



STATE OF THE INDUSTRY: HOW CONTENT MARKETING AND NATIVE WILL DRIVE A NEW ERA OF ENGAGEMENT

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INTRODUCTION

Marketers understand the importance of evaluating campaigns for both brand impact and tangible performance goals. While content marketing has helped brands create one-to-one engagements with audiences, scaling it has been a challenge. Advances in advertising technology, specifically programmatic, are the final piece of the puzzle. Using programmatic technology to deliver content and native ads enables great storytelling at scale – it helps publishers and advertisers put the right content in front of the right consumers at the right time.

How well we understand the nuances between content marketing and native advertising – how they differ, what objectives they meet, their execution and implementation strategies – is crucial to understanding how both can be amplified by today's automation technology.

The answers to these questions are more crucial now than ever before:

83 percent of marketers surveyed in our 2014 study on the intersection of programmatic and content marketing believed that content will be programmatic by 2017.*

In the interest of clarifying the distinction between content marketing and native advertising, PulsePoint and Digiday polled over 500 brands, agencies and publishers, digging into the formats, current trends being used and marketplace challenges that define the content marketing and native landscape. Here's what we found out.

*PulsePoint State of the Industry Report 2014

WHAT YOU NEED TO KNOW

SEVEN KEY TAKEAWAYS TO TAKE TO THE OFFICE

CHALLENGES

Agencies, brands and publishers alike cited lack of resources as the largest challenge they have with content marketing and native today.

OBJECTIVES

To support brand engagement objectives, 67 percent of marketers use content marketing and 66 percent use native.

BUDGETS

By 2017 content marketing and native ad budgets will grow 59 percent and 46 percent respectively, while display and search growth will stagnate.

DEFINITIONS

The definitions are in: “Content Marketing” is a strategy to create and distribute valuable content to attract and define an audience. “Native Advertising” is paid media that matches the form and function of the platform on which it appears; i.e., advertising that mimics the environment it’s delivered in.

STRATEGY

Agencies and brands (60 percent) view content marketing as very significant to their overall marketing strategy.

Publishers (61 percent) say content marketing is significant or very significant in terms of their revenue models, and a close 54 percent say the same about native advertising.

THE FUTURE

As automation encompasses more of the content and native distribution process, real-time access to on-demand metrics and the potential to exponentially boost the reach of a campaign will be clear boons to advertisers from all corners of the industry. Publishers who can offer these capabilities will lead the pack.

83 percent of marketers believe content marketing will go programmatic by 2017.*

*PulsePoint State of the Industry Report 2014

UNDERSTANDING THE DEFINITIONS & LANDSCAPE OF CONTENT MARKETING & NATIVE

We know the difference – but don't think anyone else does

Content marketing was identified primarily as “the strategy behind creating and distributing valuable content to attract and acquire a clearly defined audience” (74 percent) and “content created, owned and distributed by the brand” (67 percent). Simply put: material that captures consumer attention by giving engaging and/or useful content that is associated with a brand’s core identity (versus a direct promotion).

When it came to native, respondents were most likely to identify it as “paid media that matches the form and function of the platform on which it appears” (73 percent) and “advertising that mimics the environment it’s delivered within” (71 percent).

While content marketing and native advertising are not interchangeable terms, they do have traits in common. Survey respondents equally listed content marketing and native advertising as “sponsored content aligned with brand messaging,” and while in-app or in-stream delivery was more often associated with native (39 percent), content marketing didn’t lag too far behind (29 percent). This crossover is likely because these factors are (or are becoming) essential to the larger mission of marketing, and crossover occurs in certain cases.

While respondents seemed clear on the difference between content marketing and native, they were far less confident in the rest of the industry’s understanding. A little over half (57 percent) say the industry understands both formats and strategies “not too well” or “not at all.” Based on the findings, individuals are in fact more educated on the nuances between content and native than most of us realize (or are giving credit for).

The Primary Difference

Content marketing is the overarching strategy. Native is one tactic of execution.

Where They Intersect

Content marketing is the message. Native can be the envelope it is delivered in.

HOW DO YOU DEFINE CONTENT MARKETING?

The strategy behind creating and distributing valuable content to attract and acquire a clearly defined audience

Content created, owned and distributed by brands



HOW DO YOU DEFINE NATIVE?

