

# Programmatic Native Advertising

WHITE PAPER

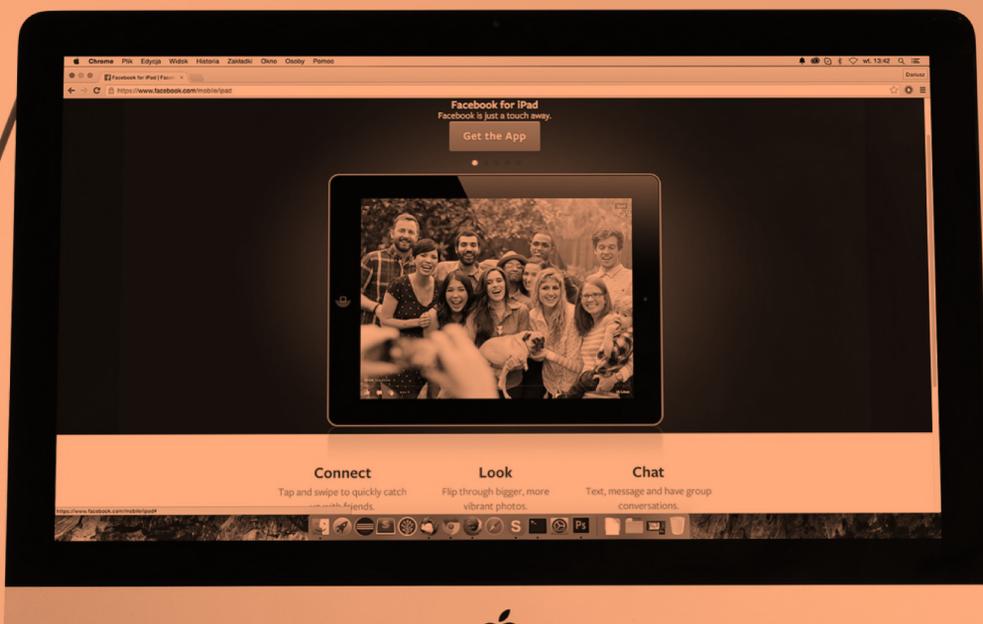
*NOVEMBER 2018*

# CONTENTS

---

<b>1. Introduction</b>	<b>3</b>
<b>2. Opportunities and challenges for buy-side stakeholders</b>	<b>8</b>
<b>3. Opportunities and challenges for publishers</b>	<b>11</b>
<b>4. Measurement</b>	<b>16</b>
<b>5. Ad Formats and Creativity Considerations</b>	<b>22</b>
<b>6. Summary</b>	<b>29</b>
<b>7. With thanks</b>	<b>30</b>
<b>8. About IAB Europe and Contact</b>	<b>31</b>





# 1. INTRODUCTION

Native advertising spend is expected to reach [\\$85.5 billion by 2020](#), double the current level. Indeed, the growth of digital advertising as a whole has doubled in size over the past 5 years according to IAB Europe's [AdEx Benchmark 2017 Report](#). This incredible rise is in part due formats being available programmatically. Various ad networks have launched their programmatic native capabilities and it makes sense: native, one aspect of content-based advertising, is the default format on most social media feeds, where a full [third](#) of online time is spent. This has been further supported by the IAB Tech Lab [Open RTB Native Ads Specification](#) released in 2016.

This white paper seeks to provide insight into the status of programmatic native advertising in Europe and deliver guidance on key strategic and implementation considerations. It explores the challenges that advertisers, agencies and publishers are facing and how transparency and control are just as important for native buyers and sellers as they are for any other format traded programmatically.

It also looks at the obstacles the buy-side needs to overcome which range from ad rendering to effective measurement. The white paper closes by providing detail on various native ad formats and some key considerations for.

Before diving into the content, it is worth looking at the IAB Europe's definition of native advertising. IAB Europe has defined the key elements as native distribution ad formats and content-based advertising. These definitions apply throughout this white paper:

- Native distribution ad formats: ad units used for the automated distribution of content at scale and that align to the style and format of the surrounding environment.
- Content-based advertising: commercial content that is advertiser-controlled or jointly publisher/advertiser controlled (e.g. online advertorial, advertiser funded content or advertisement features) and is designed to fit with the format and style of the surrounding editorial content.

