

Taboola

Out of the Content Studio:

WHAT EVERY PUBLISHER NEEDS TO KNOW ABOUT NATIVE

To Scale Efforts and Drive Revenue



TABLE OF CONTENTS

- 1** Getting To Know “Native”
- 3** The Ad Imperative:
Why Publishers Need To Go Native, Now
- 5** Beyond Bespoke:
The Many Faces of Native
- 9** Start Earning Revenue with Taboola
Native, Today
- 11** Looking Ahead at the Future of Native
- 12** Further Reading
- 13** About Taboola

GETTING TO KNOW “NATIVE”

Although the term “native advertising” only made its first appearance in 2011, when Fred Wilson used the term at the OMMA Global conference, we can trace its origins back much further—at least to the beginning of last century, when paid write-ups in the form of “advertorial” articles and cartoons began to appear in newspapers and magazines. Within a few decades, sponsored content would also make its way to radio and television, with entire episodes or even series produced in the interest of brand promotion, before moving on to the interstitial forms of advertising we’re more accustomed to today.

Digital publishers, like their traditional media predecessors before them, must rely on advertising in order to keep the lights on, and many are beginning to realize that sponsored content—not just traditional ads—could be the way to maximize engagement with their audience, and profit from their advertisers. Display ads are on the decline, especially as mobile takes center stage and consumers spend less time on their desktops—the platform for which display ads were created and are still optimized.

And that’s where native advertising comes in: as an eventual replacement for display.



I Love Lucy Season 1, Episode 30: “Lucy Does a TV Commercial”

Native's Predecessors: A Timeline

The term “native advertising” may be new, but the practice surely isn't. Here's a look at some milestones in sponsored content:

- 1917** ● A nationally syndicated column speaks out against “the paid write-up,” showing that “advertorial” content was already alive and well at the beginning of last century.
- 1927** ● *The Honolulu Advertiser* runs an 80-page advertorial sponsored by the newly-opened Royal Hawaiian hotel, describing the hotel's landscaping and shopping options, among other content.
- Late 1920s** ● Sponsored musical programming, featuring brands' names in show titles, becomes radio's most popular format.
- 1950** ● *The Colgate Comedy Hour*, an early example of branded entertainment for television, debuts on NBC.
- 1951** ● The infamous “Lucy Does a TV Commercial” episode of *I Love Lucy*, in which Lucille Ball's character records a disastrous sponsored television segment, airs.
- 1959** ● *The New Yorker* runs a series of cartoons that carry sponsored, branded messages in the magazine's signature illustration style and look, at first glance, exactly like the content around them.

So What Is Native Advertising, Exactly?

The Interactive Advertising Bureau (IAB) defines native advertising as a means “to deliver paid ads that are so cohesive with the page content, assimilated into the design, and consistent with the platform behavior that the viewer simply feels that they belong” amongst other content on a given website or platform. Digiday, in conjunction with D360, put it more simply, explaining that it's “advertising messages designed to match the form and function of the environment in which they appear.” Native advertising takes its cues from the advertorial model, but has moved well beyond it, too. This whitepaper will look at the power and potential of native advertising, and how publishers can maximize their income by using scalable native strategies and tools.

THE AD IMPERATIVE: WHY PUBLISHERS NEED TO GO NATIVE, NOW

Looking Beyond Display

Digital publishers have tried a number of monetization strategies, to varied success. Putting content behind a paywall has been effective for some, but has also been met with great resistance by digital natives who are accustomed to the free economy of the Internet. Banner and tower display ads, which are becoming increasingly less popular in the mobile advertising age (SmartInsights reports that the ad click-through rate for display ads is 0.06%), are easy to overlook or ignore for users who still consume content on their desktop computers. A 2014 study by PageFair and Adobe further reports that 144 million global netizens use some sort of ad-blocking software, meaning these ads might not just be unseen, but literally invisible.



