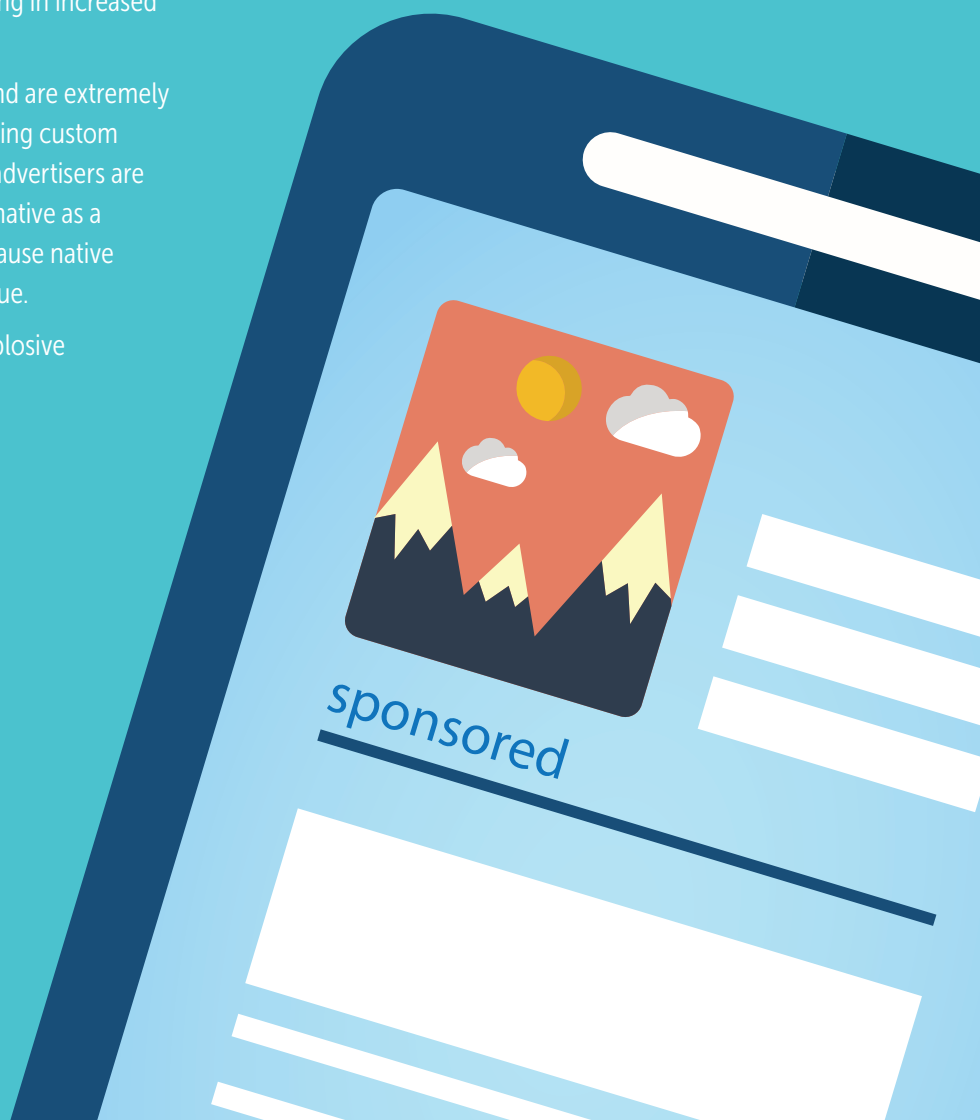


Leaders and Lessons in Native Advertising

There's a reason native advertising is growing rapidly. Native is a compelling and profitable way for publishers to offer custom ad opportunities to advertisers in the form of articles, video, programmatic, and even sound (sponsored playlists). It also provides a creative outlet for marketers, resulting in increased demand and desirability for publishers.

According to MediaRadar, adoption and demand are extremely high with an average of 610 new advertisers using custom content solutions each month. Many of these advertisers are open to purchasing digital packages—not just native as a standalone. This is good news for ad sales because native continues to drive bigger deals for more revenue.

