



Getting In-Feed Sponsored Content Right: The Consumer View

A Research Study of the Consumer's Point of View

Sponsored by:



Agenda

- Research Goals
- Methodology
- Takeaways
- Key Findings
 - General Online Advertising Consumer Perceptions
 - In-Feed Sponsored Content Awareness & Perceptions
 - Getting Sponsored Content Right
- Closing Remarks

Research Goals

It is a maxim among sophisticated marketers that clicks are a relatively meaningless metric. What matters most is the degree to which consumer attitudes can be formed and reshaped by advertising and marketing communication and then translated into sustainable behavior that benefits marketers and their brands.

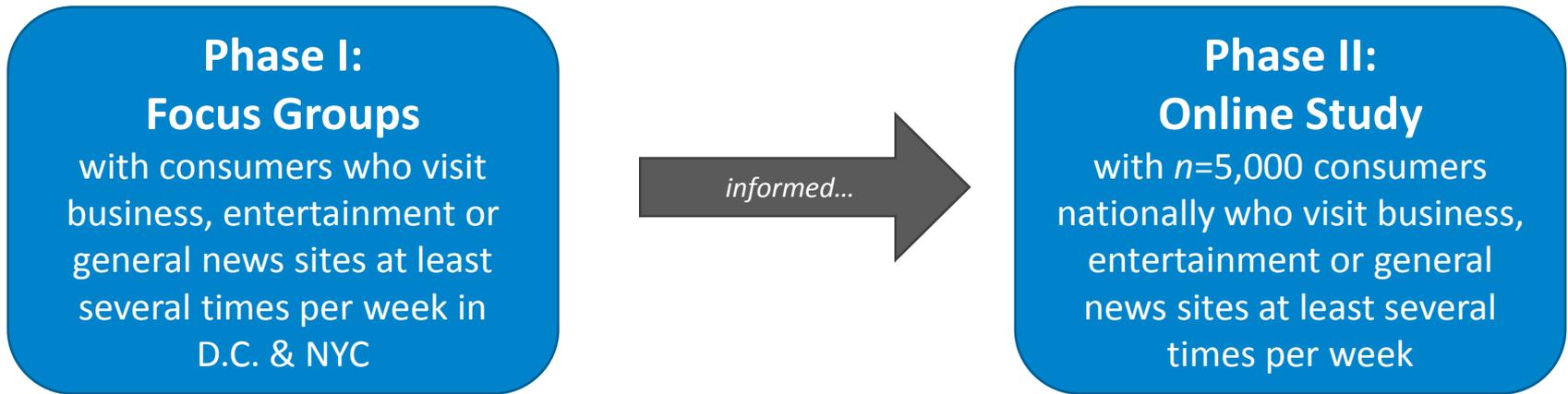
We wanted to understand how consumers perceive and feel about in-feed sponsored content.

Do consumer attitudes differ by media vertical? Our research focuses on the news genre, specifically general news, business news and entertainment news

Ultimately, the goal is to enable publishers, marketers, advertisers, and agencies to ensure that sponsored content meets consumer expectations and succeeds.

Rigorous Multi-phase Research Approach: Ask Consumers First

We utilized a two-phased research approach to dig deeper into consumer attitudes toward in-feed sponsored content and we tackled a content genre that has varying degrees of consumer sensitivity.



Quantitative Research: Sample Disposition

5,000

Nationally representative consumers who visit these news media verticals online at least several times per week were divided into three groups based on the sites they visit...

Business
(n=1,622)

Visitors to websites that cover finance, business, economics, investing & technology

Entertainment
(n=1,648)

Visitors to websites that cover media, entertainment, celebrities, lifestyle & fashion

General News
(n=1,730)

Visitors to websites that cover breaking news, politics, world news, U.S. news and local news

Research study was conducted from June 23 – July 2, 2014



Important Qualifiers

- Large nationally representative sample – 5,000 respondents
- We know “sponsored content” and “native ads” are industry speak – so in this study we exposed respondents to real-world examples of sponsored content rather than relying on their knowledge of these industry terms
- All sponsored content was presented as **in-feed units**, and did not include other types of native advertising like paid search, recommendation widgets, promoted listings, in-ad with native element units, and custom
- Consumers were exposed to real-world examples of sponsored content presented on desktop, not mobile devices.
- Consumers were exposed to sponsored content on general, business and entertainment news sites. Social media were not included.

A Note on the Study Stimulus

- Respondents **saw actual real-world website examples** that included in-feed sponsored content in order to facilitate the research study
- First, respondents saw **full website screenshots**, and were asked to evaluate the site on several measures and click on the advertising they saw
- Next, respondents were shown **an image that called out a piece of sponsored content** on the website they were evaluating and were asked to answer questions on brand relevance, familiarity, perceived interest, etc.
- Next, respondents **saw examples of the actual in-feed sponsored content itself** – some examples were mocked up on the publishers website, others were mocked up on the brand's website
- All websites and pieces of content were randomized by media vertical in order to get an even number of evaluations and sample size
- Content and website evaluations were aggregated to better understand the impact of brand relevance, familiarity, authority and other measures on respondent perceptions of content
- All pieces of sponsored content were kept constant across media verticals. Only the website on which they viewed the content varied

We Showed Respondents Exactly What Is Meant by “sponsored content...”

Examples of “blind” mock-ups of site content respondents saw, below:

Hotel Cancels Reservation Because of Epileptic Son's Service Dog
Aleksander Chan and 94 others
A North Carolina family's reservation at a Best Western in Baton Rouge, La. was canceled after the they informed the hotel that they would be bringing their epileptic son's service dog, a golden retriever named Chip, with them.