## 1.1 What Programmatic Native Advertising Is

### **A format that seamlessly integrates with publisher content**

Native ads look and feel like the content on a site; perfect for captivating an audience in a less-intrusive manner. Instead of creating numerous templates for each possible publisher site, all of the individual ad components (creative, copy, headline, etc.) automatically adjust to fit each placement across websites and apps, and blend in with the publisher's site content, rather than disrupting the user's online experience.

### **An efficient way to build awareness and drive engagement**

Most native campaigns are dependent on the creation of numerous custom templates tailored for each platform and publisher, a time-consuming process for both advertisers and publishers. Done programmatically, native advertising campaigns can scale in a way that don't require added effort or budget. That means less hassle and less work for the creative team or agency.

### **An engaging format**

Banner blindness, when a user selectively ignores banner ads on a web page, continues to be an issue in digital advertising. Native advertising can help to overcome the banner blindness phenomenon. It's powerful because it captures the user's attention without them even realising they are looking at an ad. [With nearly 20-60% higher interaction](#) rates than display, native is an effective ad format for engaging users.

## The predominant format on mobile and social media

Today's mobile experiences are not matched by the mobile advertising experiences. To a consumer who is used to large buttons, easy scrolling and limited text areas, banner ads can stand out as a nuisance.

This is where native ads come in. In fact, one of the main reasons that native was developed was to enhance the mobile advertising experience. This can include everything from suggested content from publishers, to branded content in a news feed to related products within a search on an e-commerce site. Perhaps that's why it's [estimated](#) that [63% of global mobile ad spend will be on native by 2020](#).

