Native Advertising, or How to Stretch Editorial to Sponsored Content Within a Transmedia Branding Era

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Abstract

The present article aims to shed light on the broader paradigm change that has led to native advertising as a revenue model for the publishing business recently. The early emergence of native advertising is thus described in the light of branded content and brand culture strategies, a set of marketing practices that modify firms' branding through a fresh editorial approach. The development of the native advertising concept is further problematized as a manifestation of the intertwined and blurring lines between communication and information, i.e., between marketing and journalism practices. We finally discuss potential implications of this type of sponsored content and some managerial recommendations.

Keywords

Native advertising • Sponsored content • Content marketing • Media strategies • Brands • Branding • Media business models

1 A Transmedia Branding Perspective and Our Approach

Branding concerns the management of brands and is the strategic base of marketing. It is a discipline that has substantially evolved throughout the years exhibiting different phases: at first branding was product-oriented, then the concept of corporate branding was introduced in the literature and more recently the door opened up

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to other sub-genres of the discipline such as emotional branding, sensorial branding or personal branding. As for the latter, personal branding takes into account both the phenomena of brands being anthropomorphized and humans being branded. Focusing on the recent evolution of marketing and communication practices which sees traditional media branding blurring with content marketing as well as interactive and transmedia storytelling (Jenkins, 2006), we believe we are in the age of *transmedia branding* where media are being branded and brands are being mediatized.

Through leading contributors such as Chan-Olmsted (2006, 2011), Tungate (2004), McDowell and Batten (2005), McDowell (2006), Siegert (2008) and Ots (2008), the media management literature has so far considered media branding as the management of media firms' brands. Within this paper we aim at enlarging the academic discourse on media branding and add a new perspective where transmedia storytelling is applied to brand advertising activities. Looking at the phenomenon not only from the media management perspective, but also that of pure brand management, finally we discuss the concept of native advertising.

We begin by delineating the present communication realm and highlighting the phenomenon of what we call transmedia branding. Then, the focus is set on *native advertising* as a hybrid concept at the intersection between marketing and journalistic practices. We will show both chronologically and conceptually, the roots and development of native advertisements in order to discuss the implications of such sponsored content as well as offering some managerial recommendations. To conclude the paper, we propose a tentative classification of the existing hybrid information content offers which currently merge commercial and journalistic objectives. Our objective is to observe the concept of native advertising as a manifestation of the intertwined and blurred lines between communication and information, and at the same time as a reaction of legacy media to a new communication reality on one hand, and as an aspect of increased media market competition fueled by mediatized brands on the other.

2   Contextual Background

Declining circulation, decreasing advertising revenues and an unfavorable economic climate characterizes the evolution of the complex competitive environment in which traditional media firms are operating.

The product and service offering is extremely fragmented, notably because market entry barriers have significantly lowered. The dematerialization of the economy due to digitalization has led to the collapse of national borders, making foreign media products easily accessible. Existing competitors are able to diversify and new players can enter the game at a lower cost. Besides the traditional range of competitors, unsuspected forms of rivalry have emerged within the media industry market. They come directly from the former main revenue source for media firms: advertising brands (also see Sommer, 2015).

Under these conditions a paradoxical situation can be observed. Media outlets are experiencing declining profit margins and are seeking new revenues streams at

the boundary of, or even outside, their core activities of content creation. At the same time, commercial product and service companies with big or small brands outside the media environment are experimenting with content production in order to increase their visibility, while expanding their scope of action to possibly generate additional revenues.

What appears as a recent direction taken by the advertising sector is however the result of a media environment transformation started about 30 years ago. The exponential increase of media broadcasting platforms, from public to private channels followed by the rise of satellite television and of the Internet, has significantly boosted consumer access to media content. To the detriment of both consumers and advertisers, this evolution heavily increased the amount of advertisements people were exposed to, and consequently reduced the efficacy of commercial messages in their traditional forms. Indeed, while exposure to media and advertising increased, the leisure time available to media consumers remained the same. As a result advertisers were forced to seek new and more effective solutions to market their products. The nature of advertising changed (Nebenzahl & Secunda, 1993) with one of the most observed developments being content-led marketing strategies (Lieb, 2011).

In the following sections we will track the change of advertising practices starting from the phenomenon of brands transforming into media—touching upon topics such as content marketing, corporate media, brand content or brand journalism—to move on to activities delineating brands as transmedia cultural agents (Bô, Guével, & Lellouche, 2013) and provoking responses from media companies such as native advertising.