Volunteering and Your Health, By the Numbers
By United-Health Group SPONSORED Promoted by United-Healthcare
Taking the stairs instead of the elevator. Cooking a meal instead of eating out. There are simple tweaks you can make to your lifestyle to jumpstart your health -- but they don't end with activity and consumption. Another way to improve your health is volunteering. » Yesterday 12:41pm

There Are Terrifying, Fish Eating Spiders Everywhere
Aleksander Chan and 73 others
According to a new study published today in the scientific journal PLOS ONE, fish-eating spiders "lurk near rivers, ponds, and swamps on every continent except Antarctica." The countdown for spiders to eventually eat us has begun. » Yesterday 10:02pm

Terry Bradshaw Dislikes Hillary Clinton, Know the Word "Benghazi"
Aleksander Chan and 162 others
Former NFL player and talking head Terry Bradshaw was on Fox News' women-driven Outnumbered today where he weighed in on Hillary Clinton's presidential prospects. Terry Bradshaw does not like Hillary Clinton. "I don't particularly like her. Never have," he said. "The only reason she's on Fox is because she's promoting" » Yesterday 9:30pm

12 Hiking Trails That Will Take Your Breath Away
Sponsored by Expedia Promoted by Expedia
Explore the beauty of nature with these 12 hiking trails that will take your breath away. » Yesterday 10:02pm

How to Tell if Your Member of Congress is a Crony Capitalist
First, find who has the biggest corporate donors are. Then check his or her record on policies that may impact the bottom lines of those companies. Check who supports or opposes financial-sector reform? Has he recently signed a letter or released a statement opposing EPA, efforts to regulate auto emissions?

5 Simple Ways to Get Both You and Your Little One Moving
When I had had my son, many moms warned me that there would be no time to work out. I found that actually could fit fitness in during his naps, but then I realized I didn't have time to clean the house and shower any well.

Salmanita Kills Woman... Cat Mutilated. Woman Dies Vomiting. Wife, Kids Killed. Massacre Was 'Justified'
Comments (79)

New '50 Shades' Look... Destiny's Child Reunion. 'Fargo' Finale... Your Mom Would Be Mad. 'GoT' Comments (27)

Media Vertical: Demographic Profiles

Business

- Skew male and younger to middle age
 - Male (60%)
 - Female (40%)
 - 18-34 (39%)
 - 35-54 (40%)
 - 55+ (21%)
- Somewhat higher HHI
 - Less than \$50k (36%)
 - \$50-100k (41%)
 - \$100k+ (23%)

Entertainment

- Skew female and younger
 - Male (41%)
 - Female (59%)
 - 18-34 (46%)
 - 35-54 (39%)
 - 55+ (16%)

General News

- Skew slightly older – but not heavily
 - 18-34 (25%)
 - 35-54 (41%)
 - 55+ (34%)

Q2: What is your gender?

Q3: What is your current age?

Q50: Which of the following best describes your annual household income last year before taxes?

Key Takeaways

- Despite demographic and content differences, business and entertainment news users are highly receptive to in-feed sponsored content if it is relevant, authoritative and trustworthy.
- General news users are the least receptive but also said that they can have a positive experience if the advertising is relevant, authoritative and trustworthy.
- Well done sponsored content can enhance the credibility of the site and the site's credibility can enhance the perceived credibility of the in-feed sponsored content (33% lift in perceived credibility of the sponsored content when on credibly perceived news site)
- The fit between the site and the brand is critical to success with consumers.
- In-feed sponsored content is least useful for generating new brand awareness.
- In-feed sponsored content is most useful for established brands that seek to enhance and differentiate their image, deepen existing consumer relationships, to launch brand extensions.
- The best in-feed sponsored content tells a story and fulfills the human need for a compelling narrative.



General Online Advertising Perceptions



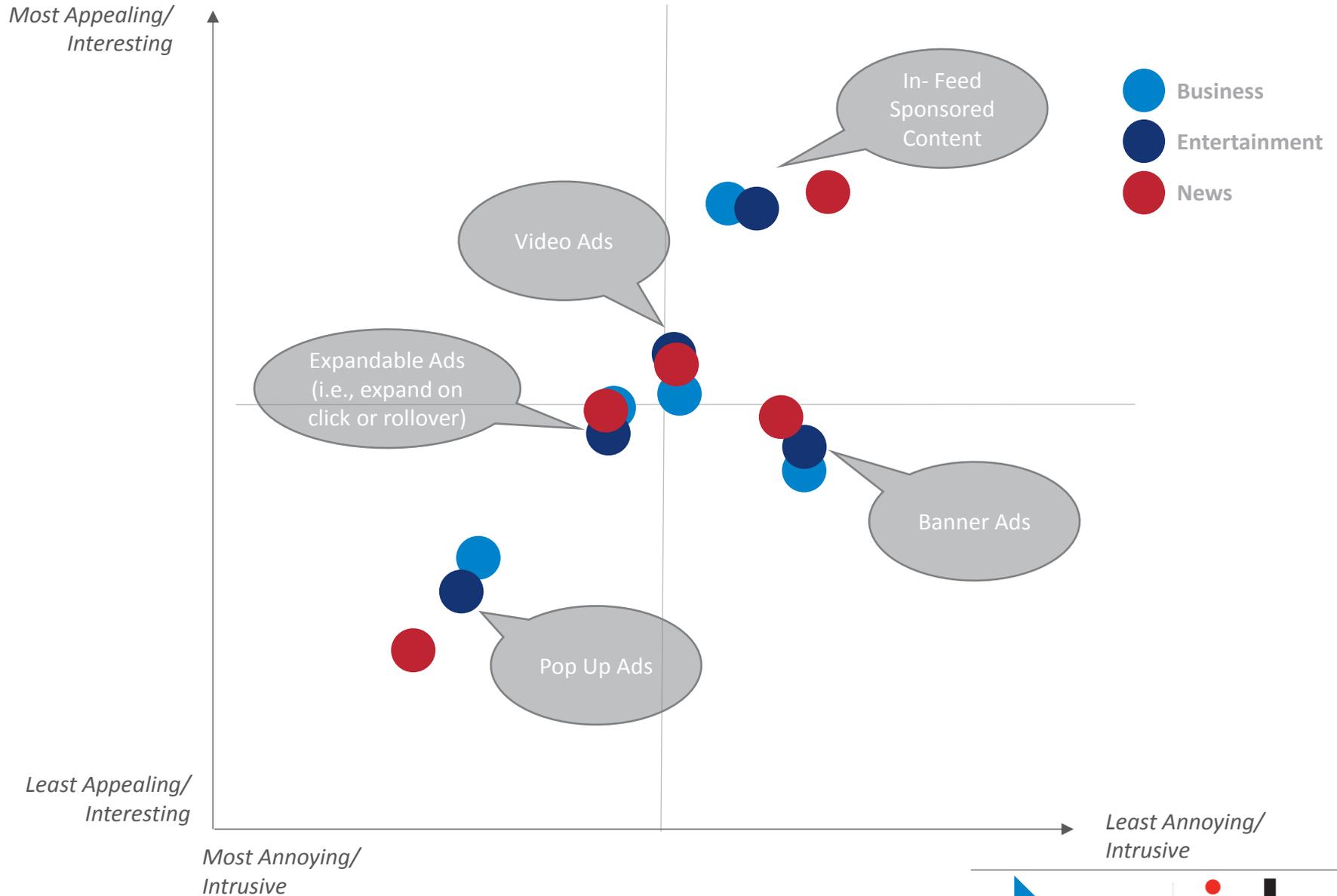
Today, nearly **9 in 10** (86%) consumers feel that online advertising is necessary to receive free content online.