## 1.2 What Programmatic Native Advertising Is Not

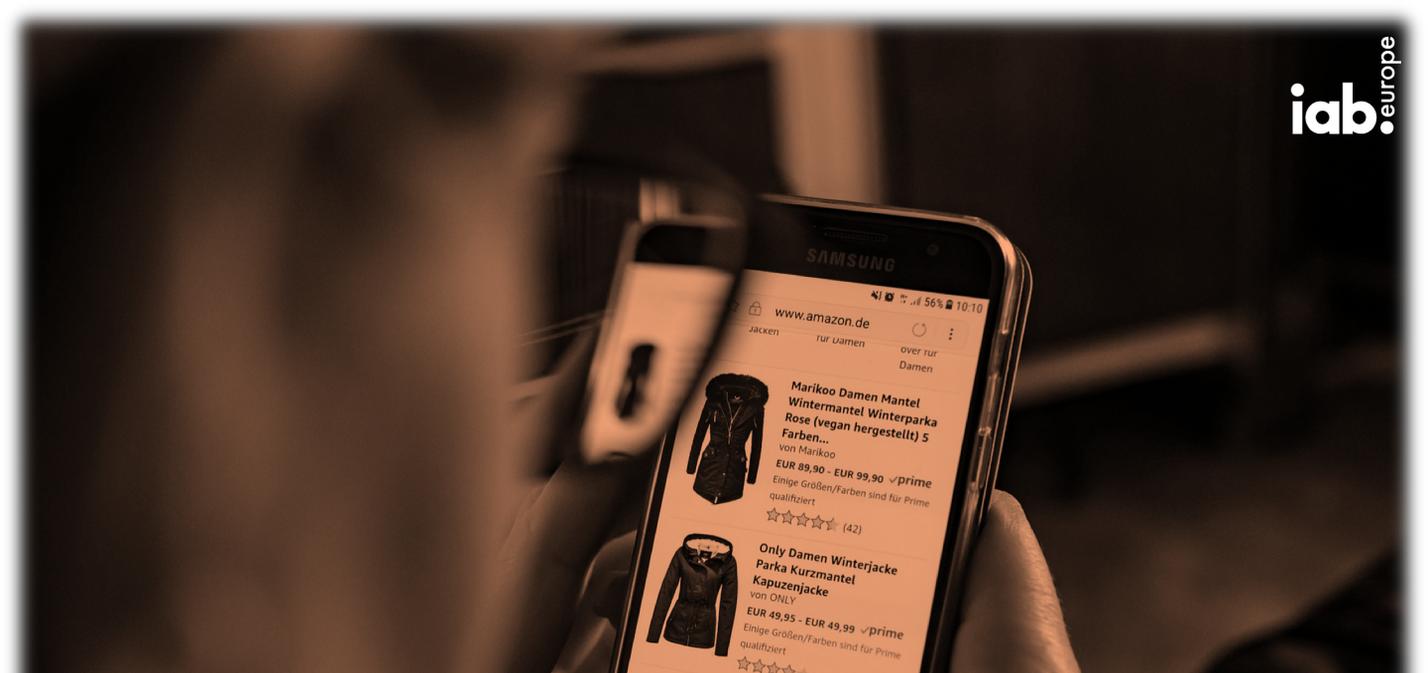
### A digital marketing panacea

Native can be a strong performer when used for branding campaigns, or campaigns focussed on the high-to-mid funnel product categories. While native still drives conversions, it is less of a traditional 'ad experience' than more traditional channels, and therefore drives more ad engagement.

Native can indeed be part of an effective direct response advertising campaign, but should have different goals than traditional banner campaigns.

The user experience is different and the click should drive to engaging content, not just a 'book here' landing page. Whatever the campaign, marketers will find the greatest success with a wide-ranging strategy, rather than relying on a single channel to achieve their goals. Native, then, is most effective when combined with other digital marketing efforts and channels.





## 2. OPPORTUNITIES AND CHALLENGES FOR BUY-SIDE STAKEHOLDERS

### 2.1 Opportunities

There are many opportunities for advertisers and agencies, big or small, to utilise native formats in their digital media plans. The most important ones will be discussed in this section.

#### Higher engagement through more integrated formats

Native formats can yield higher engagements than traditional display ads. While the CTR benchmark for standard IAB formats is 0.12%, native formats can achieve rates in the region of 0.3% (*according to campaigns run by Mediacom's Programmatic Worldwide team*). Because native ads assume the look and feel of the publisher's content they are placed in, they are less intrusive than other formats, especially pre-and mid-roll video ads.

It is this non-disruptive nature that triggers a higher willingness for consumers to click and explore the advertised content.

### **Better use of existing assets**

Contrary to other digital channels, native ads do not necessarily require the creation of yet another set of bespoke assets. In most instances, for example in-feed native ads, images from other digital campaigns can be repurposed - images and written content from a blog, video from a YouTube campaign or white papers, can all be used when building native advertising content. This enables advertisers to use existing assets in more than just one way. This in itself lowers the entry point to native advertising for smaller advertisers with limited budgets.

### **Turn complex product information and make it easier to understand**

Some sectors and industries with more complex products, like insurance and finance products for example, cannot bring across the complexity of their services in most standard display formats. The media investment needed to reach their target audiences and encourage them to click through to their site might also be too high and therefore too ineffective. For complex products like these, native advertising in the form of a publisher collaboration, is a consumer-friendly way to bring to life their services. In these partnerships, both advertisers and publishers work together on creating content that fits in with the overall look and feel of the publisher site.

## 2.2 Challenges

With opportunities always come challenges. Whilst native formats can provide many opportunities in programmatic, there are some constraints around image rendering and cropping. Every publisher has their own unique layout, which is part of their overall look and feel. However, it is within this ever-changing page layout, that native exchanges render and crop images differently. It is therefore important to strictly follow the image specs for each native exchange an advertiser might put on their media plans, in order to avoid images being cropped in a brand damaging way or to convey the desired message incorrectly.

Another challenge around native advertising is the successful measurement of each ad. While higher CTRs pose an opportunity, especially if units are purchased on a CPC, it is important to look beyond clicks and click-through-rates when measuring native ads, just as with standard display formats. One way of validating and measuring clicks is to analyse dwell time and bounce rates. If engagement is a key performance indicator, then dwell time provides deeper insights into ad performance and consumer behaviour. It's the length of time a consumer spends on a brand's site content that drives value.



## 3. OPPORTUNITIES AND CHALLENGES FOR PUBLISHERS

Programmatic native advertising in Europe has only recently emerged in its respective market scene, so it is no surprise that online marketers are left to be cautious before deciding on going programmatic. In the previous section, both the opportunities and challenges for buy-side stakeholders were explored. In this section, the implications for publishers will be explored.

### 3.1 Opportunities

Native advertising ensures that users receive ads relevant to the information or content they are looking at, e.g. a holiday ad in a travel article. This can help to increase engagement which is a key opportunity for marketers but also for publishers as it means they have a more engaged audience.