Content Drives Performance

In order to have a sustainable ad-supported platform, then, publishers must think about how to get visitors to engage with advertising in other ways. Native allows publishers to present consumers with ads that don't feel like ads at all—because they are, in fact, content-based.

In 2014, MDG Advertising released an infographic revealing that 70% of web users would prefer to learn about a product through content versus traditional advertisements, meaning that a CPG brand whose banner ad campaign had failed, for example, might find great success with a sponsored content-driven approach.

Furthermore, while the overall click-through rate (CTR) for display ads is less than one in a thousand, a 2013 Dedicated Media one-sheet revealed that native ads are viewed 53% more often. Not only do consumers get more of what they want through native, they're far more likely to engage with it in the first place. For publishers, this means higher conversion rates for their advertiser customers, and, according to IPG Media Lab, a greater likelihood that site visitors will share these ads with friends or family, than they would traditional ads.



Native ads register a 9% higher lift for brand affinity and 18% lift for purchase intent than display ads (source: IPG Media Lab).



While the click-through rate (CTR) of traditional ads is only about 0.2% (source: Solve Media), native ads can yield much higher results. A 2012 native ad campaign for GE executed by Beeby Clark+Meyler, for example, showed a huge CTR of over 8% (source: Beeby Clark+Meyler).



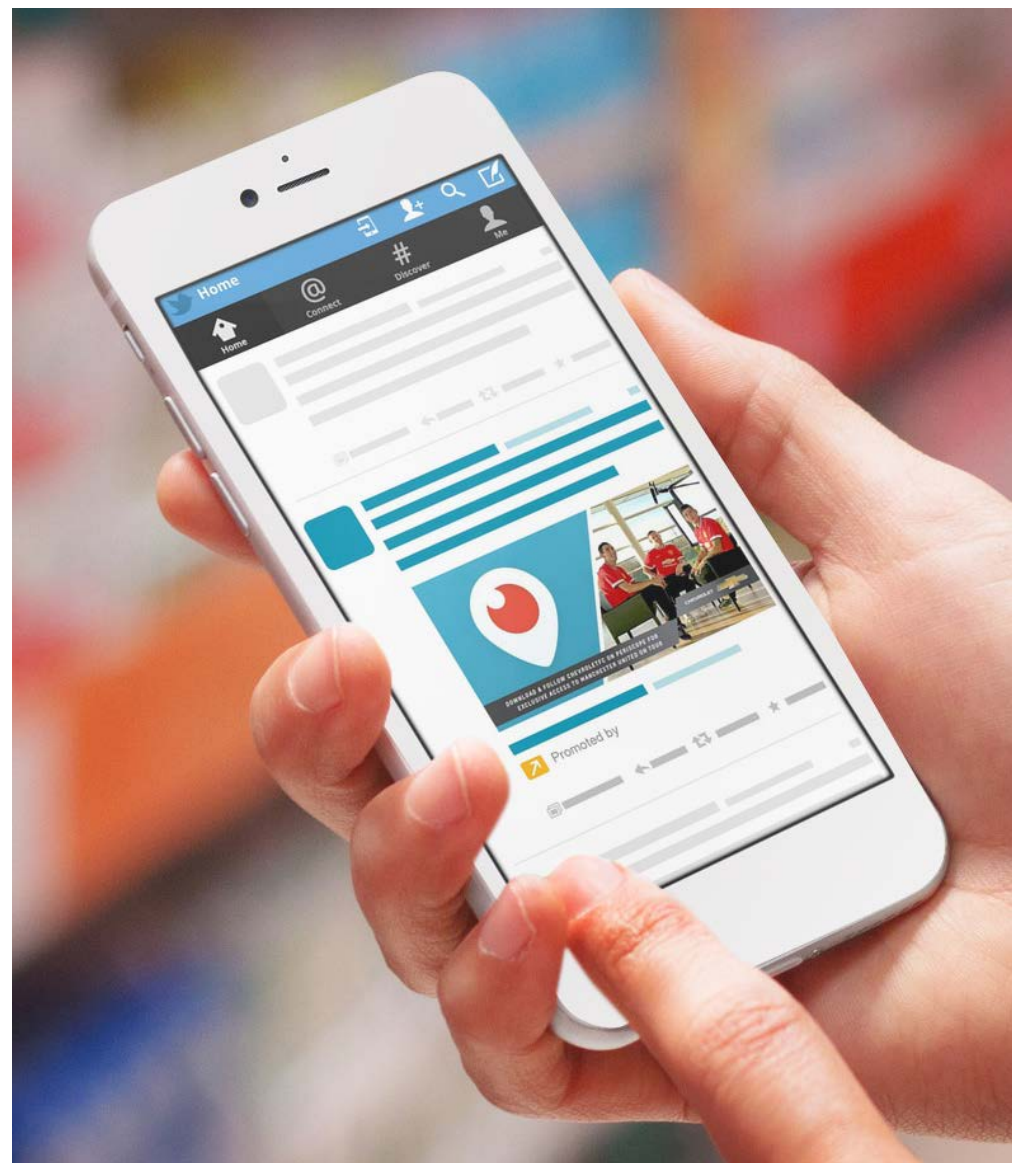
71% of consumers say they personally identify with a brand after viewing its native ads, versus only 50% with display ads (source: IPG Media Lab).

