

Native Advertising: Advertising That Gives Back To The Consumer

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SOLVEmedia

Can marketers change their messages from unwelcome interruptions to a natural, integral part of how people consume information?

Better yet, can ads actually add value to the user experience?

This is the promise of native advertising.

Defining Native Advertising



There has been growing discussion about a promising alternative to traditional banner advertising.

This new form is called “native advertising”. Marketers investing in native advertising include P&G, Unilever, Co-ca-Cola, JetBlue, Porsche, and many more.

Much of the discussion is a debate about how to properly define native advertising.

Is it an advertorial? A sponsorship? Content marketing? Branded entertainment?

In fact, a recent Mashable post was titled “What Is ‘Native Advertising’? Depends Who You Ask.”¹

That said, there is a broad consensus that native advertising differs from interruptive advertising in two important ways:

- *It adopts the appearance of the surrounding website or other content in which it appears*
- *It seeks to be a seamless part of the content being consumed.*

Is native advertising a simple, but needed, updating of traditional advertorial and sponsorship forms? As observers from the *Wall Street Journal*, “All Things D” and *Adweek* have pointed out, this view of native advertising is more evolution than revolution.



Peter Kafka 
@pkafka



"Native ads" = "fancy name for advertorials magazines and newspapers have always run"

The greater revolution lies in native advertising formats that genuinely improve the user experience. These are more than simply ads that have been disguised. These formats create value by directly and unambiguously helping the user achieve what they intend.



Mike Shields
@digitalshields



to weigh in, we've had 'sponsored sections' since 90s. Ditching banners is what's revolutionary

Google AdWords, for example, creates value by being in the flow of what the consumer wants to accomplish. The ads are related to the users' search.

Solve Media's TYPE-IN™ ads also align with users' intent. They simplify the CAPTCHA process so users type in simple brand messages instead of cryptic phrases.

This White Paper will provide examples of native advertising formats, review ways brands are using it, and help you understand the possibilities for your brand.

1- <http://mashable.com/2012/09/25/native-advertising/>

Native Advertising by the Numbers

Solve Media has conducted proprietary market research among stakeholders across the entire ecosystem. Here are some of the insights from that research:

\$3 billion will be invested in native advertising formats by 2016. ²

70% of Creatives say UX is the most important thing in native advertising. ³

14.3% of publishers say they are very likely to add a native advertising option. ³

57% of private investors would be likely or very likely to invest in Native Advertising. ³

59% of media buyers say native ads are very important. ³

49% of media buyers would buy native advertising. ³

NY, LA, SF, & Chicago based buyers will be spending the most on native advertising. ³

2- [http://www.biakelsey.com/Company/Press-Releases/121126-U.S.-Social-Media-Ad-Revenues-to-Grow-from-\\$4.6B-in-2012-to-\\$9.2B-in-2016.asp](http://www.biakelsey.com/Company/Press-Releases/121126-U.S.-Social-Media-Ad-Revenues-to-Grow-from-$4.6B-in-2012-to-$9.2B-in-2016.asp)*

3- Solve Media surveyed 800 media buyers, agency creatives, online publishers, venture capitalists, private equity firms and angel investors in the United States during September and October 2012.

Forms of Native Advertising

Native advertising is commercial messaging that is delivered in the flow of the users' experience and is designed to look like part of the website or app in which it appears.

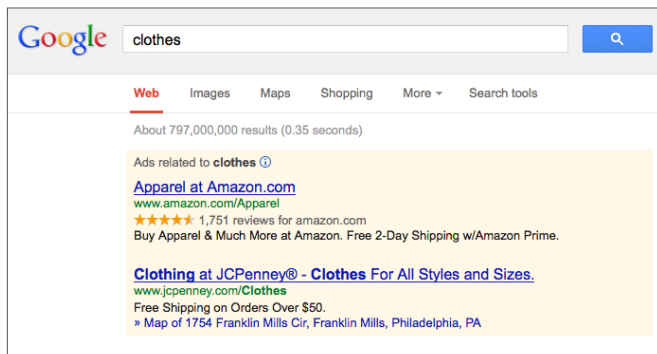
Broadly, native advertising can be divided into two types:

- 1) *Brand as Publisher* (large-scale, continuous content creation by the brand); and
- 2) *Brand as Intermediary* (small-scale, as-needed content creation by the brand)

Below are some examples of native advertising, along with descriptions of how they are employed.