Native advertising will continue to produce explosive growth for digital publishers in 2017.



WHAT ARE THE CHALLENGES?

Renewal rates and campaign duration for native are very low overall. Currently, native renewal rates are at only 33% across all media sites. An even smaller portion of those (20%) renew less than 20% of the time, according to MediaRadar data.

On a positive note, sites with more established native programs that have invested in the tech and additional personnel have a 49% renewal rate. This include sites with established native programs where more than 50 brands are placing native buys. Renewal rates dramatically increase for the top 11 websites at 62% to 73%.

Renewal rates dramatically increase for the top 11 websites at 62% to 73%.

11 Websites with Strong Renewal Rates in 2016

JANUARY - DECEMBER 2016

THE WALL STREET JOURNAL	73%	The New York Times	71%		
QUARTZ	69%	DEADSPIN	66%		
The Washington Post	66%	the Atlantic	64%		
CIO	64%	fitness	64%	POLITICO	63%
Outside MAGAZINE - TELEVISION - ONLINE	62%	WIRED	62%		

*This analysis includes websites with at least 50 brands placing native in 2016 and over 1mm unique visitors/month

SOURCE: **MEDIA**Radar

LEADERS WILL EMERGE.

This year will present a decisive test. Publishers who successfully sell native – and measure its impact – will leap ahead, earning higher renewal rates. MediaRadar forecasts renewal rates of 60% to 80% among publishers that provide solid returns to advertisers.

Similarly, campaign time will increase with top publishers to a duration of four months.



MediaRadar forecasts renewal rates of 60% to 80% among publishers that provide solid returns to advertisers.

HOW CAN PUBLISHERS GET AN EDGE?

Here are six actionable tips for publishers to best leverage native and pivot their current selling strategy:

