

Native Advertising

A Buyer's Guide to Navigating the Native Advertising Landscape

Native advertising is emerging as a top format in a time when more seamless, less intrusive advertising is the desired customer experience. Native is becoming one of the most immersive and effective methods of reaching audiences and unsurprisingly, ad spend is on the rise. In the US, native advertising spend reached \$87B in 2022, and is expected to reach nearly \$100 billion in 2023.

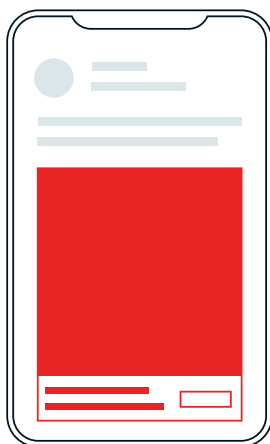
Research suggests that while other ad formats such as display stand out more, consumers are looking to, and interacting with, native ads more often than standard banner ads. Advertisers are taking notice and integrating the seamless form of advertising into their campaigns and making room within their budgets. This guide on the native advertising space is designed to help BidSwitch buyers navigate this fast growing channel, identify unique opportunities and understand its creative and technical nuances.

What is Native Advertising?

Native advertising is the promotion of a product or service where the ad content is designed to seamlessly match the form, aesthetic, and function within the medium or platform on which it appears, with the goal of being less disruptive to the customer experience. Native advertising includes ads for sponsored content, promoted content, content recommendation widgets, in-feed units, rewarded video, and outstream video within a feed or article.

Common types of native ads are in-feed ads, search and promotion listings, and content recommendations:

- ▶ **In-Feed Ads** include ads that appear in your social or news feeds on social networks such as Facebook or Twitter. Sometimes referred to as in-stream native ads, in-feed ads were adopted by large social technology players to seamlessly present advertising to users in a context relevant to the “infinite scroll” user consuming content.
- ▶ **Search and promoted listing** include ad listings that appear in a prominent position either at the top of, or amongst, a users search results. Promoted ads are highly targeted and relevant and are based on the users recent web behavior and search results. Search and promoted ads can typically be found on Google, Amazon and Etsy.
- ▶ **Content recommendation** ads feature content that is contextually related to what a user is currently browsing for or reading, but the content is from other brands and publishers not from the site currently visited. These recommendations are driven by a website widget and commonly uses gentle phrases such as, “Recommended for you,” or “You may also be interested in,” to guide a user to related products or content.



**“In Feed”
Ads**



**Search & Promoted
Listings**

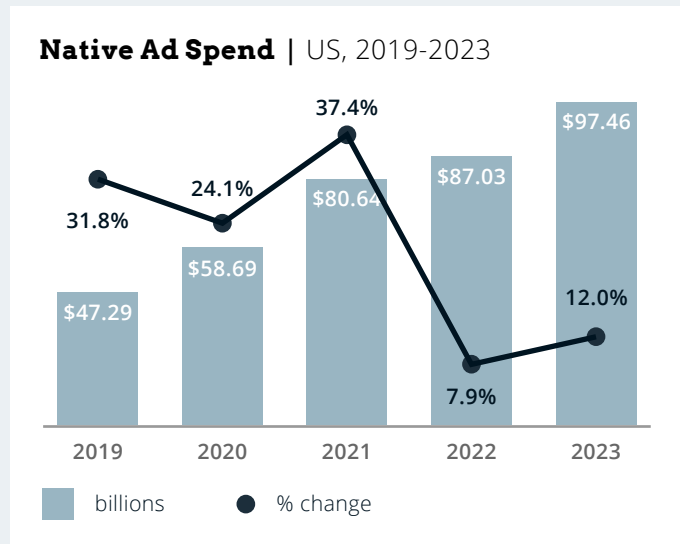


**Content
Recommendations**

Advertisers are Choosing Native

According to research from the Content Marketing Institute, 70 percent of users would rather learn about products through seamless native content than traditional advertisements. Advertisers have been keen to adopt this medium for its contextual relevance, which is driving high click through rates and boosting conversions.

- ▶ Native display ad spending in the US is expected to grow 12.5% year-over-year in 2023, reaching \$98.59 billion.
- ▶ 64.2%, or \$76.2B, of total display ad spend was dedicated to native display ad placements in 2022
- ▶ A majority of native display ad spend will be put toward mobile devices and social media platforms, which is forecasted to grow 13.9% in 2023.



Source: eMarketer, Jan 2023

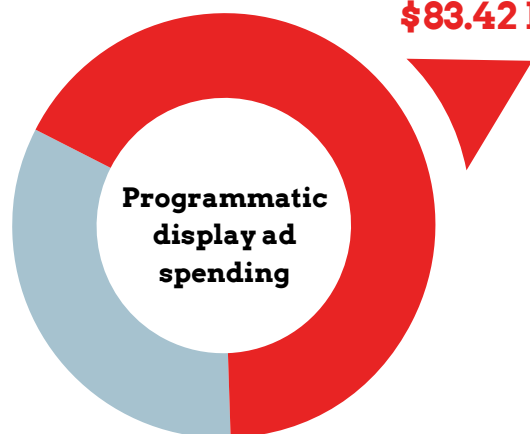
Programmatic Adoption of Native

Native programmatic display advertising is thriving as marketers are increasing their spend despite lingering uncertainty, as third-party identifiers are slowly phased out.

- ▶ Native programmatic display ad spending in particular will reach \$83.42 billion, or 67.7% of overall programmatic display ad spending.
- ▶ When comparing native ads versus display ads, research points to consumers interacting with native ads 52% more frequently than traditional banner ads.
- ▶ Programmatically placing native ads offers efficiency, a seamless customer experience and reach through connected and informative content.



**Native ads
\$83.42 B**



Source: eMarketer 2022

Native Opportunities & Considerations

Publishers and advertisers have embraced native ads as an indispensable tool in monetizing seamless content across platforms and devices, however the format is not without its intricacies.

- ▶ **Platform Understanding:** Native advertising is unique, particularly because these types of ads require a 'native' understanding of the platform and brand style. The greater understanding advertisers have of the platform, the more effective their native advertising is likely to be. Benefits of native advertising however, outweigh the complexities of these challenges. By customizing advertising for a platform's forms and functions, native advertising offers a greater opportunity to expose users to unique content that is particularly engaging to the target audience.
- ▶ **Creative Control:** The seamless nature of native advertising typically means creative control varies at final ad delivery. Based on the placement of the ad, the creative submitted can be altered into a variation of the original to find the best performing positioning, images and copy to meet native requirements.
- ▶ **Labeling ethics:** Native ads, sometimes referred to as sponsored content, are designed to blend in with the publication's content and match its editorial look and feel. Research points to fewer than one in ten people can immediately recognize a well placed native ad. For this reason, the ethics, primarily the clear labeling, of sponsored content is more scrutinized when dealing with native advertising.

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