Through native programmatic, publishers have the prospect of earning more revenue from their premium inventory. There is higher efficiency due to unified media buying, where advertisers having lower barriers to access supply compared to direct advertising means that publishers have more opportunity to sell their inventory. By doing so, publishers can increase the quality of their premium environments. It is a win-win for both the SSPs and DSPs.

On a more concrete level, publishers' opportunities lie in fill rates, having the variety of high-quality buyers, and in earning increased CPMs. Native programmatic helps drive ad revenues back to the open web and away from walled gardens, which enables quality journalism. With native programmatic, publishers have the efficiency to easily manage various channels through a single or even few platforms and partners. Finally, a great opportunity of native programmatic is the chance to offer premium supply to marketers through easy-to-access platforms. This entails a smooth, trusting, and transparent process, which would surely reap rewards for publishers.

## 3.2 Challenges

When booking native programmatically, publishers have plenty of potential to find the right, quality ads, however, there are, of course, some obstacles that publishers may face. Publishers need to keep in mind that buyer engagement is still required. This means that buying programmatically does not signify a one-sided process. It is imperative to understand that publishers engage and build trust with their buy-side partners since simply offering supply through SSPs is not effective enough. Another challenge is that publishers must also remain in control over who is accessing and/or selling the publishers' inventory. Transparency is key in this case to avoid the risk of publishers obtaining faulty, or low-quality adverts. The [IAB Europe Transparency Guide](#) provides questions for each stakeholder category to be asked at different stages of the supply chain to improve transparency in the areas of data, cost and inventory source.

## 3.3 Being Competent Programmatically

Programmatic native means optimising inventory to potentially earn more revenue. In order to be competent in running a programmatic native business, understanding and being empathetic to all included parties are key. Publishers need to have a transparent relationship with SSPs and to adhere to high industry standards, such as ads.txt.

Other key competencies that publishers should have include:

- Ability of making data-driven decisions. With accurate user data based on behavior semantics, performance trumps over brand names.
- Placement optimisation. Knowing how to operate with data provides publishers the ability to optimise their placements, such as positioning units on the page to match the look and feel of the campaign. Such optimisation opens a gateway to more revenue. More advanced publishers are able to compare native ads coming from different sources (direct and programmatic) and show users an ad that is the most relevant.

## Practical tips for publishers for successful native advertising integration:

- **Look for patterns:** For content producers, websites will likely have content arranged in recurring patterns of repeating image/text streams. These are often the most ideal spaces to inject a similarly laid out native unit.
- **Keep it native:** avoid simply inserting the text and image components directly into an existing unit unless the style can be seamlessly configured to that of the surroundings. Advertisers may feel misled if they think they have bought a native ad but end up buying an MPU.
- **Make the space count:** think about the space available and use it wisely to command the best prices. Content marketers will often want to use both the ad title and description to deliver their message whereas a direct response marketer may be happy enough with just the ad's title. Think about the demand that the page could be connected to and how different layouts will influence the types of buyers willing to bid.
- **Keep it clear:** ensure users know what they are looking at. Make sure that the brand name paying for the unit is visible. Always remember to label with 'Sponsored', 'Promoted' or 'Advertisement'. IAB Europe's [Guidance on how to comply with EU rules applicable to online native advertising and content-based advertising](#) can be helpful here.

## 4. MEASUREMENT

The measurement of native formats currently poses one of the greater challenges within the verification sector. While there has been a significant increase in native partners on agency media plans there has not been the same progress in regards to an industry-agreed, standardised way of measuring native formats. Comparing H2 2017 to H1 2018 measurement company Integral Ad Science saw a 35% increase in campaigns including at least one named native partner. Whilst this doesn't quite tell the whole story, it does highlight the uplift in native usage and the increased need for its consistent measurement. With agencies and advertisers demanding comprehensive third party verification measurement across the entirety of their media plans it makes the question around consistent native measurement all the more important to be answered accurately.

Consistent measurement is vital to all partners included on an agency's media plan in order to provide comparable data for viewability performance, brand safety and ad fraud across all partners, channels, formats and buying models.

Solidifying the measurement of native formats will not only provide agencies with the fullest picture of their media plan but also provide native platforms and publishers the opportunity to prove their value and the added benefit of having these ad formats on any media plan.

## 4.1 Native Advertising Measurement Challenges

The challenges around measuring native have not moved much over the last few years, and in fact the small improvements that have taken place, have largely been in developing work-around solutions.