Additionally, **60%** of consumers are more open to online ads that **TELL A STORY** than ones that simply sell a product.

Q17: Thinking about the advertising you see on the websites you frequently visit, how much do you agree or disagree with the following? I understand that the free content I view online is made possible by online advertising.
Q47: How much do you agree or disagree with the following statements? I am more open to advertising that tells a story than advertising that simply sells a product.

Online Advertising Appeal Quadrant Analysis

(Mean Ranking)



13 Q48: Thinking about the types of ads you see online, how would you rank each of these types of ads on the following measures?
 *"Appealing" and "Interesting" were tested as two distinct attributes; as the results tracked closely, these were collapsed for quadrant analysis

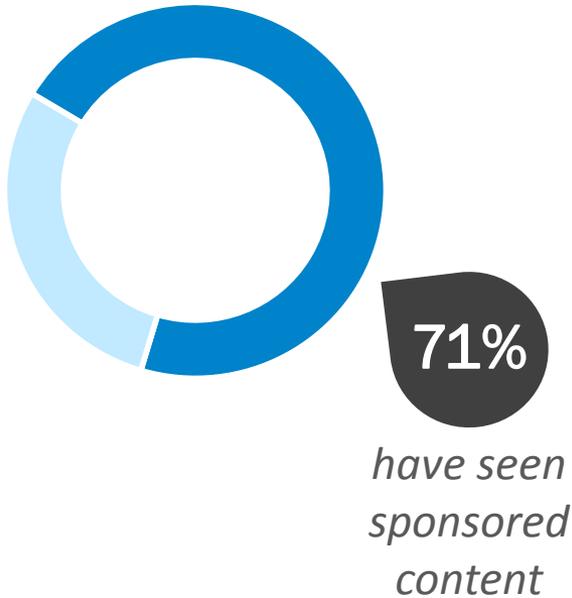


Sponsored Content Awareness & Perceptions

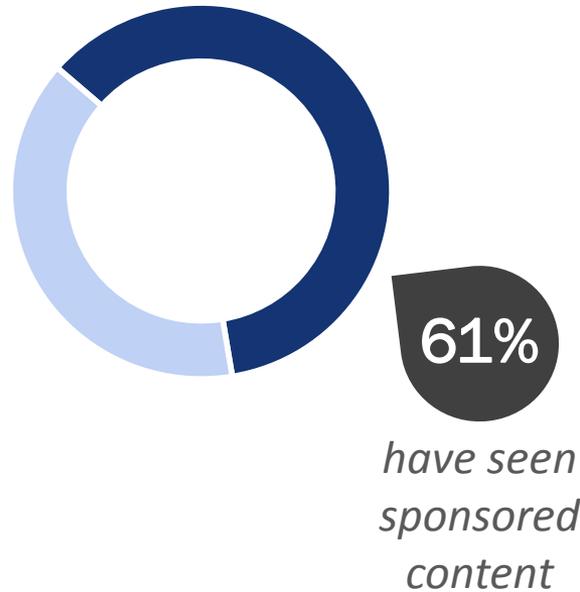
Across all media verticals, audiences are aware of sponsored content

Sponsored Content Awareness *(Asked after exposure to examples)*

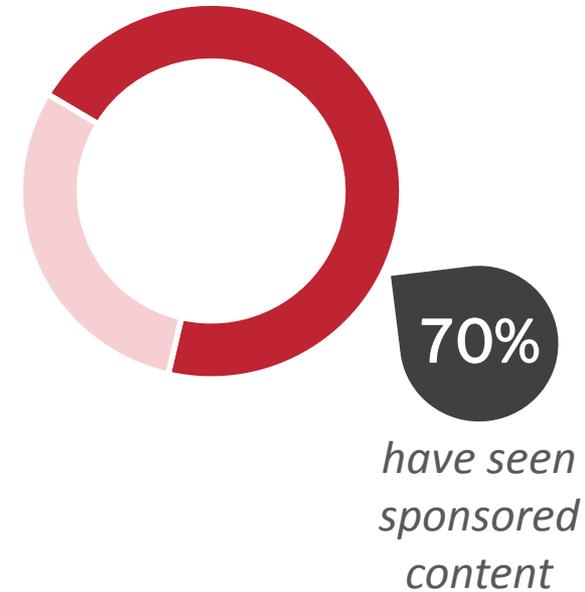
Business



Entertainment



News



Q28: Have you seen this type of content before today?