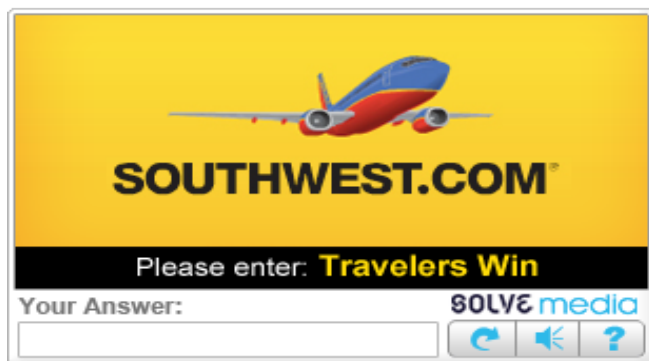
Brand As Intermediary

Google AdWords



Google's paid search results were arguably the very first form of native advertising online. Brands can bid on keywords and phrases, so that their text ads appear on top of and to the right of organic search results.

Solve Media Type-In Captcha



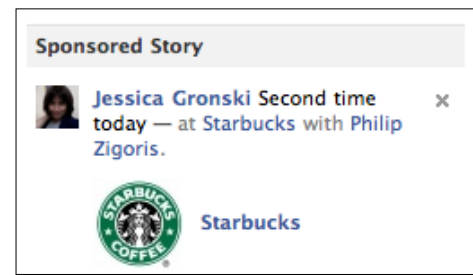
Solve Media's TYPE-IN™ Ads replace confusing and unintelligible CAPTCHA authentications with brand messages.

YouTube Promoted Videos



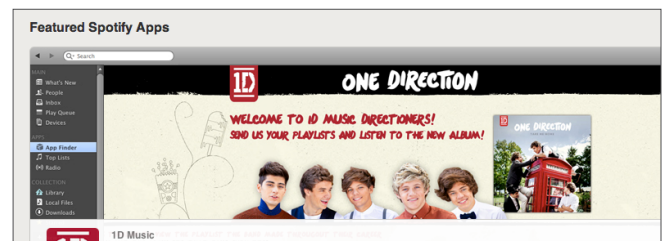
Essentially, this is Google AdWords but for video. (In fact, Google recently announced the Promoted Videos format will be officially moving to the AdWords for Video advertising program.) Brands can include an overlay ad on top of the video as it plays, driving traffic to any website promotion they choose.

Facebook Sponsored Stories



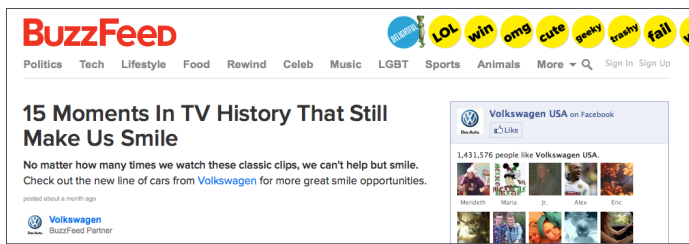
Facebook Sponsored Stories are messages delivered in-stream about friends engaging with a page, app or event that someone has paid to highlight -- so there is a better chance that people see them.

Spotify Branded Apps and Playlists



Spotify branded apps enable brands to create unique shareable playlists. For example, Intel's "Sifter" looks at what bands and songs your Facebook friends like to recommend music to you. Brands can also create brand-specific playlists. Other brands that have experimented with Spotify apps and playlists include AT&T, McDonald's and Volkswagen.

BuzzFeed Sponsored Image Galleries



These galleries, featuring images or live video, are interspersed with sponsor links and brand messages.

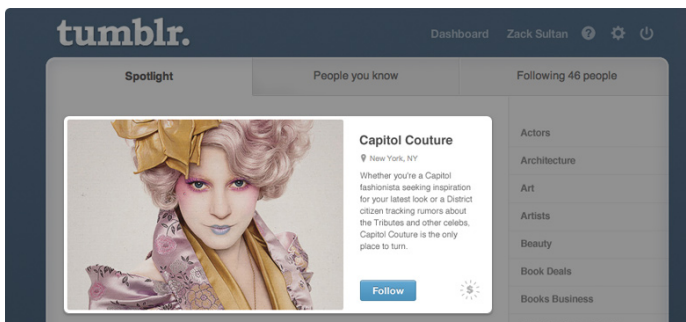
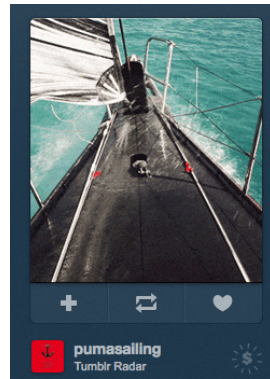
Brand as Publisher

Tumblr Pinned Posts, Radar and Spotlight

Tumblr Pinned Posts: This format allows users to pin the post of their choice to the top of their followers' dashboards.

