Debate

Native Advertising as a Way to Break Through the Clutter

ISSUE: Is using native advertising a deceptive practice?

Online advertising has come a long way since the early days when banners, pop-ups, and pop-unders were the prominent form of online advertising. While these types of online advertising were effective in the past, they now only yield about a 0.01 percent click-through rate as compared to double-digit click-through rates when native advertising is used. According to the Federal Trade Commission (FTC), native advertising—sometimes called sponsored content—is the practice of blending advertisements with news, entertainment, and other content in digital media. It refers to advertisements that more closely resemble the content in which they are embedded. In this way, native advertising and the original content blend, making is difficult for consumers to recognize the content as advertising by just looking at it.

Proponents of native advertising argue that consumers have been conditioned to ignore advertising. Native advertising gives consumers a positive brand experience by creatively blending advertising with original content. By doing so, advertisers gain access to the contested content space. Native advertising is more effective than traditional online advertising. Traditional online advertising such as banner ads result in wear-out, which occurs when viewers get tired of seeing the same type of ad all the time. Moreover, native advertising helps engage the reader with relevant and entertaining advertising, which helps advertisers break through the clutter. It also benefits the publisher who receives an additional revenue stream. Some publishers who are currently using advertorials, a form of native advertising, include *Forbes*, *The New Yorker*, *Fast Company*, and *The Atlantic*. For *The Atlantic*, native advertising represents more than a third of its advertising revenue and is growing.

Critics argue consumers cannot clearly identify native advertising as advertising. According to their perspective, native advertising is a form of deceptive advertising that confuses and fools the reader. The Federal Trade Commission has alerted search engine companies to distinguish paid search results, one form of native advertising, from natural search results. To avoid deceptive advertising, the FTC has recommended clear and prominent advertising disclosures using (1) visual cues such as shading and borders and (2) text labels that are explicit, large, and visible. This is particularly required when the ad message is material in a given context, such as when the ad is making an objective representation about a product's attributes.

In the case of advertorials, it can even violate trust between the reader and the publisher. It can also threaten the creation of high-quality journalism by blurring the lines between news and advertising. *The Atlantic* published an advertorial titled, "David Miscavige Leads Scientology to Milestone Year," which highlighted the growth of Scientology in 2012. It received backlash from readers who felt the advertorial was overtly written as an ad and intrusive to the reader.

Like with every form of innovation or new technology, the boundaries have not been clearly identified. As a result, the FTC will be holding a workshop with all stakeholders on native advertising that will explore the blurring of digital ads with digital content. In the meantime, the advertising and publishing industries have advocated for selfregulation. The American Society of Magazine Editors (ASME) has updated their best practice guidelines for editors and publishers. The guidelines suggest including a prominent statement indicating sponsored content and

not using fonts and graphics that resemble the editorial content. The Interactive Advertising Bureau has also assembled a task force to explore best practices and definition. The Online Publishers Association acknowledges transparency and labeling as a best practice and is in favor of self-regulation.

There are two sides to every issue:

1. *Using native advertising is an appropriate way to sell products.*

2. *Using native advertising is a form of deceptive marketing*

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