3 When Commercial Brands Become Media

Since the turn of this century, and thanks to the capabilities offered by new technologies, any firm or individual can become a medium. Current information technology together with the explosion of social networks allows for the easy creation of content and the quick diffusion of it on what is called owned media. Product and service companies are going beyond mere corporate publishing activities and, disclosing *branded content* on their platforms or on third parties channels, they are directly competing with traditional media for audience attention. We see them creating and sharing their original content on corporate WebTV, *YouTube* channels, *Facebook* fan pages, *Twitter* accounts, on *Pinterest* or on branded weblogs. Most companies have stretched their communication tactics so far that in many cases, by creating their own media platforms, they are actually bypassing traditional media outlets. The establishment of a new price category within the *Cannes Lions* festival in 2012 named "Branded Content and Entertainment" is proof of the importance gained by such branded media initiatives.

Responding and adapting to the loss of the effectiveness of classical brand messages, marketers are now transforming into potential publishers. Some brands are even becoming effective media companies. They produce content, adopt the look and feel of traditional content providers, and progressively invade the editorial

space (Guével & Bô, 2009) We can observe firms embracing content as a key strategy to drive consumers into their brand world and brand experience. One of the most typical examples in this regard is probably the *Coca-Cola* company: with its *Coca-Cola* Content Strategy 2020 it gave birth to its new magazine-like corporate website. Further examples are *Intel* and *Red Bull*. Intel created a dedicated newsroom featuring top headlines, latest news, main events and corporate information from *Intel* around the world. *Red Bull* has gone further and enlarged its business scope from pure energy drink production to original content production launching the *Red Bull Media House*. With more or less dedication, every firm is now evolving in this direction by extending their brand communication to any possible social network.

Obviously, the quality of the content produced by commercial brands varies and the activities range from opportunistic one-shots to well thought-out strategies, depending on the vision of the people in charge. Nevertheless, a *communication paradigm shift* seems to be taking place. Whatever the degree of its integration within the company and the professionalism with which it is produced and diffused, content can now be directly managed by brands. While originally active in any type of industry other than broadcasting or publishing, commercial brands are emerging as competitive content providers and sourcing additional revenues from the information or entertainment business.

The way people consume media products as well as new emerging lifestyles also seem to play a distinctive role in this trend reversal. In particular, the internationalization of content consumption—linked to the technology enabled accessibility of consumers to foreign news and entertainment providers—has contributed to the unbundling of media products and led to collateral implications in terms of branding.

4   Unbundled Media and Post-modern Marketing

The way cultural goods are consumed and distributed today has radically changed compared to 10 or 15 years ago. Historically, information and entertainment content was bundled, i.e. linked to the medium through which they were distributed and hence tightly attached to their respective corporate media brand. TV programs were viewed according to the program schedule; news articles reached the reader through printed newspapers. The prefabricated packaging of media products contained everything, from content to advertising. Media brands and sub-brands, like channels and programs were encapsulated within each other.

Nowadays, thanks to technological developments, consumers can access content bypassing any preconfigured bundling by providers. Indeed, single songs can be downloaded on *iTunes* or streamed on *Spotify*, episodes of series are separately available to watch on *YouTube* or *Netflix*. Articles can be read directly on your tablet via newspapers' websites, RSS feeds, or purchased in online kiosks, while TV programs can be replayed on the channels' websites or through platforms like *Apple TV*. Content is not limited by the physical borders of media carriers anymore. We can directly and exclusively access exactly what we are interested in. There is

no need to watch an entire TV news show while it is being broadcast, as we can find it any time later online, broken down by topic, location or date.

This fragmentation of media products is linked to an atomization phenomenon that has boomed since the early exchanges of audio files on peer2peer networks such as *Napster* or *Kazaa* in the late 1990s. Price per unit, access "on demand" and digital distribution—to name just a few features enabled by technology—have changed the rules of the game for most if not every media brand. Media products can now be consumed in bits, always further away and distinguished from their mother brand. This is the reason why brands such as *HBO* or *Canal +* begin not to think in terms of channels anymore but rather promote their programs separately as individual brands (Mattiacci & Militi, 2011). In line with this evolution, Chan-Olmsted (2011) highlighted a possible trend towards a decreasing value of corporate or channel brands, even though the combined value of a program brand, when linked to its parent brand, might be considerably higher compared to its individual value.