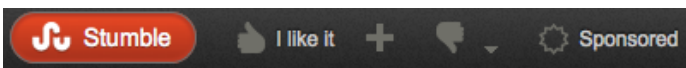
Tumblr Radar: Tumblr has a curation engine that highlights the best posts of the day in the right-hand margin of the member's dashboard. This same curation engine selects native ads to feature.

According to Tumblr, Radar generates about 120 million impressions per day.



Tumblr Spotlight: Spotlight is the place where Tumblr highlights members you may want to follow. Advertisers are featured in a large display above Spotlighted members.

StumbleUpon Paid Discovery



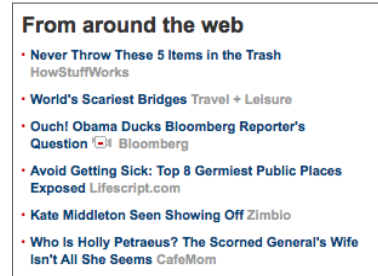
Paid Discovery enables brands to create a page or site on StumbleUpon and drive traffic to it. There are three advertising levels, priced from a nickel to a quarter per click. Targeting is similar to Facebook ads. At the ten cent level, marketers can target by content category, age, gender, device and location -- down to country,

state and major cities.

WordPress Promoted Videos

Contextually targeted videos are delivered in-page within the blog content. Videos flow into the natural content experience of the page, capturing the attention of engaged readers.

Outbrain Amplify



Outbrain Amplify places links to brand content that appear as recommendations on websites like Wall Street Journal, Reuters & People.com.

Twitter Promoted Tweets and Targeted Tweets



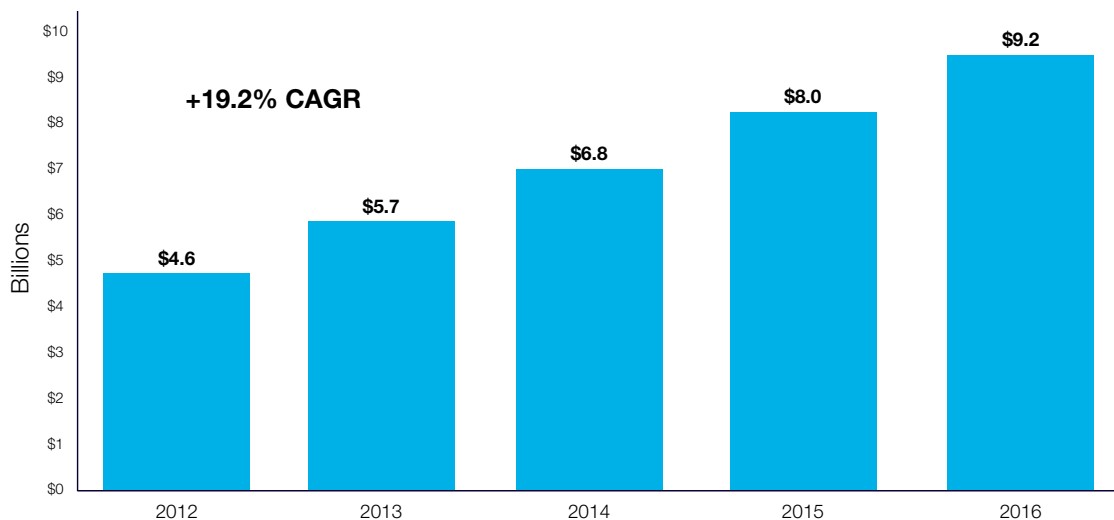
Promoted Tweets are ordinary Tweets purchased by advertisers who want to reach a wider group of users or to spark engagement from their existing followers. They are clearly labeled as Promoted when an advertiser is paying for their placement on Twitter. In every other respect, Promoted Tweets act just like regular Tweets and can be retweeted, replied to, favorited and more. Promoted Tweets have a click-through rate of 1-3%; significantly higher than the average CTR of .2% for banner ads.