Unlike the standardised IAB ad units, e.g. the New Ad Portfolio, native ads can differ from one provider to another in the way they execute the delivery. Native ads have no defined standard for ad unit size or execution, meaning that each provider builds and serves ads to their own platform's specifications. In delivering native ads to their own specs; the size, orientation, ad container, and ad rendering will all differ from partner to partner. For third-party verification this presents a huge challenge: producing an all-inclusive methodology to measure across all native advertising providers.

In some instances, we have seen that native ad environments may not support JavaScript and this poses an even greater challenge to overcome, as JavaScript can help in detecting necessary data points needed for comprehensive third party measurement.

## 4.2 Current Measurement Solutions

Due to the differing platforms and non-standardised ad units deployed in native advertising, measurement companies cannot use the same methodology across all native partners. Therefore, it has been necessary, when possible, to build out custom solutions on a partner-by-partner, or case-by-case basis.

Working through this custom process can take a lot of time, resources and testing. In order to create greater efficiency, there needs to be open, constructive relationships between verification company and native partner. The resulting collaboration may entail the mutual addition of a script component, or a direct integration with a given native platform, SSP, or social platform with native ad offerings.

When looking at the major native platforms and SSPs detected across media plans, measurement companies have seen measured rates increasing. However, until measurement capabilities are universally reliable, it is not accurate to draw comparisons between partners' viewability performance and traffic quality.

A future solution for this measurement challenge could be to mirror the [IAB Tech Lab's OM SDK](#) (Open Measurement Software Development Kit) used for universal and consistent measurement of mobile in-app advertising. For native, this also would entail a universally agreed industry standard to be leveraged by all in the measurement ecosystem, allowing for consistency in the measurement of native advertising.

## 4.2 Native Advertising Viewability Definitions

To be able to consistently measure viewability for native advertising is just the starting point. The next question becomes what should be considered the necessary thresholds for a native ad to be deemed as viewable.

The MRC in the US currently provides different viewability definitions for standard and large format ad units. In the case of display, the viewability definition for standard ads is at least 50% of the ad unit's pixels in the active viewport for at least one consecutive second, however for large ads this is reduced to 30% of pixels. Additionally, agency groups and major advertisers are starting to demand their own viewability benchmarks for display and video, and in some cases requiring a different threshold for native ads.

Once agreed measurement methodology has been achieved, we will have access to universally recognised reliable data for native advertising. Ideally, only after this step can native data trend analysis be undertaken to identify the most relevant viewability thresholds for native ads in order to create the best opportunity to engage and influence consumers.

Providing consistent viewability measurement and definitions across native platforms, will allow agencies and advertisers to gain deeper insight into their consumers' digital journey. This will equip our industry with the ability to move beyond the binary measure of viewability - whether an impression is in or out of view - to focus on more meaningful brand metrics, such as total exposure time for a native advertising campaign.

The European Viewability Initiative has been set-up with the objective of reducing measurement discrepancies of the viewability of ads by undertaking a third-party audit of viewability measurement technologies or tools. The purpose of the such audits is to evaluate the performance of the technical approach offered by the viewability measurement companies according to the requirements of the European Viewability Measurement Principles. More information on this initiative can be accessed [here](#).

Being able to consistently execute third-party verification on native advertising still requires custom and time-consuming resources from all sides of the measurement ecosystem. However, the more advancements that can be made, the more the available data will inform and support campaign decision-making, highlighting where further native media investments should be made.

In terms of the impact of native advertising measurement within programmatic media buying, a correlation can be seen in that both have evolved rapidly, and are taking up larger shares of media plans today.

Just as with programmatic; a traditional, manual process has evolved to become automated, so too in native we see that traditional measurement methodology is rendered redundant and the current custom process must evolve. As with the OM SDK solving for consistency in mobile in-app measurement, the digital advertising industry must collaborate in order to find a universally agreed measurement and definition of viewability within native advertising.





## 5. AD FORMATS AND CREATIVITY CONSIDERATIONS

Native advertising is by its very nature non-standard because it is designed to be bespoke to the individual environment into which it is placed, mirroring either the social or editorial content which surrounds it. However, whilst the the design and placement of a native ad unit is non-standard the individual components of native units are typically the same - namely, combinations of images, videos and text. Moreover, the [Open RTB Specifications](#) have sought to standardise these components for the programmatic ecosystem aiding the process of transaction for buyers and the process of integration for publishers.