At this point—considering the combined effect of current low entry barriers in terms of content production and diffusion costs, the ineffectiveness of traditional ads as well as consumers' accessibility to an infinite number of information and entertainment sources—we understand how commercial brands could find sufficient room to invade the media space: *Through their content marketing and brand journalism initiatives, brands are turning into media,* as Tom Foremski foresaw back in 2009.[1]

Nevertheless, this evolution appears to be only a symptom of a more fundamental transformation in the way brands position themselves and relate to their environment in the twenty-first century. Looking at these events through post-modernist lenses we can see the relationship between commercial brands and the consumer move from being product based to becoming service oriented (Grönroos, 2000; Vargo & Lusch, 2004). The traditional transactional approach, according to which the value of products was at the core of the relationship, is being substituted by a service oriented approach where emotions represent the relational component (Vargo & Lusch, 2008). Far away from the functional prism we believe that emotion enhancing experience is now at the base of post-modern consumerism and, in the current evolution, content seems to be an integral part of that experience of relating consumers to commercial brands.

Within this post-modern perspective we can observe the *intertwined evolution of marketing and journalism practices*: editorial and promotional content are starting to blend and blur the lines between strategic communication and journalistic information. The recent technological evolution has extended the scope and quickened the pace at which the merger between the two domains is happening.

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[1] http://www.zdnet.com/blog/foremski/every-company-is-a-media-company/715

5   When Media Become Commercial Brands

5.1   The Importance of Media Branding

Legacy media companies have been trying to adapt to cope with technological changes in content production and with new content consumption behavior. Technological innovation has increased the number of potential content providers and accessibility to content for media consumers. Evolving within an attention driven economy (Davenport & Beck, 2001; Goldhaber, 1997), the fight for audience attention and loyalty has become harder than ever for media firms. Branding activities have therefore substantially gained consideration in the media industry. *Strong media brands allow to better face competitive rivalry and sustain differentiation strategies within this highly fragmented media universe* (Picard, 2005a). The consolidation waves that characterized the recent developments of the industry and gave birth to the present media conglomerates represent ample evidence of this,[2] and not only within the private sector. A convergence trend has been taking place in the public sector as well.[3] According to Picard (2005b) strong media brands further help reinforcing geographic diversification strategies. That is one of the reasons why we see brands like National Geographic expanding and multiplying their channels all around.

5.2   Brand Oriented Media Diversification Strategies

In order to cope with the challenging economic conditions since the turn of the century, legacy media brands have started to diversify their portfolio of activities more proactively (Chan-Olmsted & Chang, 2003). Traditional horizontal integration as well as some organic growth outside the scope of original media businesses can be observed. In Switzerland *Tamedia* and *Ringier*, the market leaders, have both invested outside of their initial range of activity. With the arrival of the web, Swiss publishers—as with most traditional publishers in developed countries—have lost their supremacy over certain advertising sectors, particularly job and real estate classified ads. In order to compensate, *Tamedia* has created a dedicated digital department and invested in online companies such as directories and real estate portals, job and car selling platforms, some other small classifieds platforms, and in further promising sectors such as fashion sites or IPTV. For *Ringier* the adopted diversification logic is similar. *Ringier Digital* operates within online marketplaces for job offers and other classified ads such as real estate and cars. Besides the digital marketplaces, which are a logical extension of newspapers' lost

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[2] Comcast/NBCUniversal, LLC, The Walt Disney Company, News Corp. Ltd./twenty-first Century Fox, Time Warner Inc., Viacom Inc./CBS Corp., Sony Entertainment, Bertelsmann SE & Co. KGaA, Vivendi S.A.

[3] Radio Canada, BBC, SSR SRG.

revenues, the diversification strategy of *Ringier* extends to e-commerce, digital marketing and online business services as well as event management, ticketing or talent management.

At an international level, *National Geographic* used the strength of its brand to expand the print magazine business to target more specific customer segments—*National Geographic Kids, National Geographic Little Kids, National Geographic Traveler, National Geographic Adventure, National Geographic Explorer* plus the local language editions for each title—and further extend it by launching branded television channels such as *Nat Geo Music, Nat Geo Junior, National Geographic Channel HD, National Geographic Adventure, Nat Geo Wild*, and *Nat Geo Mundo*.

Other media companies choose different routes into diversification, which at first glance might appear as less immediate. Through its conference arm, *The Economist Events*, *The Economist* started to organize debates, industry conferences, management oriented events and roundtables around the world. Senior editors of *The Economist Group* chair the events. The Group is also building on its business-to-business arm, *The Economist Intelligence Unit*, who provides country, industry and management analysis. Within the *Business Intelligence* unit the *Business Research* branch delivers custom research.