When shown real world mockups, users' belief that in-feed sponsored content was clearly identified, by type of media vertical.

- Business News – 82% say the content is clearly paid for by a brand
- Entertainment News: 85% say the content is clearly paid for by a brand
- General News: 41% say the content is clearly paid for by a brand

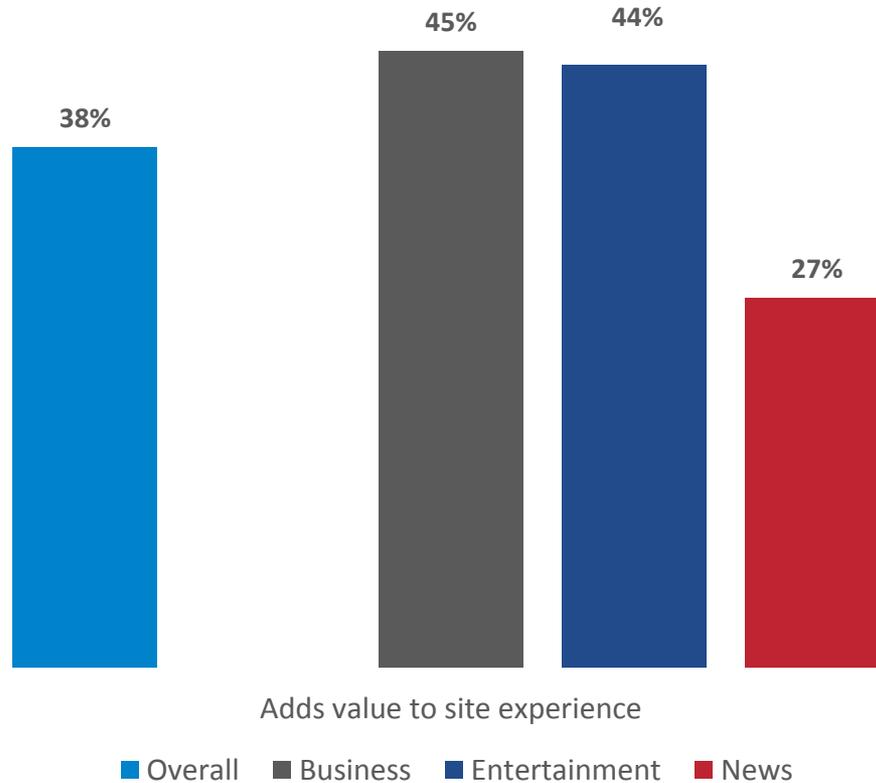
Q31: How clear is it that this content is paid for by a brand company?

Sponsored content is viewed by nearly half of business and entertainment audiences as *enhancing* the value of the overall website experience.

The value-add to the overall website experience is higher in the business and entertainment media verticals as compared to the general news vertical -- in which the research demonstrated clearly that there is a higher bar to successful sponsored content execution.

Sponsored Content Perceptions (cont.)

(% Agree)



Adds value to site experience

■ Overall ■ Business ■ Entertainment ■ News

Q34: Thinking specifically about this content, how much do you agree or disagree with the following? This content can add value to my experience on this website



Getting In-feed Sponsored Content Right

To make in-feed sponsored content work for publishers, consumers, brands, and agencies, the sponsored content must be...

Relevant

***Brands:** Match editorial in style/quality*

***Publishers:** Turn away advertisers that don't fit*

Authoritative

***Brands:** Share your expertise vs. sell*

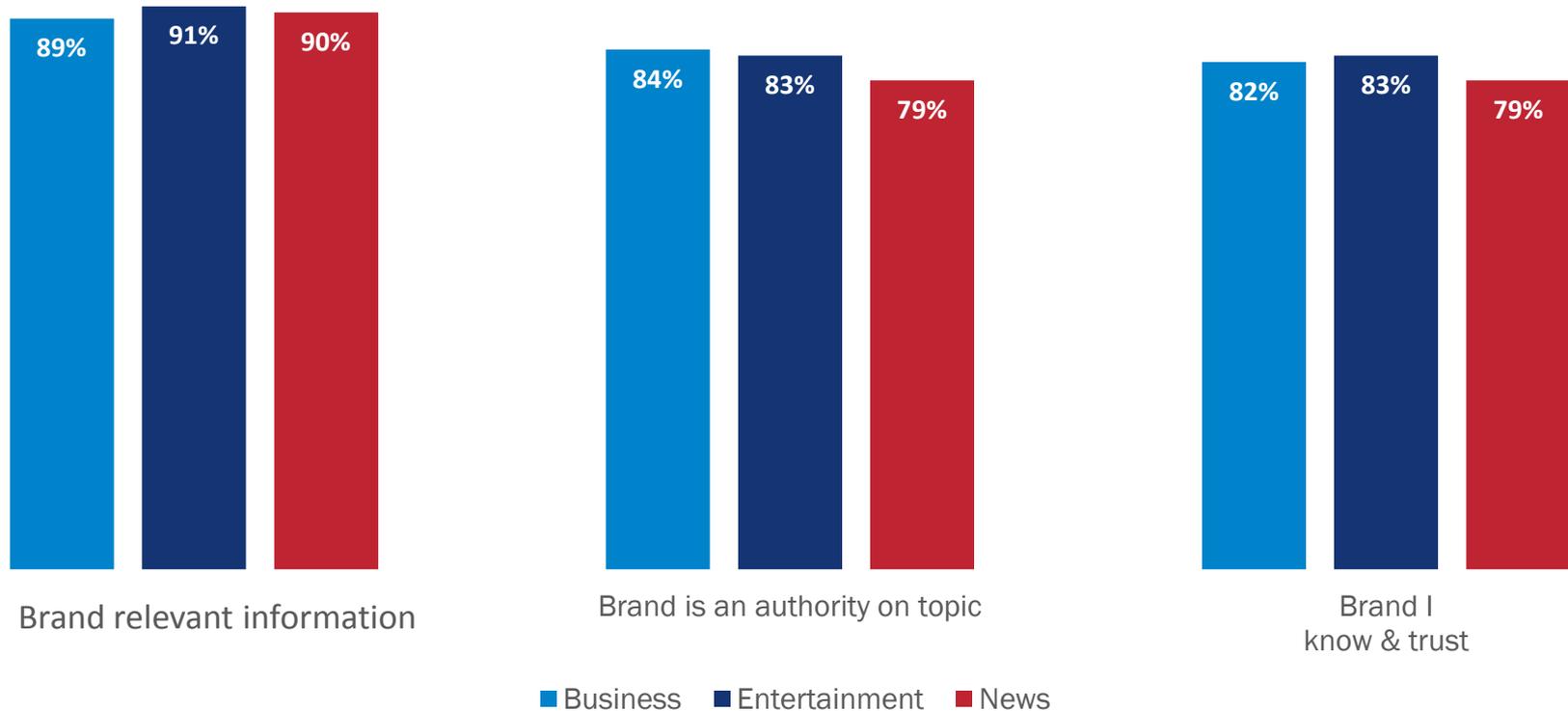
***Publishers:** Help advertisers adopt a more editorial mindset*

