

15 QUESTIONS ABOUT NATIVE ADVERTISING





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Massimo Moruzzi

15 QUESTIONS ABOUT NATIVE ADVERTISING

15 Questions About Native Advertising

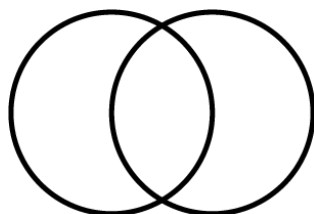
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INTRO



What is native advertising? Is it a new practice, or little more than a new name? Is it legal?

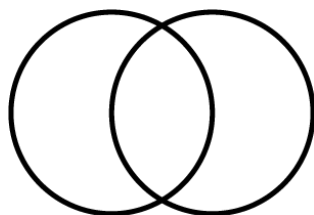
Is it the same as content marketing? How does it relate to what was sold to us as the greatest content marketing strategy ever, i.e. social media marketing?

Does native advertising happen only on social media, or has the practice spread to newspapers?

Does native advertising work? For whom does it work? Does it have negative consequences for society?

How was the problem dealt with in the past? Should native advertisement be deregulated, or should it be more seriously regulated? Which other problems may native advertising face?

1. WHAT IS NATIVE ADVERTISING?



Native advertising is the latest name given to the practice of placing advertisements that look like the editorial content of a publication.

[1]

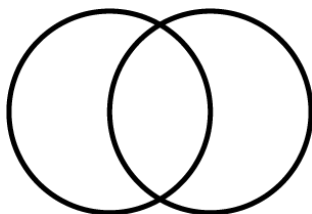
Native advertising usually takes the form of an article or a video which is produced by an advertiser with the intent to promote a product or a brand, while matching the style used in the normal content of the publication.

This practice gets more attention by consumers, as some of the credibility of the news publication rubs off on the advertising mater-

ial.

Native advertising is increasingly popular on the web, the mixing of content and advertising being for the most part accepted on websites with no content of their own, such as search engines or social media websites.

2. IS IT A NEW PRACTICE?



No.

In the 20th Century, the word *advertorial* was coined in the United States by blending “advertisement” and “editorial” to describe newspaper ads made to look like editorial content. [2]

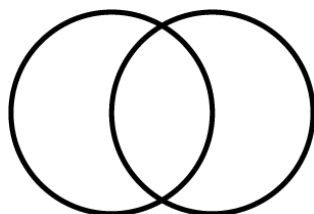
In the previous century, advertisers in the US paid to place *reading notices* in newspapers. These *notices* looked like regular articles about products or companies, but they were written by the companies themselves.

The price for this kind of advertising was at least twice the rate which was being asked

for traditional advertising clearly set apart from editorial content.

In 1909, retail store marketer Albert Edgar wrote that they were worth the premium precisely because “the public reads them as matters of news and not as items of advertising”.
[3]

3. IS NATIVE ADVERTISING LEGAL?



Every country has its own rules. [\[4\]](#)

The most common labels used on reputable websites are “Advertisement”, “Ad”, “Promoted”, “Sponsored”, “Featured Partner”, or “Suggested Post” in the top or at the bottom of the ads.

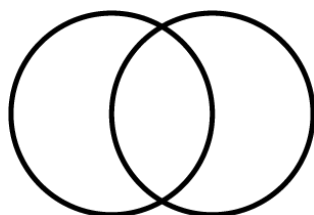
Sometimes the brand name of the sponsor is mentioned, as in “Promoted by [brand]”, “Sponsored by [brand]” etc.

However, there is no agreed upon industry-standard disclosure.

And, to make matters worse, some disclosures are hard to understand.

While “Ad” next to sponsored results on a search engine might be clear enough, what does an article “Sponsored by [brand]” mean? Is it like a TV show “Brought to you by [brand]”, or is the brand having a say in the content of the article itself?

4. ARE CONTENT MARKETING AND NATIVE ADVERTISING THE SAME?



No.

Content Marketing is a form of marketing focused on creating content deemed relevant for a target audience.

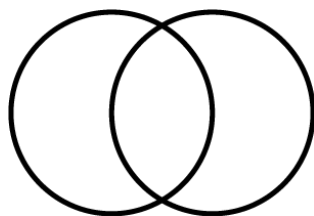
Content marketing dates back to the second half of the 19th Century, with publications such *The American Bee Journal*, *The Edison Electric Lighting Company Bulletin*, or the *Jell-O Recipe Book*. [5]

Another very successful case of content

marketing is the *Guide Michelin*. [6]

Content marketing can attract attention, generate brand awareness and credibility, increase sales, expand the customer base via sharing of the material and even coalesce a community of users around a problem and a product that can help solve that problem.