The New York Times also follows a similar path and organizes events, global conferences and debates. Those activities offer custom marketing solutions to advertisers and represent an alternative way to further engage and bind readers to the brand. *Le Monde* in France is developing in this direction too. Besides its vast range of conference and event management businesses in the US, UK, Italy, Japan and Germany, *Wired* went a step further and opened up a business consulting program in early 2012. *Wired Consulting* is offering to its clients workshops, trends presentations, bespoke projects, and customized event curation.

These are only a few of the current practices being implemented by media companies to exploit their brand equity and diversify their activities. However, the increasing pressure to look for additional revenue sources and synergies is pushing media firms towards new business territories that put them at risk of "crossing the line". As mentioned above, we observe a multiplication of diversification strategies in order to position news media brands not only into informational content sectors but also within unrelated businesses such as travel, shows, or consumer goods. Being experiential goods by nature, news media products can indeed be attached to a broad range of other products that could benefit from the projected image of the media brand. Yet, this is not the only direction that news media firms are following to explore new revenue sources. A new revenue model is emerging directly within the more traditional news business of information.

6 Native Advertising, or When Media Become Advertisers

6.1 The Concept of Native Advertising

Fearing being cut out by the current disintermediation process, legacy media companies are trying to regain the supremacy—and with it the associated revenues—they used to enjoy in terms of content creation. In response to the profusion of content marketing and brand journalism initiatives developed by advertisers, who directly create and diffuse their own content, traditional publishers have started to propose their own brand-related content offerings: they developed hybrid techniques that mix editorial and promotional content to help brands distribute information rich advertising. This new tactic is called native advertising. Publishers have already been creating dedicated business units for this such as *BrandConnect* at the *Washington Post* or *BrandVoice* at *Forbes*. However, *Fortune* and an increasing number of others publishers, most recently *The New York Times*, also have their own native advertising formula. This practice has concrete implications and raises a series of questions, but first let us define it.

Native advertising emerged as a buzzword in 2013. The concept is however quickly gaining importance amongst practitioners and being increasingly applied as a communication tactic. This rapid evolution has not allowed the development of a unanimous definition or conceptualization for this practice yet. Thus, we will now try to delineate the concept by categorizing it according to the different forms it could assume. Despite some subtle variations, a common and characteristic trait of native advertising is that the *advertisement is embedded in its digital environment*. Basically, the advertising content is integrated within a platform so that the user experience related to that specific interface is not impacted or disturbed. This way advertising is perceived as non-pervasive and hence primarily identified as informative content rather than traditional advertising. Native advertisements are promotional messages, produced for advertisers, supposedly interesting, relevant and engaging enough to be proposed as editorial content. Since those *tailored brand messages are published in the same place where standard news content is located*—following the same format, style and tone typical of the medium in which they appear—they are *called native*.

6.2 Founding Principles of Native Advertising

The concept represents a form of sponsored content and takes its roots from custom publishing, ambient advertising and advertorial. Ambient promotional communication techniques take advantage from the context, i.e., the environment in which an advertisement is displayed, adopting its form, content style and technology (Hutter & Hoffmann, 2014; Lugmayr, 2007; Shankar & Horton, 1999). This is basically a definition of clever advertising. Indeed, it is not new to consider advertising as a morphing entity. Ad formats, with variable degrees of success, have always adapted to or played with the form of the medium they used as support

(Karimova, 2014). The distinction between a full printed advertisement page in a newspaper and an advertorial is representative of how sophisticated the integration between advertising and editorial content could be (Van Reijersdal, Neijens, & Smit, 2005). Native advertising follows the same logic of trying to best integrate advertising with editorial.

Some might argue that native advertising is nothing more than a fancy new word—pleasing advertisers and marketers—to name the well-known tactic of advertorial. Some have claimed, as did Frédéric Filloux,[4] that native advertising is simply "an upgrade, the digital version of an old practice". It is true, it resembles advertorial. A distinction exists though: native advertising, sometimes called sponsored content, differs from traditional advertising, custom publishing, as well as from classical advertorials because it goes further than replicating the features of the support on which it is placed. *A native advertising strategy is based on the adoption of the look-and-feel, the visual design, the usability and the ergonomics of the publisher's website*. A recent development of the practice even sees commercial brands directly posting sponsored commentaries and opinion pieces alongside the news publishers' opinion content.[5] On top of that, it is *audience-centric*, a characteristic that distinguishes it further from traditional advertising which has originally focused on brand messages. Sponsored content is also playing in another league than custom publishing, i.e., the editorial custom content created by publishers for advertisers. First, custom publishing focuses on dedicated printed products developed for clients, while native advertising concerns web-based and/or app-based media only. Additionally, the publishers at the source of custom publications are in general not legacy news media entities with a journalistic mission. Hence, this shift in form, function and actors involved also has direct implications for the substance.