BEYOND BESPOKE: THE MANY FACES OF NATIVE

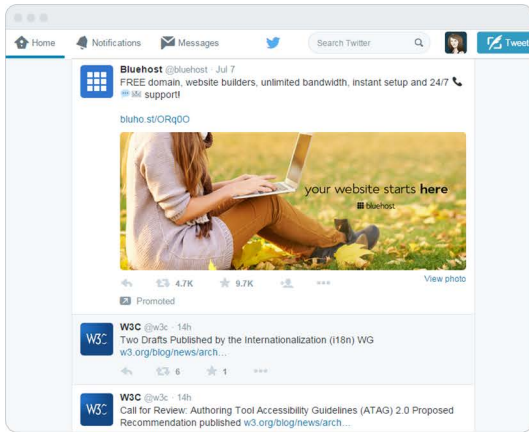
The IAB has identified six types of ad units that can achieve what it calls “native objectives”: in-feed units; paid search; recommendation widgets; promoted listings; in-ad with native elements; and custom formats. Most publishers, when beginning to consider the implementation of a native ad strategy to increase site monetization, tend to think of the first of these as their only option: bespoke content written in-house to match the overall editorial tone and hosted on-site to match the overall editorial appearance.

While this kind of native advertising draws the clearest connection to its advertorial forbears, it is far from the only one that publishers should consider. Original in-feed content, for instance, could instead be created by agencies or brand marketers, hosted either on-site or off. But native can be even simpler—and less labor intensive—than that.

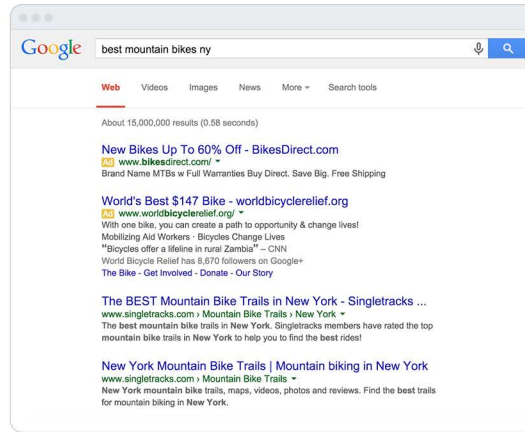
As the IAB list would indicate, the common perception that native advertising is limited strictly to the advertorial-inspired content we see on the largest publishers is an incorrect one. Instead, native is really any paid ad that matches the form and function of the platform on which it appears. That’s why the IAB includes paid search and promoted product listings in its native definition. And that’s why social platforms like Facebook and Twitter, while not what many would consider traditional publishers, are leading the way when it comes to native.