Authentic / Trustworthy

***Brands & Publishers:** Err on the side of transparency*

Before the click: Brand relevance, authority, and trust are the most important factors to driving consumer interest in in-feed sponsored content across all media verticals

Important Factors to Drawing Interest (% Important)



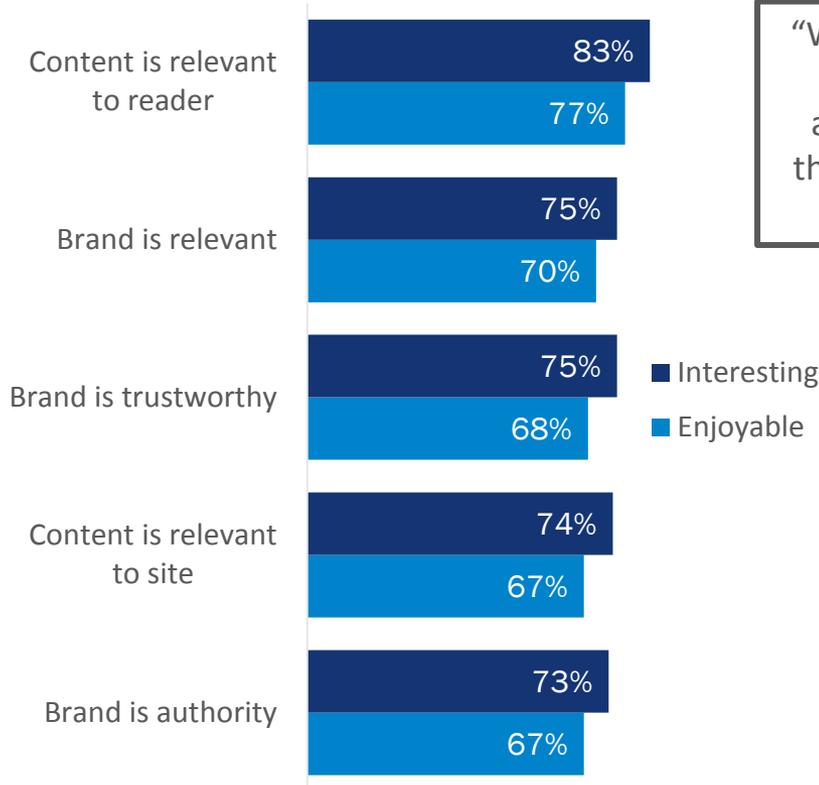
Q44: Thinking about the ways that brands can use this “sponsored” content to draw your interest, how important are each of the following? (Shown: % Important)

After the click: Consumer’s enjoyment and interest in in-feed sponsored content derives from the ad relevance, authoritativeness, and trust.

Sponsored Content Perceptions (cont.)

“I’d rather them know what I’m in the market to buy and give me some information or an ad **relevant** to what I’m looking for, or what I might be looking for next week.”

“We live in a time where there's just so much information available. They have to make their ad current and **relevant** to their **target audience**.”

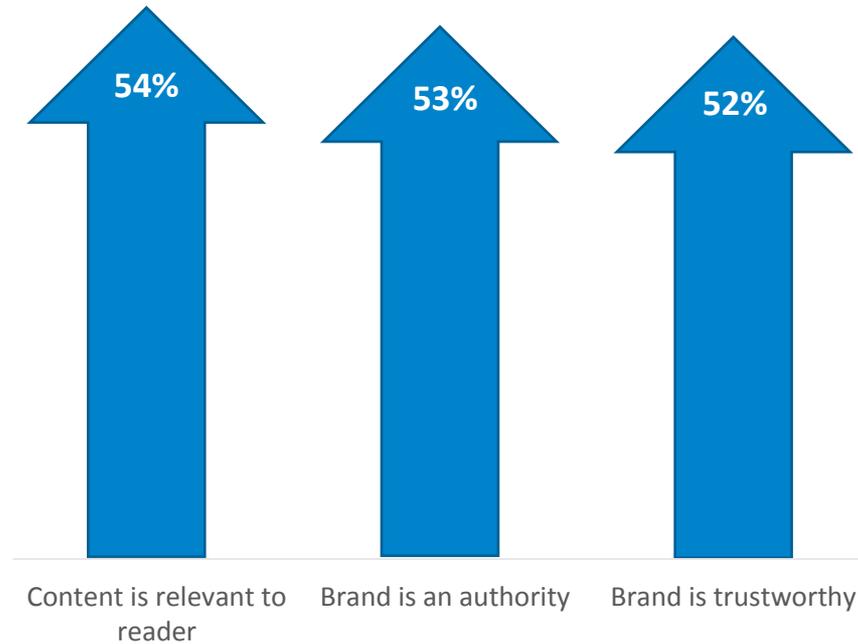


Q33: How would you rate this content on each of the following measures?

