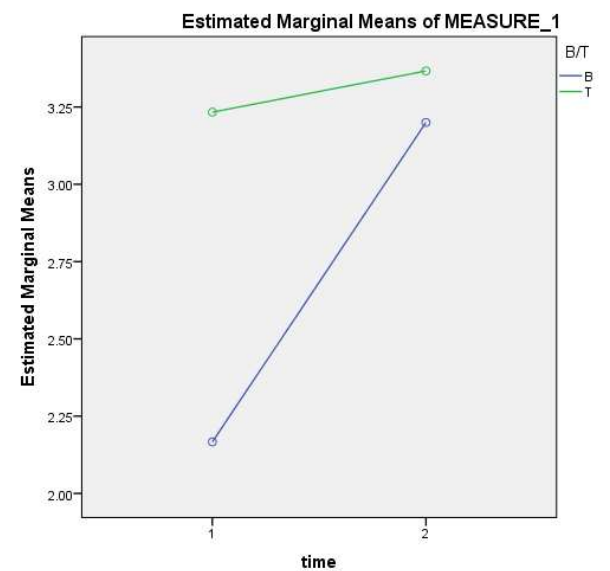
Figure B. 3. Absolut Vodka evaluation.
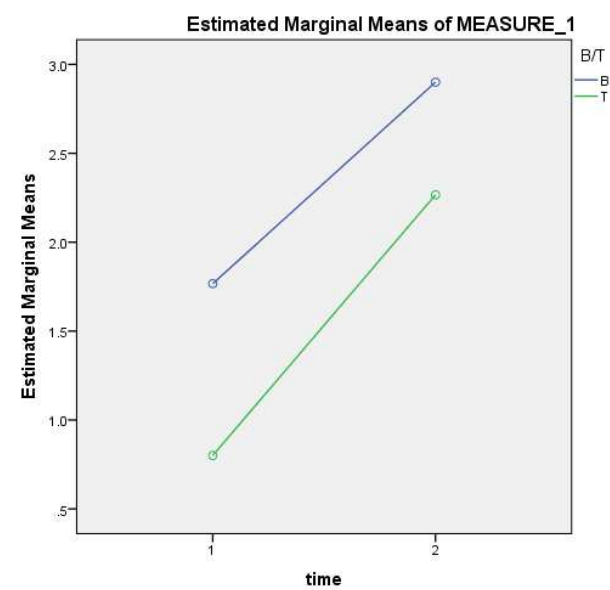
Figure B. 4. Kahlua evaluation.