Paid media that matches the form and function of the platform on which it appears

Advertising that mimics the environment it is delivered within



THE POWER OF PERCEPTION

WHICH IS MORE POPULAR? DEPENDS WHO YOU ASK

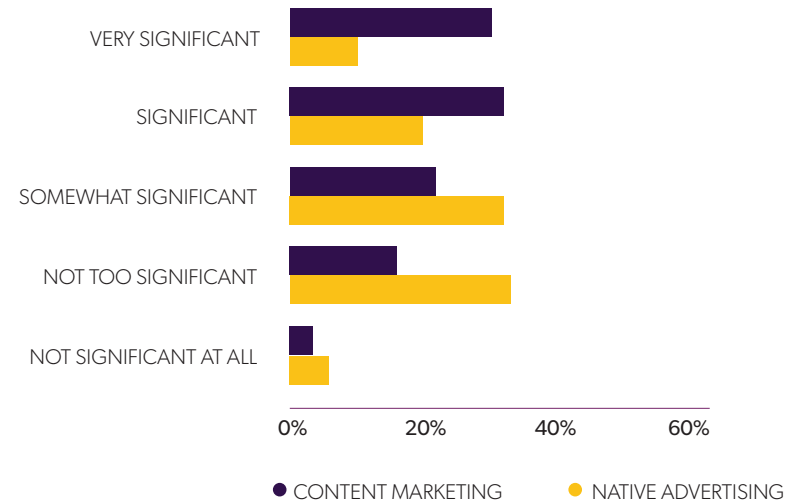
Is there a preference between content marketing and native advertising? Well, there are two sides to the coin: those who buy it vs. those who sell it.

Agencies and brands view content marketing as much more valuable to their overall marketing strategy, with 60 percent saying it's significant or very significant. Only 29 percent said the same of native advertising. It could be because advertisers have been doing content marketing since the late 1800s. But distributing it strategically across digital media – something that native placements can certainly help with – is much newer territory.

61 percent of publishers say content marketing plays a significant or very significant role in their overall business development strategies, inline with brand strategies. On the other hand, publisher's perception of native is much more positive than brands and agencies, with 55 percent listing it as significant to very significant.

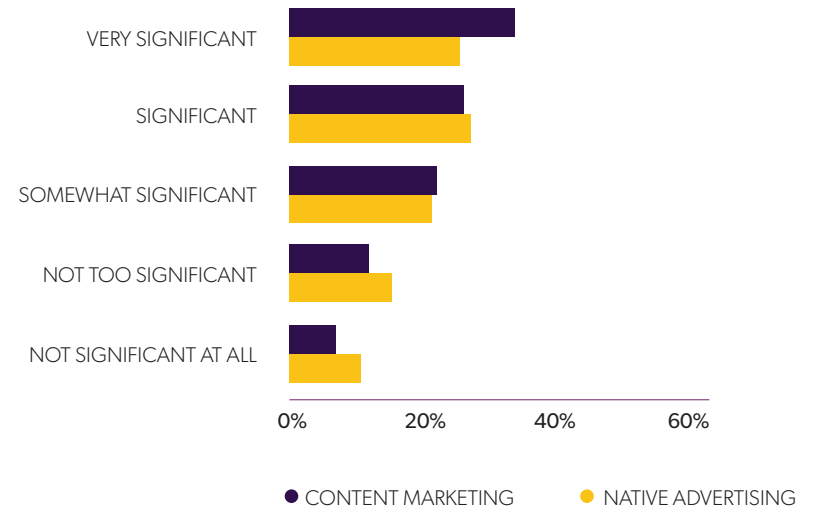
BRANDS/AGENCIES

HOW SIGNIFICANT OF A ROLE DO CONTENT MARKETING AND NATIVE ADVERTISING PLAY IN YOUR OVERALL MARKETING STRATEGY?



PUBLISHERS

HOW SIGNIFICANT OF A ROLE DO CONTENT MARKETING AND NATIVE ADVERTISING PLAY IN YOUR OVERALL BUSINESS DEVELOPMENT STRATEGY?