And when done right, in-feed sponsored content can even enhance favorability of the overall website experience

Increased Favorability of Website As a Result of In-feed Sponsored Content

(% More Favorable)



Content is relevant to reader

Brand is an authority

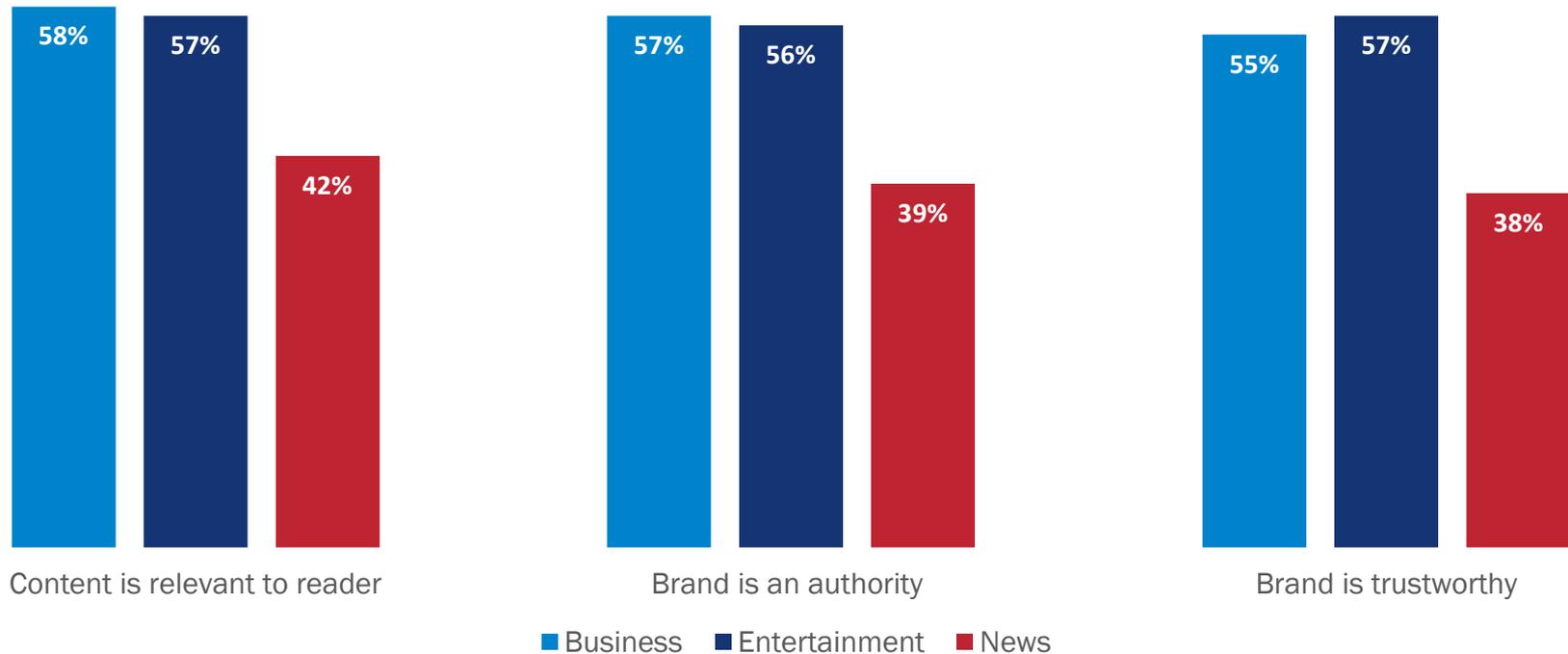
Brand is trustworthy

Q36: What, if any, impact does this content have on your view of this website?
Q33: How would you rate this content on each of the following measures? Relevant to reader
Q34: Thinking specifically about this content, how much do you agree or disagree with the following? This brand is an authority on this topic. I trust this brand to do what is right

However, consistent with other results in this study, the general news audience represents a higher bar for in-feed sponsored content to increase overall website experience favorability

Increased Favorability of Website As a Result of Content

(% More Favorable)



Q35: What, if any, impact does this content have on your view of this website?
Q33: How would you rate this content on each of the following measures? Relevant to reader
Q34: Thinking specifically about this content, how much do you agree or disagree with the following? This brand is an authority on this topic. I trust this brand to do what is right

In the consumer's own words...

What is Most Important for Websites When Incorporating Sponsored Content?