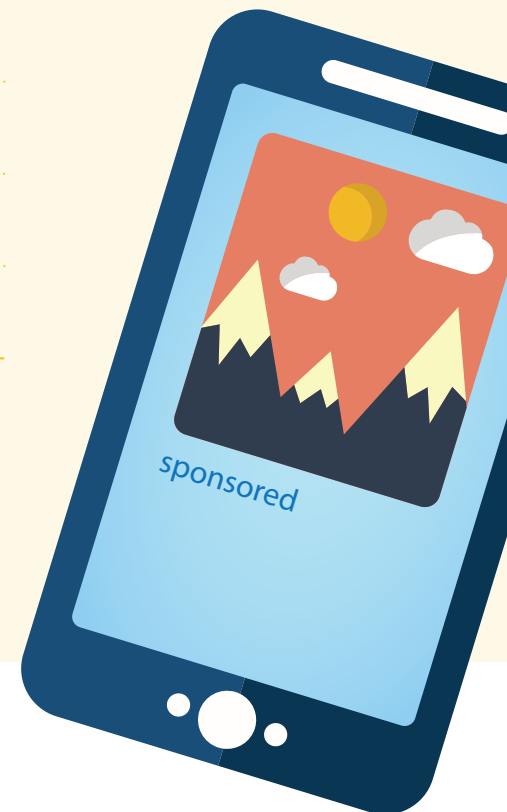
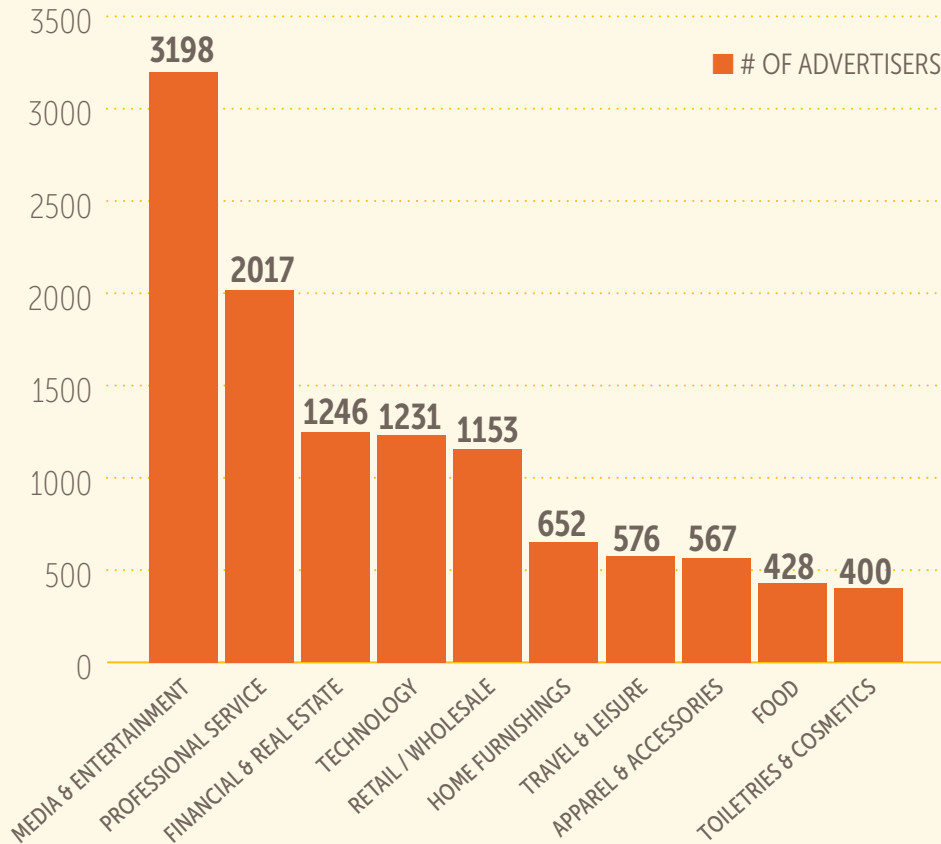
- 1. Double your native inventory.** Demand for native is growing exponentially to reach a total of 2,456 advertisers in October 2016, according to MediaRadar. Interestingly, supply has increased but only slightly to 1,093 sites that offer native packages (as of Q3 2016). Publishers should increase or even double inventory for more profit and more advertisers.
- 2. Launch in-house teams.** Open an in-house native advertising department or hire freelancers to create advertiser content. More and more publishers are launching native ad studios because it increases their chances of getting native advertising budgets. Campaign effectiveness also increases when publishers provide quality content tailored to their specific audiences. It's also a new source of revenue for publishers. As a publisher with in-house capabilities you can charge more for an all-inclusive, custom native campaign.
- 3. Increase renewal rates.** The average native campaign duration is only two months with extremely low renewal rates of 33%. Publishers can upsell advertisers by offering native bundles or in-house content development. This essentially creates a retainer account. By regularly communicating results including viewability and clicks, clients will also increase renewals.
- 4. Find non-endemic advertisers.** The top five categories in native advertising from January to December 2016 include media and entertainment (3,198 brands), professional services (2,017 brands), finance and real estate (1,246 brands), tech (1,231 brands), and retail (1,153 brands). For more business, go after the non-endemic advertisers, those who have not yet jumped on the native bandwagon to create new revenue streams.
- 5. Show results to prove your effectiveness.** Show advertisers the reach, viewability, clicks, and engagement from their campaign. For conference sign-ups or CPG brands, include a specific code, so advertisers can track increased sales, conference attendees, or white paper downloads. Provide clients with rigorous ROI analysis as an expert in the target market.
- 6. Partner with native companies like Triplelift or Teads.** The biggest challenge for an advertiser is scalability. The cost in creating native isn't worth the payoff if the ad can only be served on one platform or site. Partner with companies like Bidtellect to help your advertisers scale or work with Teads for native video formats. In the long run, this will bring you more business.

WHO ARE THE LEADERS?

Go after the right industries. Know the top 10 industries, but don't be afraid to pursue both the native leaders and emerging industries that haven't fully adopted native opportunities.