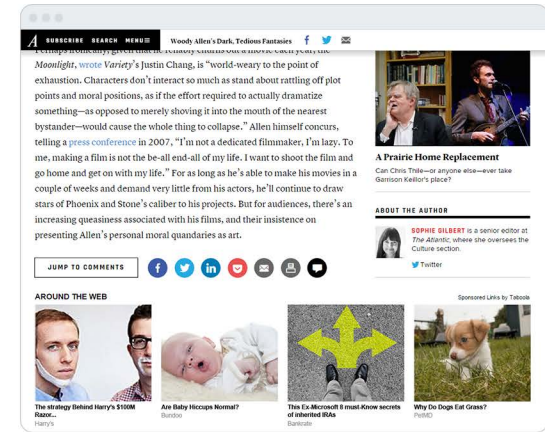
The Six Types of Ad Units Identified by IAB



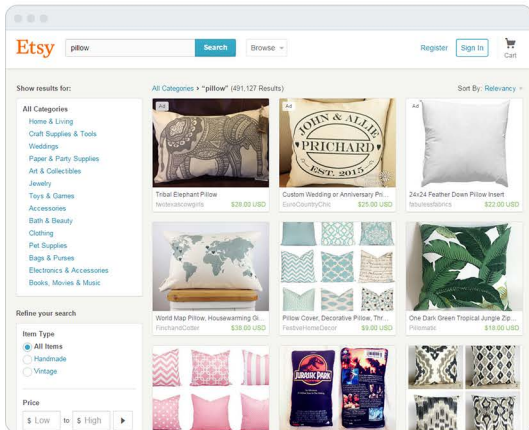
In-feed units
Twitter



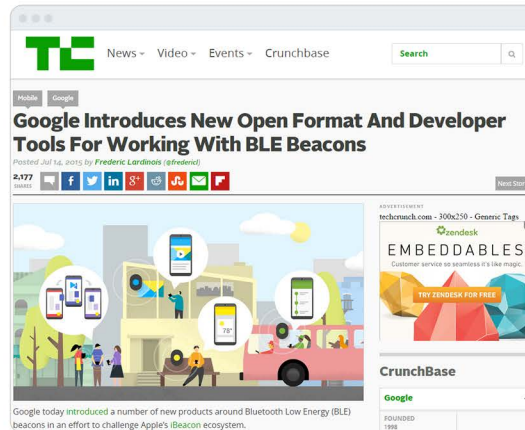
Paid search
Google



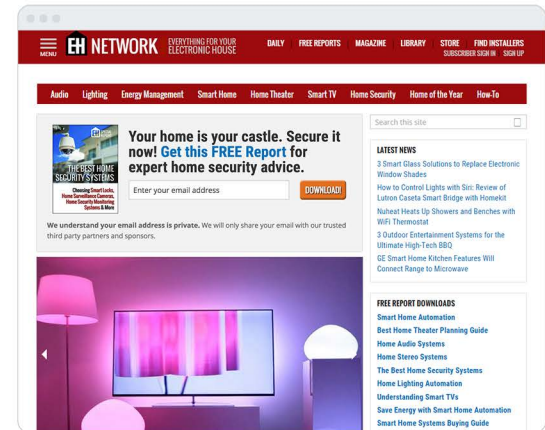
Recommendation widget
Taboola



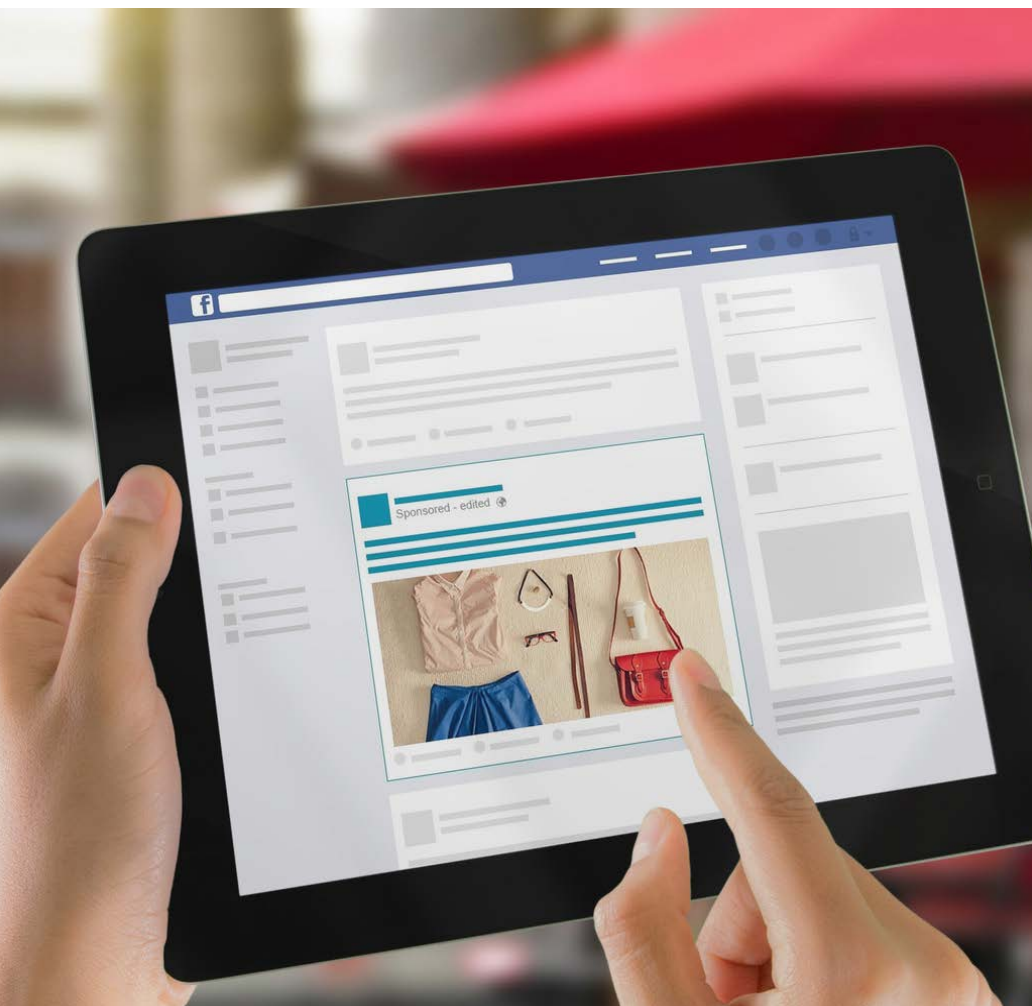
Promoted listing
Etsy



In-ad with native elements
Tech Crunch



Custom formats
Electronic House



Facebook as a Model for Native

Facebook currently shows a number of in-feed “sponsored posts,” which look almost like any other post on users’ timelines, and often come with the added endorsement of a user’s friends. Embedded in the Facebook design, these native ads point users to third-party sites—outside articles, but also YouTube videos, positive Yelp reviews, Amazon product pages, and more—thus negating the need for an in-house content team for its native ads.

There are signs that Facebook might expand its native offerings even further, too. After a Facebook user clicks a link to an article a friend shared, the platform now displays “Links People Also Shared.” Although these links are currently organically generated based on users’ behavior and Social Graph, it wouldn’t be a stretch to imagine Facebook eventually turning this feature into another platform for native ads. Twitter’s sponsored posts take a similar approach, with in-feed sponsored tweets that appear to users (whether they follow that account or not) consistently featuring third party links.