5. WHAT HAPPENED TO SOCIAL MEDIA MARKETING?



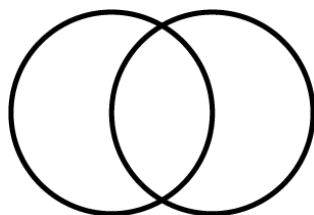
Only a few years ago, everybody was praising social media marketing as the greatest content marketing distribution channel ever. Did things not work out as beautifully as planned?

Companies sent their customers away from their pristine websites and over to Facebook and Twitter and Instagram, where they pumped out as many *messages* as possible, only to find out that not too many people were content about their content. [7]

Then things went totally down the drain when Facebook started talking about “organic reach”, or the percentage of a company's fans who would on average see a company's posts, and then proceeded to slash said reach. [8]

As a result, companies turned to native advertising to push their content.

6. WHAT IS SOCIAL MEDIA MARKETING TODAY?



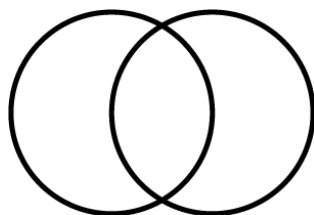
Some people agree that it was not wise to think they could pump their messages for free via Facebook forever.

Some think that it didn't make sense.

According to Julie Fleischer, Director of Data, Content and Media at Kraft, brands shouldn't post content they don't deem worthy of paying to distribute. Content marketing makes sense only if the content you produce is good enough that you want to pay to distribute it. [\[9\]](#)

Today, a better definition of social media marketing would probably include every marketing activity done on social media, both the work to create content to be shared there and the native advertising work that is increasingly necessary to push said content.

7. WHAT ABOUT INFLUENCER MARKETING?



We can think of *influencer marketing* as another type of native advertising.

If only a small number of your company's followers see your posts on social media, one possible solution, as we have seen, is to buy ads to push those posts.

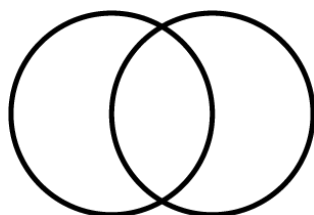
Another solution is to pay people who have amassed a vast following on Facebook or Twitter or Instagram - and to whom *organic reach* doesn't apply yet - to distribute your message.

Oh, no, not just normal people who have a large following. In theory, people who are experts in their field and who have the power to influence others.

But do they?

Can we reasonably expect a campaign to have a bigger effect just because it is being spread by supposedly influential people? Doubts abound. [10]

8. DOES NATIVE ADVERTISING HAPPEN ONLY ON SOCIAL MEDIA?



No.

Native advertising happens on any media that is willing to take the money.

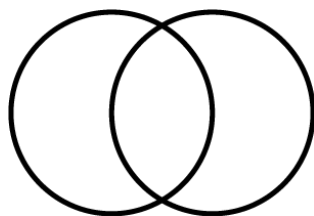
It happens with in-feed ad units of sponsored content alongside what our friends share on social networks, for example with promoted tweets on Twitter or promoted stories on Facebook, where it's relatively simple to understand what is an ad and what isn't.

These ads have proven to be a boon for

Facebook, especially after *organic reach* was slashed. [11]

As a result, tech startups such as Outbrain and Taboola have made it possible to out-source the buying and selling of native advertising on a wide array of more traditional media websites.

9. WHAT ABOUT NATIVE ADVERTISING ON NEWSPAPERS?



Newspapers have been hit hard by the Internet. First, circulation took a dive. Second, they lost classifieds ads to websites such as *Craigslist* and *Ebay*.

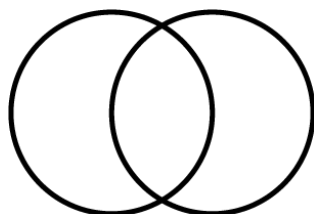
Newspapers seem stuck with a format that mimics web portals, forced to sell loads of banner ads with the dubious *help* of *ad-tech* companies.

Following the success of *Facebook*, *The Huffington Post* and *Buzzfeed* with native advertising, many traditional media outlets jumped

into the game.

By 2013, the Online Publishers Association reported that 73% of their members in the United States were offering native advertising opportunities, either in-house or outsourced. [12]

10. CAN IT GET ANY WORSE?



Many newspapers have sold out.

Some have allowed advertisers to mislead consumers. Some create *content* on demand for advertisers.