Whilst standardisation has helped simplify the access to format, creativity in execution of the format still needs to be carefully considered.

Developed and deployed correctly, the result of investing time in making smart creative choices, inclusive of careful selection of ad copy and images, provides welcome economic benefits for both brands and publishers. After all, native advertising sits at the intersection of paid media and editorial content and thereby, promises very real benefits both to consumers, in terms of a more elegant and seamless user experience, and to the rest of the digital marketing and publishing ecosystem.

Just as with SEO, copywriters play a critical role in ensuring the success of a campaign and subtle changes to headlines and descriptions can have a significant impact on the engagement rates of a native unit.

Advertisers should consider using multiple variations of ad copy and making use of A/B testing or leveraging the algorithmic decisioning tools which may be provided by the bespoke native platform or DSP they have chosen to use in order to find combinations that produce the best results. Certain principles in copywriting for native ads may work universally but marketers should be mindful that what works on a social platform may not work when used in an editorial environment due to the difference in tone and style of the surrounding content. In other words, what works as sponsored post on Facebook, Tumblr and Twitter may not work as a content recommendation unit provided by Outbrain and Taboola. Likewise, what works in the newsfeed of the Yahoo homepage may not work as the native mail units on Yahoo Mail or the Promotion Ad on Gmail.

The IAB US specification for a native unit calls for 4 snippets of text to be used to build a native ad - a title, a description, the brand name and a call-to-action button. The description allows for the greatest character length but it is worth recognising that not every publisher has the the page real-estate to allow for the use of the description in all cases and most may only use the ad title, especially on mobile devices. This underscores the importance for a brand to consider a pithy and emotive headline. Likewise a call-to-action button may not exist in all publisher implementations so advertisers may also want to consider how a call-to-action can be integrated into a title/headline instead.

## Tips for successful native ad copy:

- Asking a question in a title can spark a connection and pull the audience in but advertisers should avoid overly cliched language.
- Think about the emotion and tone. “Indulge in revamping your winter wardrobe at [Brand Name]” is likely to be more successful than “New collection at [Brand Name]”
- Brand mentions drive recall and make it clear to the user that they are looking at paid content and avoiding misleading them if the publisher’s implementation of the ad unit is particularly subtle.
- Use the description to focus on the benefits of a proposed product or service. Benefits are more likely to engage users than features or the name of the product itself.
- Calls to actions are helpful even if you don’t have a direct response objective. Users deserve to know where they are going next if they engage with the ad. “Learn more about...”, “shop now”, “find out more” are all useful phrases to give users some guidance.

Just as with ad copy, image choice plays a key role in the success of a native unit. Given that native ads are frequently displayed in vertical content streams they are highly viewable formats which deserve careful image selection. Again, testing multiple variations of images is valuable as subtle changes can make all the difference for each environment. Brand logo vs. no-brand logo, product alone vs. people using the product; all are key creative choices that need to be tried and tested.

### **So the copy and creative are right, but what happens next?**

When brands do get the placement and the content right, they have to lead somewhere useful for the consumer. If a user feels engaged by an ad, gives the brand their time and clicks on their link, only to feel they have been given something useless and irrelevant afterwards, then the brand will suffer as a result.

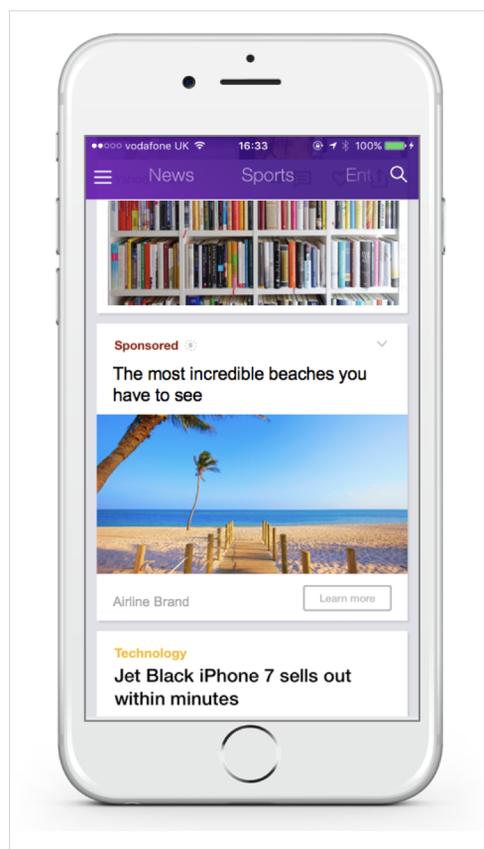
Native advertising has done an excellent job in making sure that the experience before the click is as good as it can be. After all, the ad is not disruptive and blends in with the style of the page, but the pre-click experience needs to be just as good as the post-click experience so that the user feels that in navigating away from the publisher they have been provided value.