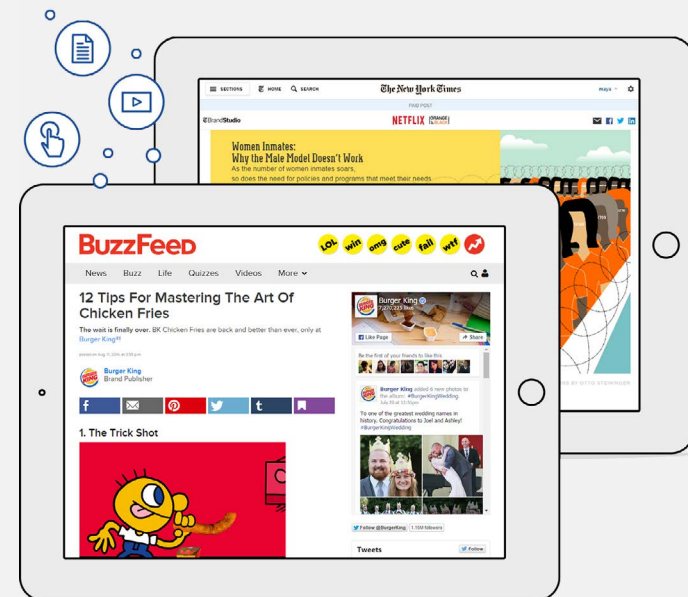
Think Socially To Scale Native

Publishers might want to think about how they can be a little more like Facebook and Twitter and a little less like The *New York Times* when it comes to native advertising. The inclusion of third-party, off-site links in a native strategy can allow publishers to scale their ad businesses in a way that would be impossible in a pure content studio model. Not only can publishers run more native ads by using third-party content, but they can also do so more affordably and more quickly—without the expense or time required for wholly original content—in whatever format (article, video, sponsored post, or otherwise) works for consumers on their platforms of choice.

The Content Studio Conundrum:

Publishers like The *New York Times*, *Wired*, BuzzFeed, and *Forbes* have founded in-house content teams dedicated to creating compelling branded content for advertisers. These groups—generally a combination of marketers, journalists, and creatives—are responsible for such high-profile examples of native advertising as the *Times*' Netflix-sponsored feature on women in prison, or any number of BuzzFeed "listicles" and videos.

While this form of native advertising is certainly effective, the time and resources required to sustain a content studio are out of reach for many smaller publishers. Fortunately, it's possible for publishers to harness the power and potential profit of native in other ways.



START EARNING REVENUE WITH TABOOLA NATIVE, TODAY

In the case of content studio-created native ads, publishers work closely with advertisers, selling them the ad or ads directly and developing the content with their approval. Publishers may also sell third-party native ad space direct to advertisers, but if they sell their inventory exclusively through direct ad sales, there's very little chance that they'll ever be able to fill 100% of their available ad space.