Plain –Stylish
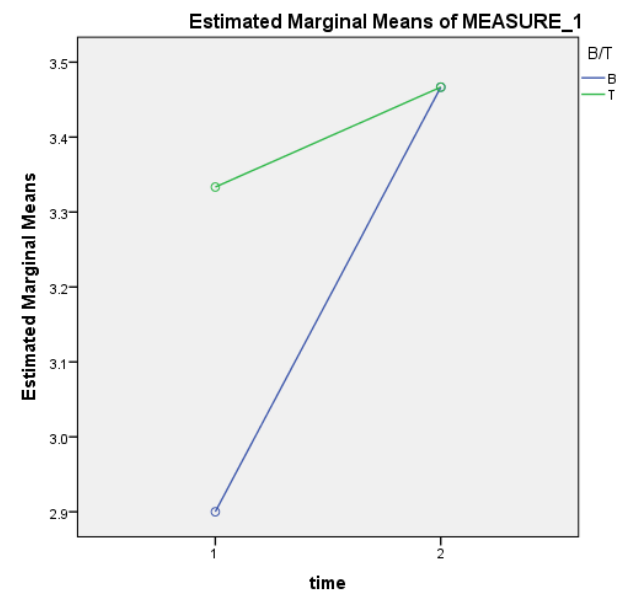
Figure B. 5. Carlsberg evaluation.
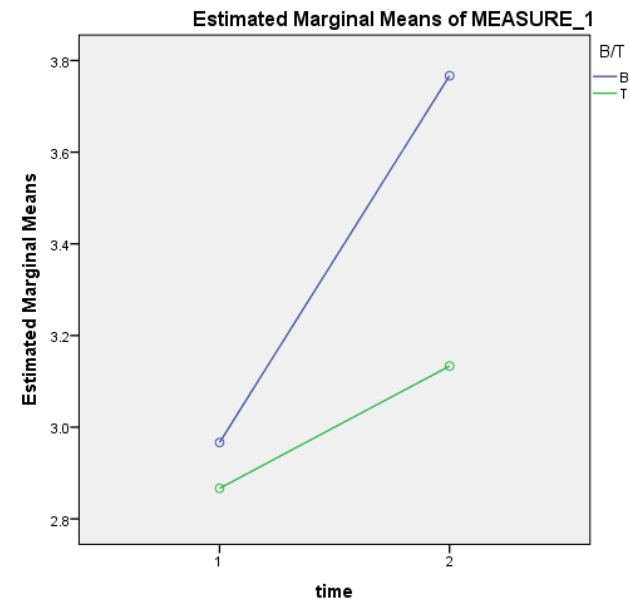
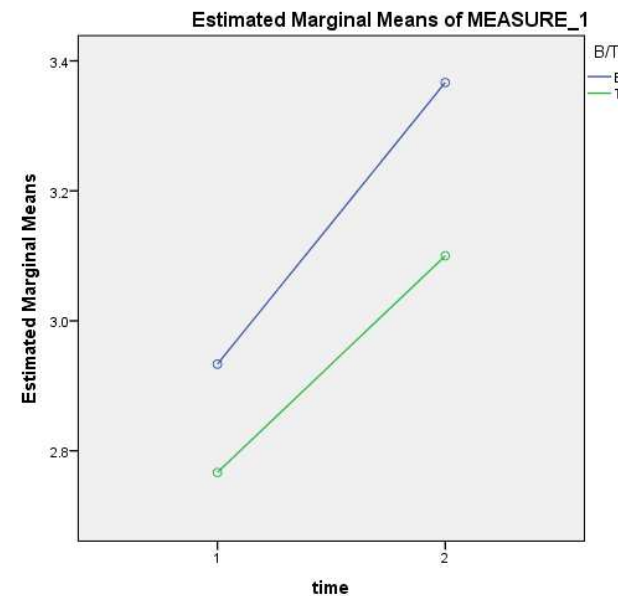*Figure B. 6. Pepsi evaluation.*
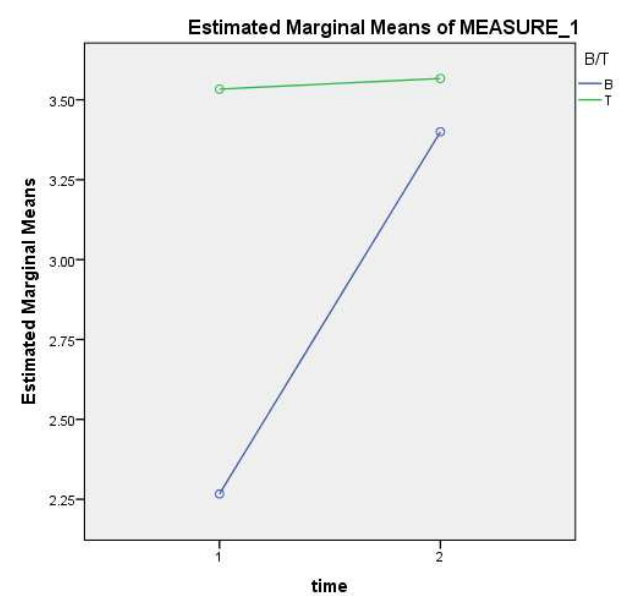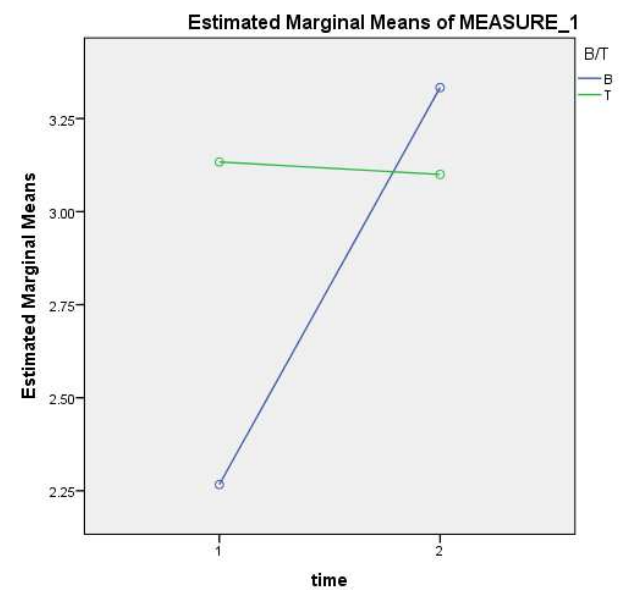
Figure B. 7. Absolut Vodka evaluation.
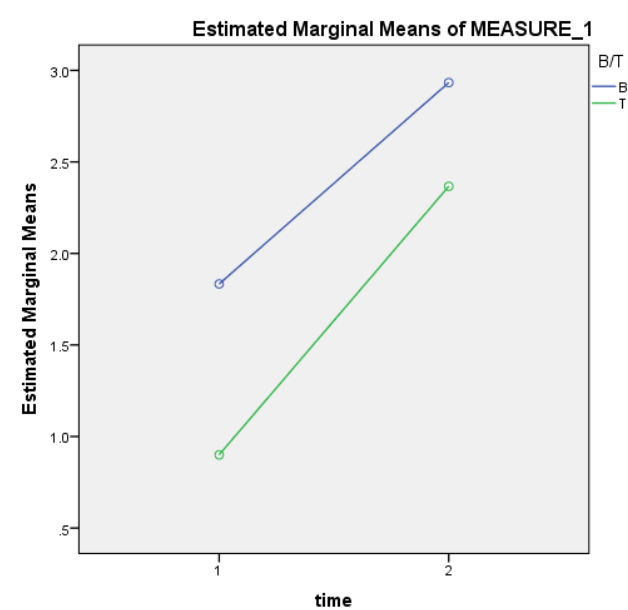
Figure B. 8. Kahlua evaluation.