*“Make the ads and product **more on target**... also give info [on] how to enhance the experience with the latest and best products.”*

*“Choose **relevant types of advertising** and **brands that I trust** and am interested in.”*

*“Include content from **only reputable corporations**”*

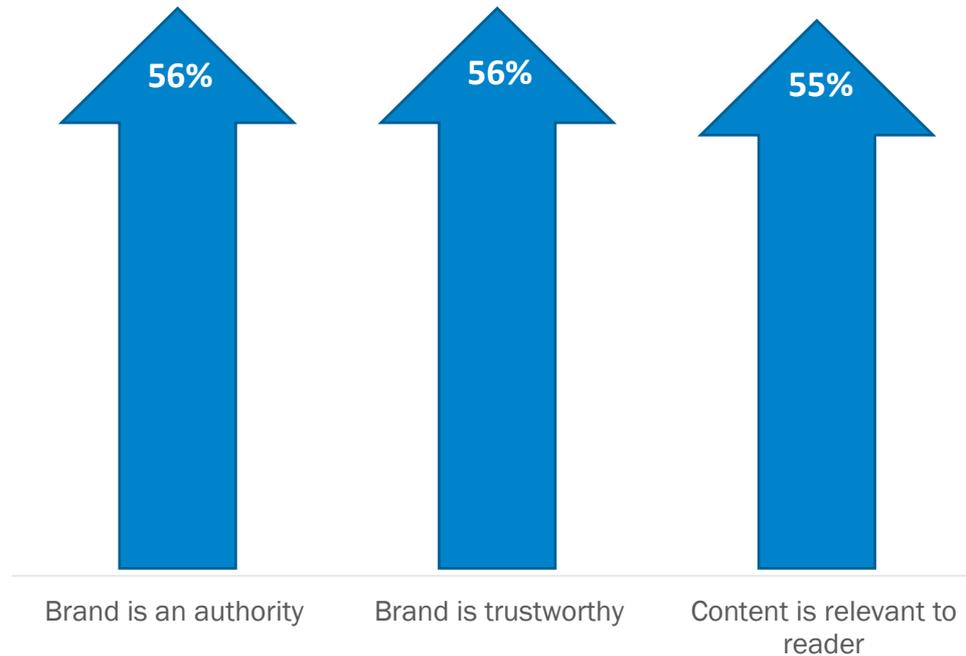
*“Ensure that their **advertisers are trustworthy** and don't have an agenda when users click their advertising.”*

*“Make sure it is **relevant to me**. If it **reflects the types of articles I am reading**, then I will be more likely to need to seek out those advertisers.”*

Just as *well-executed* in-feed sponsored content offers benefits to the website overall, it also boosts favorability for the associated brand

Increased Favorability of Brand As a Result of In-feed Sponsored Content

(% More Favorable)



Brand is an authority

Brand is trustworthy

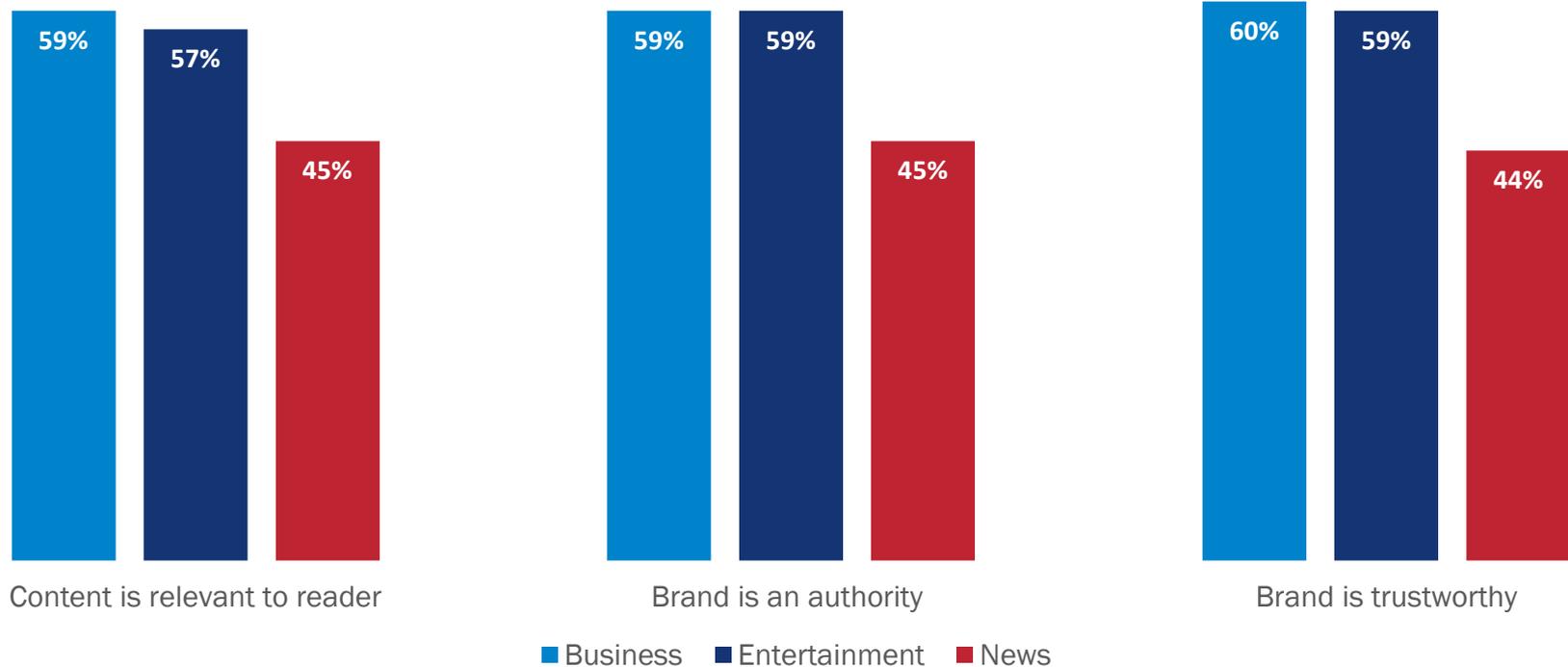
Content is relevant to reader

Q36: What, if any, impact does this content have on your view of this brand?
Q33: How would you rate this content on each of the following measures? Relevant to reader
Q34: Thinking specifically about this content, how much do you agree or disagree with the following? This brand is an authority on this topic. I trust this brand to do what is right

Once again, similar to website favorability, general news audiences are more challenging to “move the needle” on brand favorability, utilizing in-feed sponsored content

Increased Favorability of Brand As a Result of Content

(% More Favorable)



Q36: What, if any, impact does this content have on your view of this brand?
Q33: How would you rate this content on each of the following measures? Relevant to reader
Q34: Thinking specifically about this content, how much do you agree or disagree with the following? This brand is an authority on this topic. I trust this brand to do what is right

In the consumer's own words...