Promoted Tweets can be found on top of relevant search pages on Twitter.com, or in search results for a Promoted Trend. Also, brands with enhanced profile pages can choose to pin a Promoted Tweet to the top of their timelines. Lastly, they appear on Official Twitter apps for iPhone and Android, as well as on TweetDeck and HootSuite.

Sharethrough

Sharethrough distributes branded videos using the Sharethrough Sponsored Videos platform. Sharethrough publisher partners include premium editorial sites, blogs, content discovery sites and social games.

Why Native Advertising?



U.S. Total Social Media Advertising: 2012-16

[http://www.bia-kelsey.com/Company/Press-Releases/121126-U.S.-Social-Media-Ad-Revenues-to-Grow-from-\\$4.6B-in-2012-to-\\$9.2B-in-2016.asp](http://www.bia-kelsey.com/Company/Press-Releases/121126-U.S.-Social-Media-Ad-Revenues-to-Grow-from-$4.6B-in-2012-to-$9.2B-in-2016.asp)

BIA / Kelsey Copyright 2011

Consumers, publishers, and advertisers alike are interested in different forms of online advertising, each for their own reasons.

The rise of social media has shifted consumers' expectations of how brands should communicate. They now expect conversation on their timetable and in their terms. They dislike interruption and, according to Forrester, demand online advertising that is relevant, respectful and rewarding.

The rise of social media has shifted consumers' expectations of how brands should communicate.

Publishers and brands are embracing native advertising formats as a means to meet these new demands.

Publishers hope that native advertising will help them offer advertising that consumers like more.

Brands hope to identify formats that fit the way people use digital, but still achieve brand goals.

A challenge for brands in digital is that the audience differs from a traditional media audience in a fundamental way. Where TV has viewers who are seeking entertainment, online has a mix of viewers and users. This is a qualitatively different kind of audience with a very different type of attention; people who are busy doing something do not want to be interrupted.

Native advertising formats may make it easier to reach online audiences when they are less task-oriented and more open to exploring.

The promise of native advertising is also quite compelling for marketers and media buyers. In Solve Media's survey, 49% of media buyers at agencies said they would buy native advertising.

This is a significant development, with the potential to substantially reshape and reinvigorate the display ad market.

This is a qualitatively different kind of audience with a very different type of attention

Challenges for Native Advertising

Native advertising holds great potential to become a significant part of digital advertising's future. However, to fulfill this promise, real work will be required.

Creating Content is Costly and Time-Consuming

In "Brand As Publisher" native advertising, the ads are a paid form of content marketing. However, many marketers lack the resources to create it.

A recent eConsultancy/Outbrain White Paper ³ says that while 90% of respondents believe content marketing will become more important over the next 12 months, less than half those companies have budgets or staff dedicated to content marketing. According to Outbrain's blog ⁴ :

"54% of brands don't have a person dedicated to content marketing in-house and 66% don't have a budget specifically allotted for content marketing efforts. Sixty-four percent of marketers don't even have a defined content marketing strategy and 42% believe they lack the human resources needed to effectively execute a content marketing strategy."

For native advertising that relies on content marketing to be scalable, brands must become publishers. Today, few have the staff or budget to do this well – if they can do it at all.

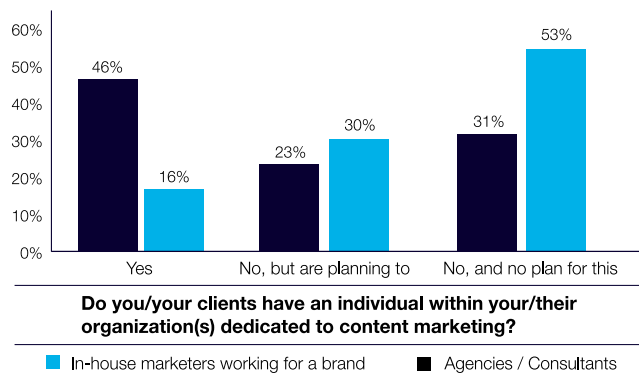
Blurring the Lines Between Editorial and Content is a Slippery Slope

"If there is a red line delineating the church and state of journalism, some big news publishers have just crossed it -- introducing a spate of new "native" advertising formats that blur the line between advertising and editorial content in new ways, including brand-produced videos served directly in the news organizations' video news players." ⁵

It's easy to fool consumers into thinking they are clicking on content, but it erodes credibility: what is "real" news if any brand can buy its way on to the front page?