6.3   Beyond Advertorials

With native advertising, the logic adopted is somehow similar to the one present in classical advertorials. However, transposed to the web, the idea reaches new dimensions. Native advertising includes custom content produced by advertisers, as well as content produced by journalists themselves. This might already have been the case in the printed press. Yet, the similarity between native ads and classical advertorials remains limited. Indeed, the logic adopted is different and digitalization has drastically changed the approach towards editorial content. Sponsored content and editorial content run next to each other on the website or mobile application, and are sometimes hardly distinguishable from each other in terms of format. Furthermore, the *advertising becomes social*. The sponsored content can—and is meant to—be *shared* via *social networks like any other 'standard' news*

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[4] http://www.mondaynote.com/2013/04/21/whats-the-fuss-about-native-ads/
[5] http://www.washingtonpost.com/pr/wp/2014/11/19/the-post-launches-new-native-ad-feature-brandconnect-perspective/

article (Fulgoni & Lipsman, 2014). This transfer might make the reader lose sight of the source of the message if inadequately labeled. Without clear disclaimers, evaporated in the information circulation, readers could easily consider it 'objective' news. This is crucial and is against the journalistic principle of separation between editorial content and advertisements.

The banner advertisements that started to pop up around the web when news media went online are still present, and are the symbols of old advertising practices. However, the advertising paradigm has now changed. We moved *from the logic of interruption*, at the base of traditional advertising strategies, *to that of seamless integration*. Here the notion of utility as service or entertainment is the core of the current advertising mentality.[6]

As Sharethrough[7] sums it up, native advertising is a "form of paid media where the advertising experience follows the natural form and function of the user experience in which it is placed". *Native ads fit into the flow of a site's presentation, even when they are clearly demarcated as ads*. Exactly when taking full advantage of every aspect of the medium in which it is embedded, advertising becomes native. What was once true for product placement in television through sight, sound and motion, is now true for web-based media as form, function and social aspects such as "shareability/spreadability" are incorporated into promotional messages. This reinvention of online advertising, pushed forward by social networks like Facebook, contributed to the promotion of the advertisement as a valuable service and definitely not as a source of disturbance anymore (Amez-Droz, 2013; Tutaj & van Reijmersdal, 2012).

6.4   Birth and Current Forms of Native Advertising in Journalism

The platform ramifications of the practice range from search engines and social networks to content producers directly, touching media sectors such as entertainment as well as journalism (see Fig. 1). If we look back at where the tactic emerged, the adoption of native advertising by some of the major actors involved can probably be considered as milestones in the diffusion of the practice. Indeed, actors include *Google, Facebook, Buzzfeed, Forbes* and *The Washington Post*.

The premises of native advertising are to be found amongst the pure players on the web. A first primitive form of modern native advertising is probably represented by *Google*' sponsored links, *Adwords*, which were launched in 2000. Those are the links appearing sometimes in a light pastel rose-colored box, above or next to standard search results, and leading you to paid content or advertising. Such links are not only sponsored but also targeted, that is they appear on a search result page according to a specific search query. Given the relatively low tolerance toward advertising amongst web users (Cho & Cheon, 2004; Tutaj & van Reijmersdal,

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[6] Service-dominant logic (Vargo & Lusch, 2004).

[7] http://www.sharethrough.com/nativeadvertising/
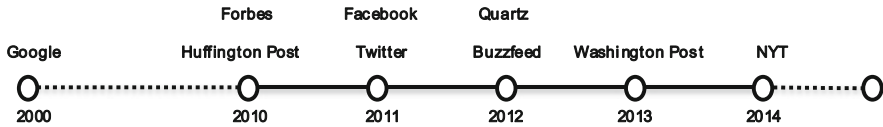
Fig. 1 Chronological overview of media agents starting to offer native advertising