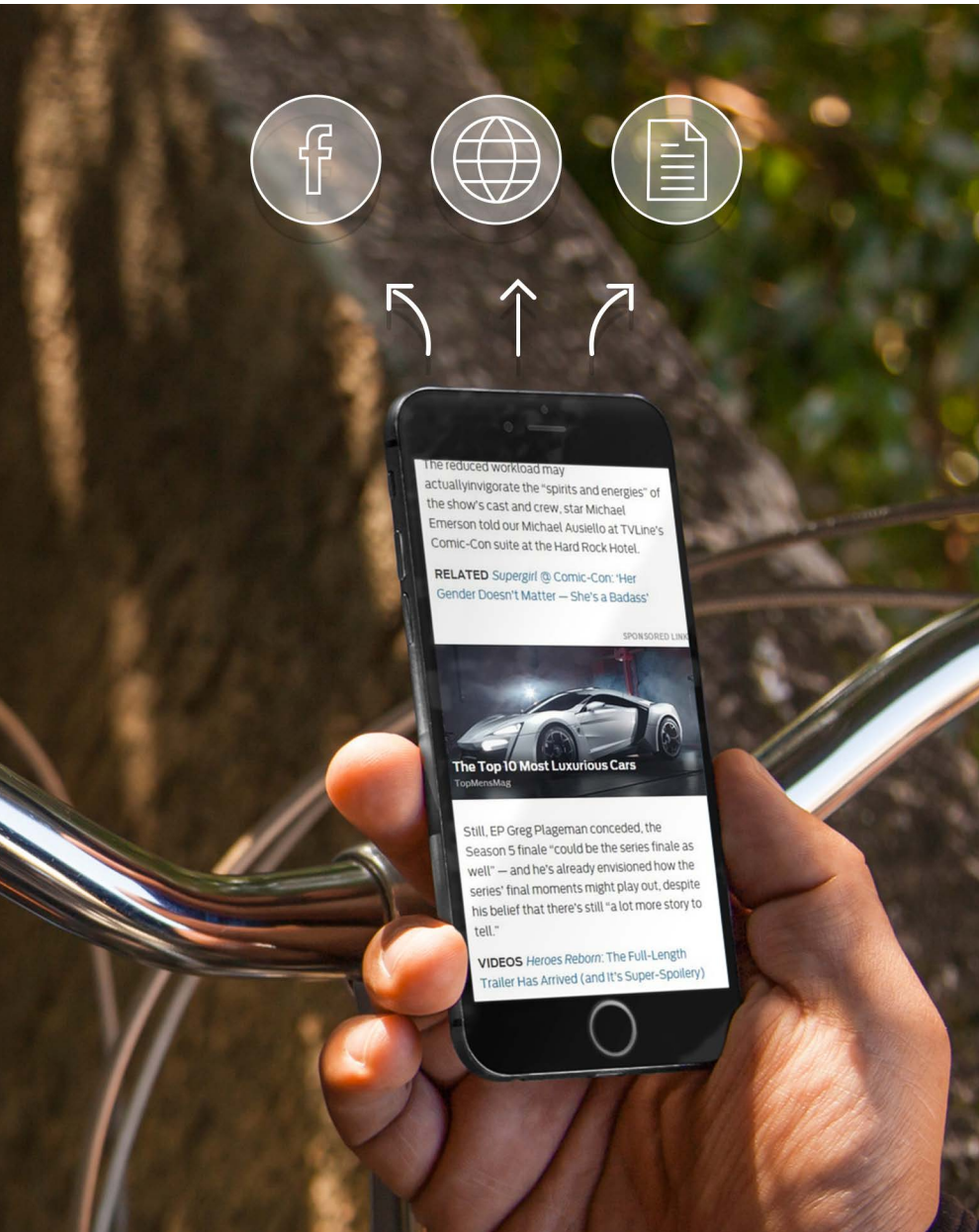
Consumers and publishers alike have been familiar for years with Taboola's technology, which places third-party native links on publisher sites such as USA Today, The Weather Channel and Fox Sports. Now, Taboola is giving its publisher partners access to its technology and know-how through Taboola Native, which allows publishers to implement a scalable native ad strategy, capturing a maximum amount of income from this increasingly important sector of the digital ad market.

The Fast Lane to Native Advertising

Not only is it possible to generate native advertising revenue without an in-house content studio, but it's also possible to start earning today! Publishers can fill their in-feed ad inventory on both desktop and mobile sites with high-quality, off-site content in-house—without going through a third-party exchange.

100% Fill Rate

One advantage of running native campaigns with the assistance of automation technology, rather than through wholly manual means, is that no native inventory will go unsold. Taboola Native offers publishers a 100% guaranteed fill rate, ensuring all inventory sells for top dollar. Publishers receive extensive reports on content performance and access to controls that allow them to manage and filter backfill content that does not meet in-house standards or perform well for their audiences.



Performance-Based Pricing

Display advertising is usually sold on a cost-per-impression (CPM) model—but how can publishers guarantee an actual impression?

Because native content is all about engaging users, publishers can offer advertisers competitive pricing based on cost-per-click (CPC) or cost-per-view (CPV) models, monetizing the value of post-click engagement. Using a platform like Taboola Native, publishers can feel confident in this model, because consumers can be targeted based on their locations, interests, behaviors, and platforms (especially important in the mobile age, as consumers engage with different kinds of content in different ways when they are on the go), driving high click-through-rates (CTRs) that will optimize publisher revenue.