Invisible Advertising, Non-Impressions

Many native advertising formats rely on keeping brand messages so subtle that consumers may not realize they are being sold anything at all. Camouflage, by design, is about how to avoid being noticed. Can marketers succeed by shifting their media budgets from impressions



to non-impressions?

Advertising today is rarely memorable when it is clear what is being sold. The challenge of making a sale is exponentially harder when the first duty of the communication is to be invisible.

Meeting Consumer Needs

Not all native advertising formats may deliver what consumers want.

"Where our industry has gone wrong, though, is in (concluding) that if the sponsored story bears any kind of resemblance to other content on the page, it is, by definition, native. Wrong."

*I hire Facebook to share my thoughts and experiences and to see what my friends are up to. A sponsored story, in my case, does nothing toward helping me accomplish this goal. Contrast that with Google AdWords, a format that supports the reason I visit Google in the first place: to find what I'm looking for. **Advertising is native only when – and if – it aligns with our goals as a media consumer.**"* ⁶

- Gustav Von Sydow, CEO and founder of Burt, a Stockholm-based business intelligence platform.

Differences in ROI Measurability

With some native advertising formats, particularly those which are heavily dependent on brand-created content, ROI can be impossible to calculate. Some brand content is so thoroughly un-branded that it is possible to miss the brand message entirely. With other formats, the brand messaging is not disguised, so ROI calculations are entirely straightforward.

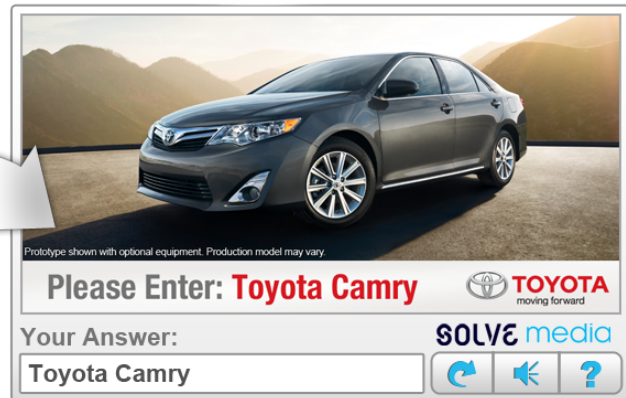
3 - <http://econsultancy.com/us/reports/content-marketing-survey-report>

4 - <http://www.outbrain.com/blog/2012/10/90-of-marketers-expect-content-marketing-to-increase-in-importance-report.html>

5 - <http://www.mediapost.com/publications/article/184085/the-natives-are-restless-news-publishers-move-lin.html>

6 - <http://www.digiday.com/publishers/sharethisis-native-advertising-just-the-next-bright-shiny-object/>

About Solve Media



Solve Media believes the strongest formats for native advertising are those that clearly and transparently give something back to the consumer.

This point of view is supported by a recent Effectiveness Metrics (YBS/Comscore) study, which shows that participatory, in-the-flow experiences that create value for consumers perform the best for media buyers and marketers.

Solve Media's TYPE-IN™ ads replace confusing and unintelligible CAPTCHA authentications with brand messages.

This format is transparent, and entirely in the flow of what the consumer intends to achieve. Moreover, it requires almost no content creation and offers scalable reach.

Content-driven native advertising formats must be custom-created every time. Content is expensive to create and performs unevenly -- some pieces do well; others do not.

By contrast, Solve Media TYPE-IN™ ads offer predictable results and scalable reach of more than 60m uniques per month.

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Fear No Bots.

Solve Media uncovered \$1.5 billion dollars in wasted ad spend due to bot traffic. Solve Media TYPE-IN™ ads are the only native advertising format which is immune to bots.

Higher Recall, Engagement, and Purchase Intent

People today ignore display ads and skip pre-roll videos, because they can. But Solve Media guarantees that you connect with your audience every time. TYPE-IN™ ad campaigns are performance-based. The results speak for themselves:

52% lift in brand awareness
65% lift in brand association
67% lift in brand recall
38% lift in brand favorability
24% lift in purchase intent

Successful native advertising formats deliver value to the consumer. Together, we can usher in a new era where advertising becomes less about interruption and more about value creation.

See what Solve Media can do for you.

Solve Media is a trusted partner for the most respected agencies and marketers in the world.

If you are an advertiser looking to advertise on Solve Media's secure network, learn more at:

<http://solvemedia.com/advertisers>

If you are a publisher looking for a better way to guarantee meaningful human engagement, learn more at:

<http://solvemedia.com/publishers>

Thanks

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