What is Most Important for Brands When Developing Sponsored Content?

*“The content they sponsor should be somewhat **relevant to their product/services** and the content should be well-written, accurate, informative, entertaining, and trustworthy.”*

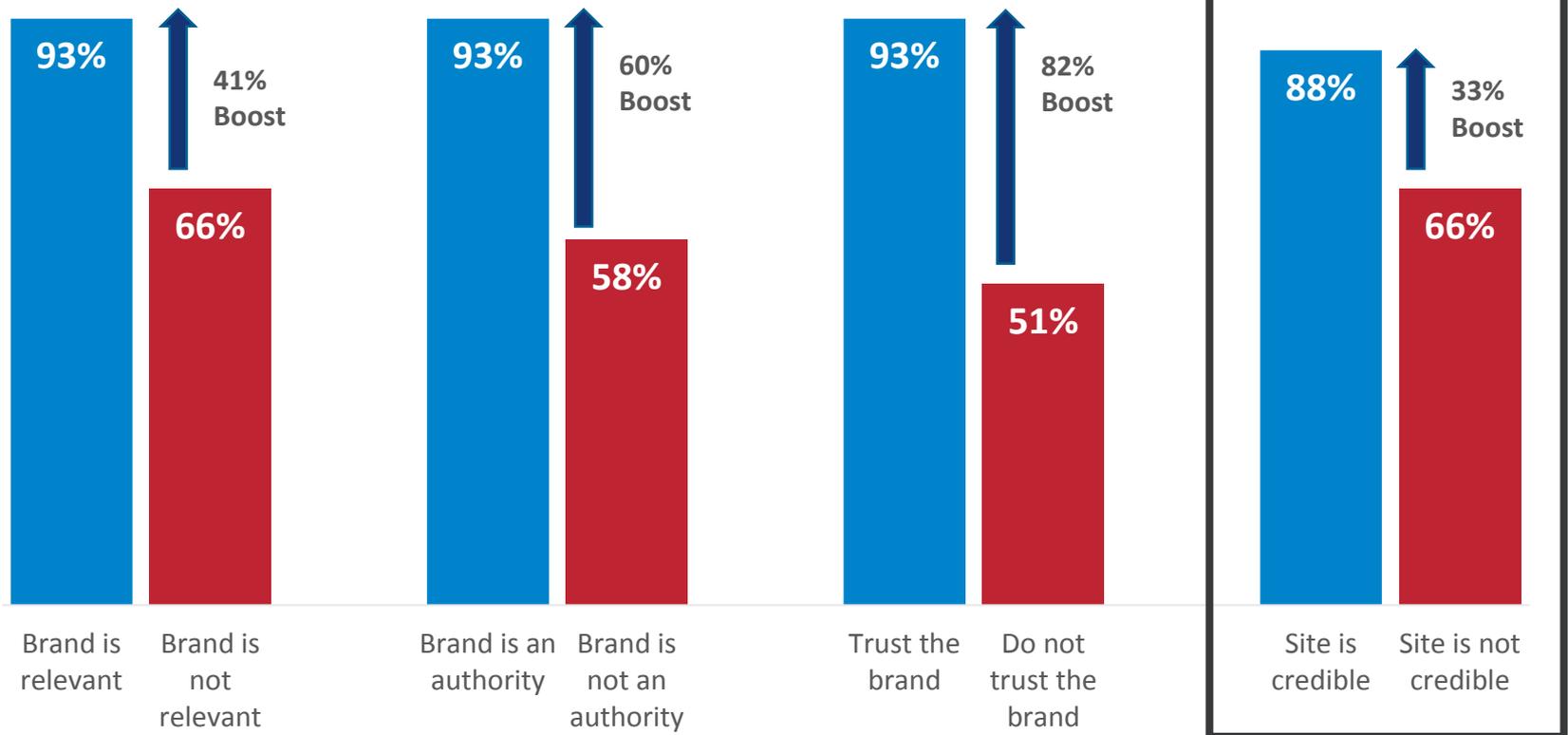
*“If I'm already on a website searching for something specific and the **ad is relevant to my search**, I'm more likely to click on it.”*

*“I think when it is **a brand that has a good reputation** and is putting information together they can back up, then it becomes more likely to be taken seriously and be viewed as trustworthy.”*

*“Make it contain articles that I **actually want to read** that doesn't look like just advertising.”*

A final note: in-feed sponsored content can not just be put on any website. If the website is credible, the perceived sponsored content credibility rises significantly

Impact of Brand & Website Perceptions on Perceived Content Credibility
(% Content is Credible)



Q37: How credible is this content?
 Data displayed represents cross-tabulations based on respondent evaluations of the brand and website each respondent was randomly assigned:
 Q22: How would you rate this website on the following measures? Credibility
 Q34: Thinking specifically about this content, how much do you agree or disagree with the following?

Recommendations for Brands and Agencies

- In the words of Stephen R. Covey, think “win-win or no deal.”
- Tell stories, share your expertise but resist the urge to sell
- Leverage the value of working with your brand in negotiating with publishers

Recommendations for Publishers

- Control the experience and be prepared to walk away from advertisers who aren't relevant/trusted
- Encourage aligned brand marketers to work together in a more authoritative manner
- Go the distance when it comes to transparency/disclosures

Contact Information

Sherrill Mane

SVP, Research, Analytics & Measurement, IAB

sherrill.mane@iab.net

Steve Rubel

Chief Content Strategist, Edelman

Steve.Rubel@edelman.com