2012), the idea behind *Google*' sponsored links was to try to generate positive externalities by pulling along targeted promotional messages. The sponsored links are traced back according to identified keywords and are supposed to bring an added value to the customer (Amez-Droz, 2013). This concept fits perfectly into the definition of native advertising that we have delineated above. Sponsored links are contextual, embedded, and have the look and feel of non-commercial content; fitting the rest of what is simultaneously appearing on the screen—the search results—they look natural and hence native, without necessarily being hidden.[8]

Nonetheless, the native advertising concept fully emerged with social networks. In January 2011 *Facebook* introduced *Sponsored Stories*, turning updates into advertisements. Soon after all major social media companies followed with similar ideas. Currently, the most renowned ones are: *Twitter*'s Promoted Tweets, *Pinterest*'s Promoted Pins, *Tumblr*'s Radar and Spotlight, *StumbleUpon*'s Paid Discovery, *WordPress* blog's Promoted Videos or *Yahoo*'s Stream Ads. Recently *LinkedIn* has also been providing brands with native advertising possibilities.

Facebook, Twitter and *Google* are to be considered from a similar perspective, and their use of native advertising leads to comparable implications. Indeed, the search engine and the social networks are not directly producing their own content, but work as pipes with external sources producing the content, most of which is user-generated. A real paradigm change happened during the first quarter of 2012, when BuzzFeed started its native advertising offering with its "sponsored posts". We were no more in the presence of a platform serving as a hub for externally produced content offered as native advertising. BuzzFeed is an online publisher, i.e., a content producer that directly produces the content for its native advertising offerings. This represents a further degree in the shift towards the adoption of native advertising by editorial entities.

As far as entertainment sites are concerned, native advertising is well incorporated (*Cheezburger, CollegeHumor, BuzzFeed* mostly until its reorientation[9]) and is way less controversial than when it concerns legacy news organizations. Implications are in fact critically different when it comes to journalism compared to entertainment.

The creation of a native advertising offering by a traditional legacy media company has been much discussed. When *Forbes* launched its initiative and integrated sponsored content in its advertising strategy, it was the first old-school

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[8] The Google sponsored links (Adwords) emerging in search engine results seem less intrusive than for instance the advertising appearing within Gmail which is not context-oriented.

[9] http://www.wired.co.uk/news/archive/2013-10/16/buzzfeed-jonah-peretti

publisher and major news site to do so. The program started undisclosed already in 2010 and was called *AdVoice*. The initiative was then renamed in early 2013 into its current denomination: *BrandVoice*. Since then, other editorial platforms, online news publishers and even legacy newspapers, have followed and adopted the native advertising model. Amongst the followers we find: *The Washington Post, Fortune, Mashable, Fast Company, Lagardère Interactive, The Atlantic Group, Gawker Media, Business Insider, The Huffington Post, Le Monde* and *The New York Times*. They have all integrated native advertising offerings amongst their line of services. The most striking case is probably the *Washington Post*, it being the first major U.S. newspaper to embrace native advertising.

6.5   Variations in Native Advertising Content Production

In practice, different players are applying different strategies. In Fig. 2 we have tried to map out the different tactics adopted by publishers to generate new revenues through brand-related content. From a combination of desk research and observations a series of emblematic cases emerge. They highlight news media firms caught in the trade-off between fighting a structural crisis and therefore pursuing new commercial opportunities, and respecting ethical issues that inevitably accompany profit-oriented media behavior.
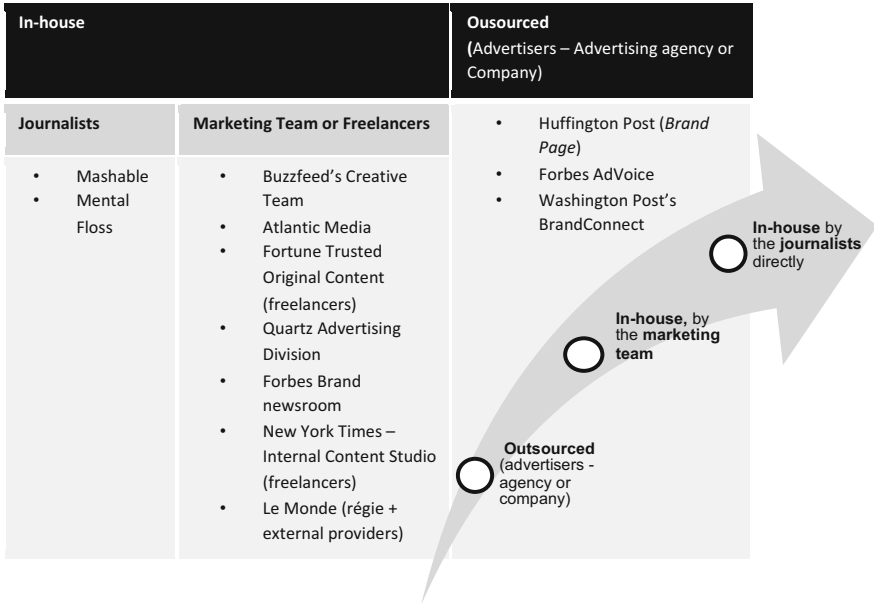
Native advertising strategies range from *Forbes' Brand Voice* letting external marketers write, edit and publish the material, to other players writing advertising stories internally. Some companies even make their editorial employees write the native advertisements. This is the case at *Mashable* or *Mental Floss* for example.[10] The reason is simple: they are considered the ones who best reflect the tone of the magazine and hence make advertising all the more native. Nonetheless, the majority of players set up a separated team outside the newsroom to write and edit the custom content, justifying with this move the integrity of their editorial teams. The marketing team or dedicated freelancers receive a list of customizable topics, on which the team will then work to develop native advertising stories. The value added here is the storytelling expertise of staff which is leveraged on behalf of interests often versed in the art of press releases but not in engaging storytelling.