Let's take the following mocked up ad as an example. The imaginary brand is an airline and one of their objectives will of course to be to increase the number of seats sold. The ad copy does a good job in teasing the user with a great piece of content about beaches to make them want to find out more. The language is personal, exciting and most importantly it sets up an expectation. If a user clicks on this ad, they expect to find out about beaches, perhaps see a list of secret getaways, great photography and travel reviews. But let's imagine that the brand didn't do that, and upon clicking the ad were to lead directly to a flight booking page, then they may feel confused or misguided. How did they get here? Where is the content about beaches?

Where are the special offers?

This is of course somewhat of an exaggeration but underscores the idea that the effect of a bad post-click experience could be worse than if the ad had been ignored altogether.

Ultimately, there has to be a strong connection pre-click and post-click experiences which means that brands should consider how they want to communicate with users after they have clicked.



A standard landing page may be just one avenue which a brand wants to use. Blogs, shopfronts, events pages and videos can all be appropriate destinations if the content allows. Likewise, on mobile devices brands may wish to deploy richer creative experiences which are not strictly speaking landing pages, but could be 360 experiences which may include augmented reality features that gamify the engagement with the brand or make use of the comprehensive suite of features that a mobile devices offer including location services. For native ads deployed in inbox environments (eg. Yahoo Mail or Gmail) brands should also consider how to communicate using the full canvas of the screen. Upon clicking these ads open up inside the inbox and can be complementary to an email marketing campaign, allowing users to save, forward and even complete forms that help the brand to build up their CRM databases.

The creative options with native are vast and increasing and there is key opportunity to provide users with positive brand experiences which are as rich as the editorial content they seek.

## 6. SUMMARY

The industry can expect to see a lot of innovation in the programmatic native space within the coming months and years, particularly as brands better understand the various creative assets they have and find appropriate environments to place these in. Most environments offer a native opportunity and programmatic can help to unlock these with a combination of dynamic creatives and data. Perhaps that's why it's [estimated](#) that [63% of global mobile ad spend will be on native by 2020](#).

## WITH THANKS

IAB Europe would like to thank the white paper leader that helped to edit and compile the update to this white paper:



**MEDIACOM**

Ina Arens, Head of Programmatic, MediaCom

And the white paper contributors that provided content for this white paper:



**Oath:**

Mick Loizou, Product Marketing Director EMEA, Oath



**plista**

Michel Gagnon, Global Managing Director, Plista (part of Xaxis)



**IAS** Integral  
Ad Science

Doug Phillips, Senior Platform Services Manager,  
Integral Ad Science



**SOJERN**

Matthieu Betton, GM Europe, Sojern



**OMD**

Gokberk Ertunc, Senior Programmatic Executive, OMD  
Turkey



**iab**.polska

**grupa netsprint**

Lukasz Ciechanek, Business Development Director,  
Netsprint Group and member of IAB Poland  
Artur Banach, Partner, Netsprint Group and member of  
IAB Poland

## ABOUT IAB EUROPE

---

**IAB Europe is the leading European-level industry association for the digital advertising ecosystem.** Its mission is to promote the development of this innovative sector and ensure its sustainability by shaping the regulatory environment, demonstrating the value digital advertising brings to Europe's economy, to consumers and to the market, and developing and facilitating the uptake of harmonised business practices that take account of changing user expectations and enable digital brand advertising to scale in Europe.

## CONTACT

---



[www.iabeurope.eu](http://www.iabeurope.eu)



[@iabeurope](https://twitter.com/iabeurope)



[/iab-europe](https://www.linkedin.com/company/iab-europe)



Marie-Clare Puffett  
[puffett@iabeurope.eu](mailto:puffett@iabeurope.eu)