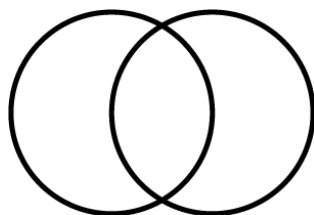
Some agreed to cover only electronic gadgets made with the components produced by a sponsor. [13]

Equally disturbing is what happens to these *articles* after they go online. Some publishers allow native advertisements to appear on their “most read” tabs as if they were nor-

mal articles.

And then there's Google. Keywords such as “sponsored by” or “advertisement” are often presented in graphics, which means they elude search engine crawlers and will rank as if they were real articles, and appear identical to real articles once a user performs a search.

11. DOES NATIVE ADVERTISING WORK?



Yes, apparently it does.

Over 50 years ago, *Reader's Digest* ran a test to find out if advertorials worked better than normal ads.

They ran two mail-order ads with the same exact text – a normal advertisement and a second one formatted to look like a normal *Reader's Digest* magazine article – for a low-sodium alternative to regular salt. The advertorial resulted in 81% more orders. [\[14\]](#)

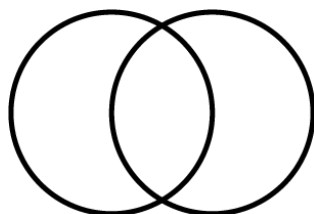
Click rates for native advertising are

higher and advertisers are able to leach credibility from news publications.

For these reasons, just like at the end of the 19th Century, advertisers are willing to pay more than they pay per impression compared to banner ads.

So, is everybody happy?

12. WHY DOES IT WORK?



According to the *deception theory* developed by Manoj Hastak and Michael Mazis, ads like advertorials and native advertising manipulate consumers' schema - which is to say, the way consumers think about the world. [\[15\]](#)

Why does this matter?

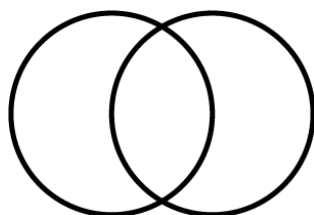
First, because it's a deceptive door opener – a way to get people to click more or read more than they would have had they realised it was advertising.

Second, because if consumers don't understand that they are reading is an ad, they are less ready to skeptically evaluate claims

and thus avoid scams.

Unless both the product you're advertising and your copy are brilliant, the truth is that native advertising works best when it's deceptive.

13. DOES IT HAVE NEGATIVE CONSEQUENCES?



Native advertising has negative consequences for readers, both as consumers and as citizens.

As consumers, native advertising makes it harder for us to accurately assess product claims. As a consequence, we risk being misinformed about products and the promises they make.

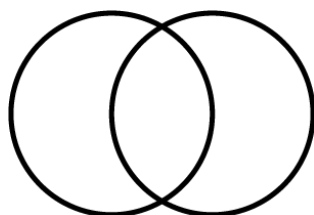
As citizens, native advertising undermines the credibility of the press, to the point that we lose faith in the media as a vehicle for de-

mocratic discourse.

A further problem is that native advertising allows companies to set the agenda. Just like companies lobby legislators, they can now write *articles* and directly influence public opinion.

Forbes magazine proudly claim they already published nine-thousand sponsored posts. Goodbye to the news. [16]

14. SHOULD NATIVE ADVERTISEMENT BE DEREGULATED?



Absolutely not, if you ask me.

Some think that we need to level the playing field, so that traditional newspapers will be able to join the race to the bottom with web upstarts.

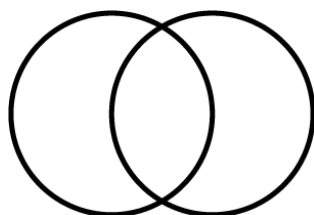
They say that consumers enjoy native ads more than regular ads.

They also claim that if native advertising will be allowed to go on, consumers will understand that they are being fooled and

change their expectations of online news media - which seems to be in contrast with their first argument. [17]

Why not take the opposite route and force everybody to follow stricter rules? Shouldn't we protect both consumers and the public's trust in the media?

15. WHAT DOES THE FUTURE HOLD FOR NATIVE ADVERTISING?



First, it is possible that further legislation will be passed to regulate native advertising. In 1912, for example, the US Congress passed the *Newspaper Publicity Act*, which mandated that all publishers seeking subsidised postage clearly label as advertising “all pieces for which valuable consideration was paid”. [\[18\]](#)

Second, readers are likely to wake up and become less gullible. Third, ad-blockers will probably start blocking more and more sponsored content.

Lastly, what effect will real-time bidding have on native advertising?

Is it going to help native advertising, or is it going to debase it from a special, curated initiative that gets sold only to special clients to another run-of-the-mill form of advertising?

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NOTES

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