Top 10 Product Categories in Native Advertising

JANUARY - DECEMBER 2016



DON'T BREAK THE RULES.

Do you know the FTC compliance rules for correctly labelling and disclosing native? More importantly, do you know the consequences for misrepresentation?

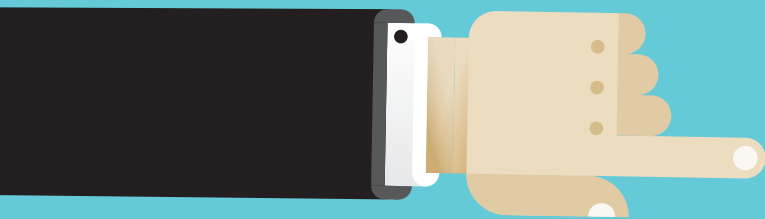
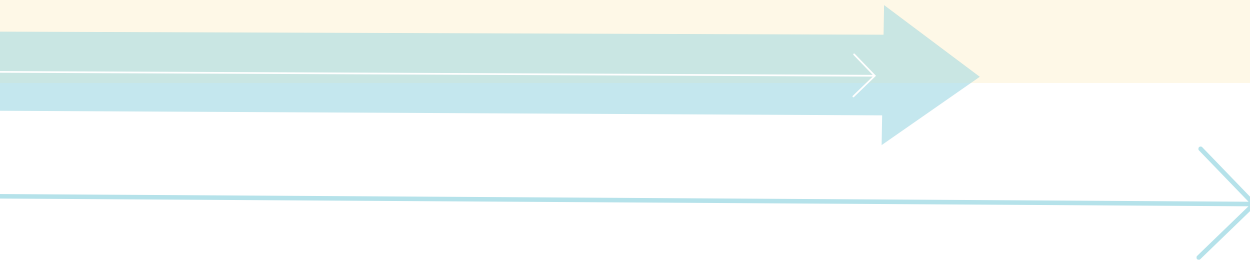
In March 2016, the FTC settled the first native advertising case against retailer Lord & Taylor for not disclosing a native article in Nylon and sponsored posts by Instagram influencers. The content featured a specific dress, which quickly sold out. Each FTC native violation carries a penalty of up to \$16,000.

MediaRadar examined publishers producing native content to find a dramatic increase in transparency in 2016. In fact, the majority of digital publishers now label native content, with an increase of 119% year-over-year growth. However, it still leaves 37% of digital publishers that are not native compliant and are thus risking reputation and revenue.

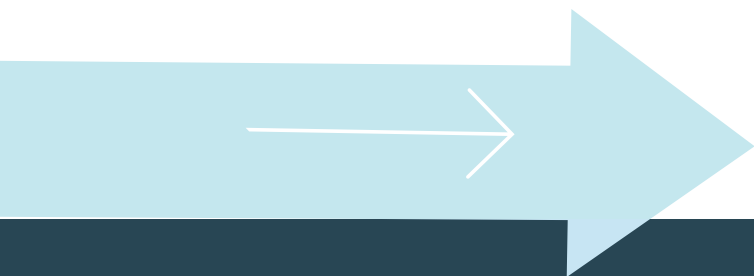
WHAT'S NEXT?

New technologies and tools continue to crop up. Don't view emerging tech as a threat, but rather evidence that native is going to stay. Evolution and advanced technologies are actually really good for publishers. Start investing in the technology, or forge the necessary partnerships to incrementally drive ad sales.

Ad sales teams should seek to leverage all the ad formats in their publisher wheelhouse, or parent company, to sell multiscreen deals with multiple digital components. Transition from a native participant to offering optimized native with proven year-over-year results. Native isn't going away. Use the lessons here to become a trailblazer in digital ad offerings.



The majority of digital publishers now label native content, with an increase of 119% year-over-year growth.



MediaRadar is the most sought-after multimedia ad sales intelligence tool. It enables ad sales teams to uncover new prospects, create custom pitches and receive detailed competitive analysis.