In-House Campaign Management and Scale

There should be no limit to the number of on-site hosted native campaigns publishers can run. If publishers can scale their native initiatives quickly, efficiently, and effectively, and make changes based on performance metrics at any time, it will be easier to set benchmarks for success and begin profiting immediately.

LOOKING AHEAD TO THE FUTURE OF NATIVE

With consumers far more likely to look at native ads than display, and about as likely to engage with native content as they are with pure editorial, publishers should be thinking about how to get the most out of native now, not later. Having a strong, scalable native strategy in place will open the door to increased revenues—and, in all likelihood, better goodwill from consumers who appreciate the less obtrusive nature of native ads over other kinds.

It is important to consider, as we look at how advertising is changing, that the way consumers engage with the platforms that run advertising is changing as well. Increased reliance on mobile devices mean smaller screens and shorter attention spans. Because of its commitment to providing consumers with a seamless experience between editorial and sponsored content, native advertising is uniquely positioned to target mobile consumers on the screens and in the ways they will relate to the most.

Earlier this year, the Federal Trade Commission (FTC) announced that publishers would be held responsible for native ads that were considered to mislead consumers—those that looked a little too much like organic content, or were not appropriately labeled. This is not an early death knell for native, but rather an indicator that it is becoming so

omnipresent that it is attracting notice—and the need for consistent disclosure policies.

As the FTC begins its investigation and rolls out new regulations, there will be much for publishers to keep track of. Utilizing a service like Taboola Native, which was created with transparency in mind, will help prevent publishers from getting into trouble with the agency, as changing regulations are managed by the ad platform, rather than the publisher.

Publishers who are ready to break into native, and who want to do it with the confidence that their implementation will be a success, yielding results while maintaining a very high standard of transparency, should get in touch with Taboola today.

FURTHER READING

- Infographic: The History of Native Advertising
(NativeAdvertising.com): <http://tiny.cc/z28n0x>
- The Native Advertising Playbook
(IAB): <http://tiny.cc/t58n0x>
- WTF Is Native Advertising?
(Digiday): <http://tiny.cc/i48n0x>
- US, Europe and Worldwide Display Ad Clickthrough Rates Statistics Summary
(SmartInsights): <http://tiny.cc/n78n0x>
- No, BuzzFeed Did Not Invent Native Advertising
(The Awl): <http://tiny.cc/ua9n0x>
- 1950s TV Turns On America
(Advertising Age): <http://tiny.cc/nc9n0x>
- Marketing Trend: Shift to Native Advertising Explained
(Inc.): <http://tiny.cc/bk9n0x>
- The Power of Native Advertising
(Dedicated Media): <http://tiny.cc/0i9n0x>
- Exploring the Effectiveness of Native Ads
(IPG Media Lab): <http://tiny.cc/pn9n0x>
- Infographic: Native Advertising In Context
(Solve Media): <http://tiny.cc/to9n0x>
- Native Advertising Technology Vendor Study
(The 614 Group): <http://tiny.cc/bs9n0x>
- Native Advertising Case Study: GE Sharing Healthy Ideas
(Beeby Clark+Meyler): <http://tiny.cc/8s9n0x>
- FTC: Publishers Will Be Held Responsible for Misleading Native Ads
(AdExchanger): <http://tiny.cc/yu9n0x>

ABOUT TABOOLA

Taboola is the world's leading content discovery platform, serving 200 billion recommendations to over 550 million unique visitors each month on the web's most innovative publisher sites, including NBC, *USA Today*, The Weather Channel, The Atlantic and Fox Sports.

Taboola reaches more desktop users than Facebook in the US and YouTube in the UK. Taboola Native represents the next evolution of our mission, empowering brands to promote their stories through premium real estate across the web.

Learn more at www.taboola.com and follow @taboola on Twitter.