Old Fashioned –Innovative
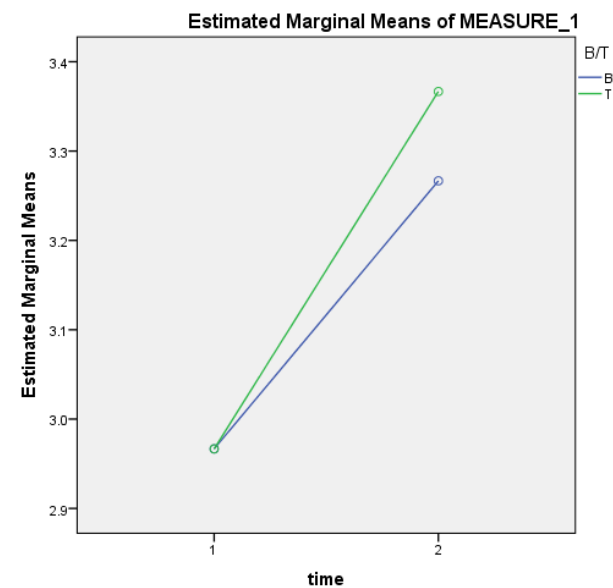
Figure B. 9. Carlsberg evaluation.

Figure B. 10. Pepsi evaluation.

Figure B. 11. Absolut Vodka evaluation.

Figure B. 12. Kahlua evaluation.

Purchase Intention

Figure B. 13. Carlsberg evaluation.
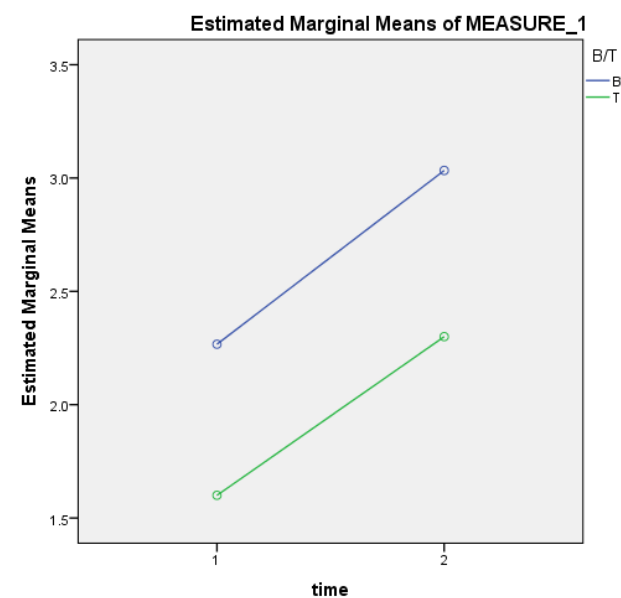

Figure B. 14. Pepsi evaluation.

Figure B. 15. Absolut Vodka evaluation.

Figure B. 16. Kahlua evaluation.