In order to understand the size and the acceleration that native advertising is assuming within legacy news publishers it is worth mentioning that, since launching the activity, *The New York Times* has increased the staff of its Times Brand Studio up to 35 from nine in June 2013 and one third of the advertising department has recently been replaced with younger and digital savvy employees.[11,12] Through this emerging practice news media organizations have

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[10] http://adage.com/article/media/publishers-enlist-editorial-staffers-ad-content/244025/?utm_source=Media=feed=Feed:+AdvertisingAge/Media

[11] http://www.niemanlab.org/2014/09/native-advertising-is-growing-at-the-new-york-times/

[12] http://www.themediabriefing.com/article/meredith-kopit-levien-beyond-native-advertising-at-the-new-york-times

Fig. 2 Categorization of native advertising content production

the opportunity to regain control over their own business.[13] Indeed, commercial brands often skip advertising agencies and directly deal with the publishers that are now offering a full advertising service ranging from consultancy to ad creation and web integration. This requires a considerable investment in technology and above all in adequately skilled staff. At *BuzzFeed* the design studio employs 50 people. At *Quartz* the so called "creative team" selling and producing native ads represents nearly half of the total staff.[14]

7 Implications and Conclusions

When an information media group like *Ringier* or similar decides to mutate and switch to being an entertainment group, having its information portals act as entry doors for monetizing the rest of its content, the idea is finally not very different from that of *Coca-Cola* or *Red Bull* adopting their content-oriented strategies.

Indeed, media portals represent an entry door to the brand universe, be it a media brand itself or any other company. We see content strategies being adopted by brands, no matter what industry they are in. Legacy media have always been content-based firms, but they are now developing in other sectors around it. Firms

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[13] http://www.mondaynote.com/2014/09/21/brace-for-the-corporate-journalism-wave/

[14] http://www.mondaynote.com/archive/archives.php?t=the-quartz-way-2

operating in other industries than media work the other way round: they are active first in their specific sector, and most recently investing in content production in order to make their core activity more relevant, more desirable, and more prestigious. This makes native advertising fully coherent from an advertising brand perspective. From the other viewpoint, i.e., the media hosting native advertising, it might not be as evident.

Since marketing techniques have incorporated Internet mechanisms and play with them in order to retain customers' attention, many corporate brands' online initiatives lead to brand specific information and entertainment content. This has increased competitive rivalry in the audience attention market and pushed legacy media to change. Seeing commercial brands transmitting information content directly, information media have understood the underlying principles and, in their quest for new revenue models, now host on their websites an increasing amount of content putting forward big advertisers' interests. Commercial brands seem very interested by this development as they believe that advertising through news firms' sites increases the content quality of their messages and diminishes the risk of being perceived as manipulating brand.

The operation is not without consequences. The most clamorous example so far resides in the scandal that a native advertisement about the *Church of Scientology* engendered when it appeared on the *Atlantic*. The article, which celebrated the worldwide expansion of the church, was marked with a yellow banner that identified it as sponsored content. Otherwise, it looked just like any other article on the *Atlantic* site. As soon as the sponsored post appeared a wave of criticism rose among journalists and on social media. The *Atlantic* quickly decided to remove the article and replaced it with a notice saying that the company had "temporarily suspended this advertising campaign pending a review of our policies that govern sponsor content and subsequent comment threads."[15] This episode gave reason to other media running native advertising campaigns, such as the *Washington Post*, not to allow their readers to post comments below sponsored content articles. They feared the same debacle of social bashing that followed the publication of the *Scientology* sponsored post.

Thinking in terms of advertising revenues and hence in terms of branding for other companies, news media might not have sufficiently considered the impact of native advertising experiments on their own brand. Indeed, in stretching their activity into unfamiliar places such as native advertising media companies risk a devaluation of their own brand. Journalists and news titles are assessed on the basis of their reputation and objectivity. To generate positive feedback they should be trusted by the public for telling interesting but true stories, that is where the journalistic value resides. By blending media genres such as editorial and advertising, not disclosing affiliations or disclosing them less transparently, news media risk lowering the standards and irrevocably damaging their media brand equity.

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[15] http://www.businessweek.com/articles/2013-01-15/the-atlantic-the-church-of-scientology-and-the-perils-of-native-advertising

Given their resemblance with a piece of news, native advertisements should be clearly identified as such and thus allow the reader to easily distinguish an advertisement from a news article. However, not distinguishing advertising from news is exactly the idea that native advertising has been tackling. If the reader does not think about content in terms of a promotional message, her or his barriers of reception become lower and advertising tolerance increases (Tutaj & van Reijmersdal, 2012). This effect is significantly important in an attention economy where consumers' brains have developed mechanisms to skip advertising and avoid being influenced by the infinite brand alerts to which they are exposed every day.

If journalists are quite skeptical towards native advertising, in order to keep advertising revenues flowing publishers are increasingly willing to experiment. Even after the *Scientology* scandal and acknowledging that they got ahead of themselves, the *Atlantic* remained for instance "committed to and enthusiastic about innovation in digital advertising".[16] Together with content marketing, native advertising has further proved to be the way to financial stability for some small digital native news companies. Just to name an example, for *Talking Points Memo*[17]—a liberal political news site based in Washington D.C.—native advertising represents a million dollar business. Their direct advertising sales increase about 50 % year over year and include brand sponsored campaigns that run on the site for weeks or even months with content changed multiple times. Such advertisements usually have large formats, called Forum ads, and drive one third of interaction rates and about 50 % of content read rates. According to the online survey that *Talking Points Memo* submits to its audience each year, readers are overwhelmingly democrats and correspond to the average web user in terms of age, 60 % of them are male, and 50 % have advanced college degrees. Brand advertisers know that through this site they are reaching a small but well targeted and influential crowd. As a direct consequence, at *Talking Points Memo* native advertising produces about four times the revenues collected through non-content marketing ads. One rule is strictly applied though and it concerns the clear disclosure of native advertisements and the separation between editorial and business operations—including content marketing and native advertising.

Native advertising is further driving growth at companies such as *Quartz* and *Vice Media* whose business model heavily if not exclusively relies on it by serving a small number of advertisers with high yield campaigns.[18] However, if on the one hand native ads seems to represent an effective chance to monetize digital advertising and thus an essential element of the future news media business model, we believe that the reputational damage that news media firms could encounter by offering native advertising might be big enough to destroy their existence as

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[16] http://www.businessweek.com/articles/2013-01-15/the-atlantic-the-church-of-scientology-and-the-perils-of-native-advertising

[17] http://www.niemanlab.org/2014/11/the-newsonomics-of-talking-points-memos-native-advertising-shift/

[18] http://www.mondaynote.com/archive/archives.php?t=the-quartz-way-2

journalism agents. A direct even if unintended effect of this practice is the audience perception of the advertisement as an endorsement for the forwarded message by the media firm. This could result in the audience losing faith in the publisher as a credible source of news. What we recommend here to publishers that still wish to embark on this type of innovation is to clearly identify native advertising operations as such in order to maintain a strict 'Church-State'—editorial and sales operations—separation. What newspapers have been doing so far in this regard is to work with freelancers or with an internal but dedicated team of journalists producing native advertising content. Sometimes they even outsource the native advertising business. In order to avoid any possible confusion, and for this practice to be 'safe', native advertisements should not pop up as results on online searches linked with the newspaper brand. The same holds true for social media and other social feeds. Of course, two fundamental questions arise here: (1) would native advertising in this case still be as effective as advertisers expect? And (2) what is the long-term impact of native advertising on news media if those recommendations are not followed? Trying to find an answer to these questions will be an interesting subject for future research.

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