WHERE THE DOLLARS ARE HEADED

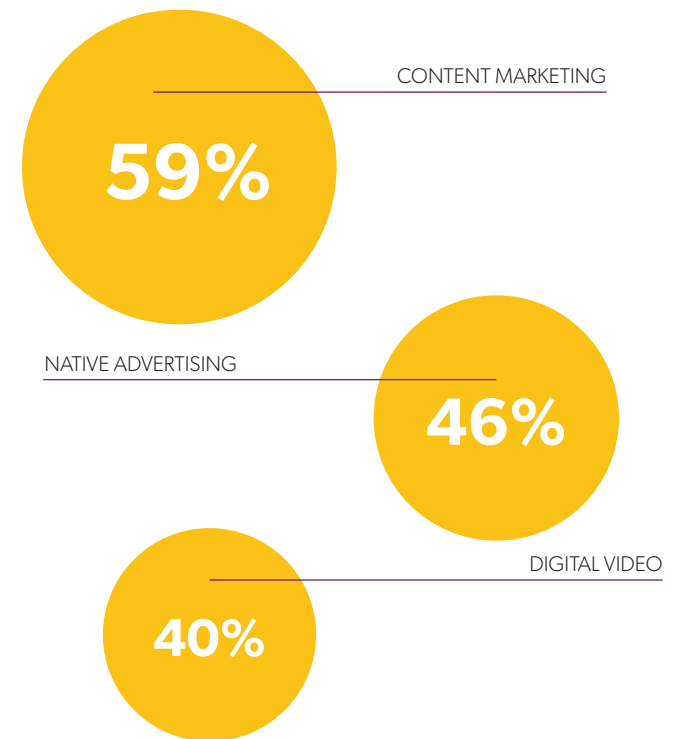
Content marketing and native growth will outpace display and search

Both will capture more brand dollars. Brands, agencies and publishers reported that content marketing and native are both important to their organizations and strategies. But are the ad dollars and digital inventory available to back them? The answer is definitively yes: both supply and demand are expected to grow in the next two years.

While display and search still command most of the ad dollars, 37 percent named content marketing as one of the largest spending buckets.

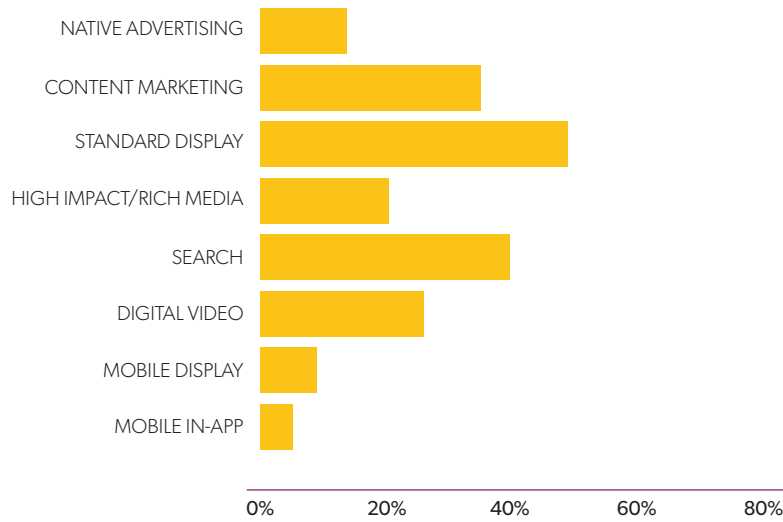
And that gap between display/search budgets and content marketing/native is only set to narrow, with content marketing and native ads marked as the top two formats to receive major increases in budgets in the next two years. The only other format getting anywhere close to that much attention? Digital video. Why? These formats elicit higher audience engagement, which is pivotal for brands with upper funnel campaign objectives.

CONTENT MARKETING AND NATIVE RATE OF GROWTH WILL SURPASS OTHER FORMATS IN NEXT 2 YEARS



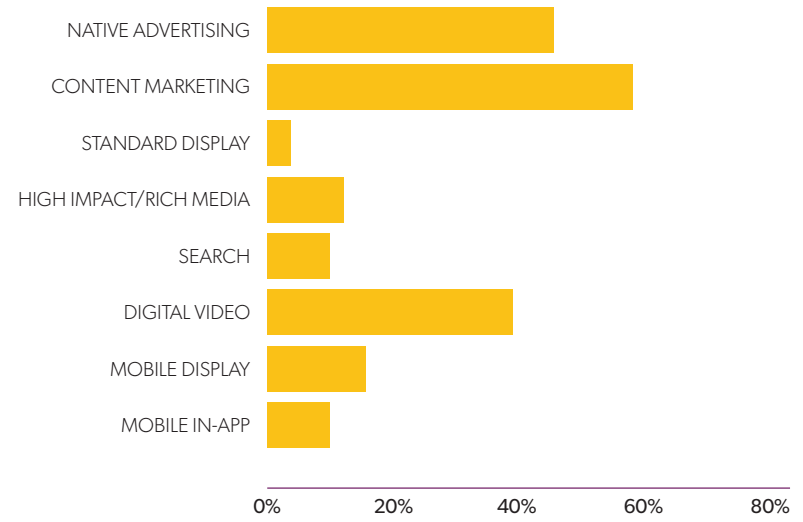
BRANDS/AGENCIES

WHICH OF THE FOLLOWING USES THE LARGEST PROPORTION OF YOUR BUDGET?

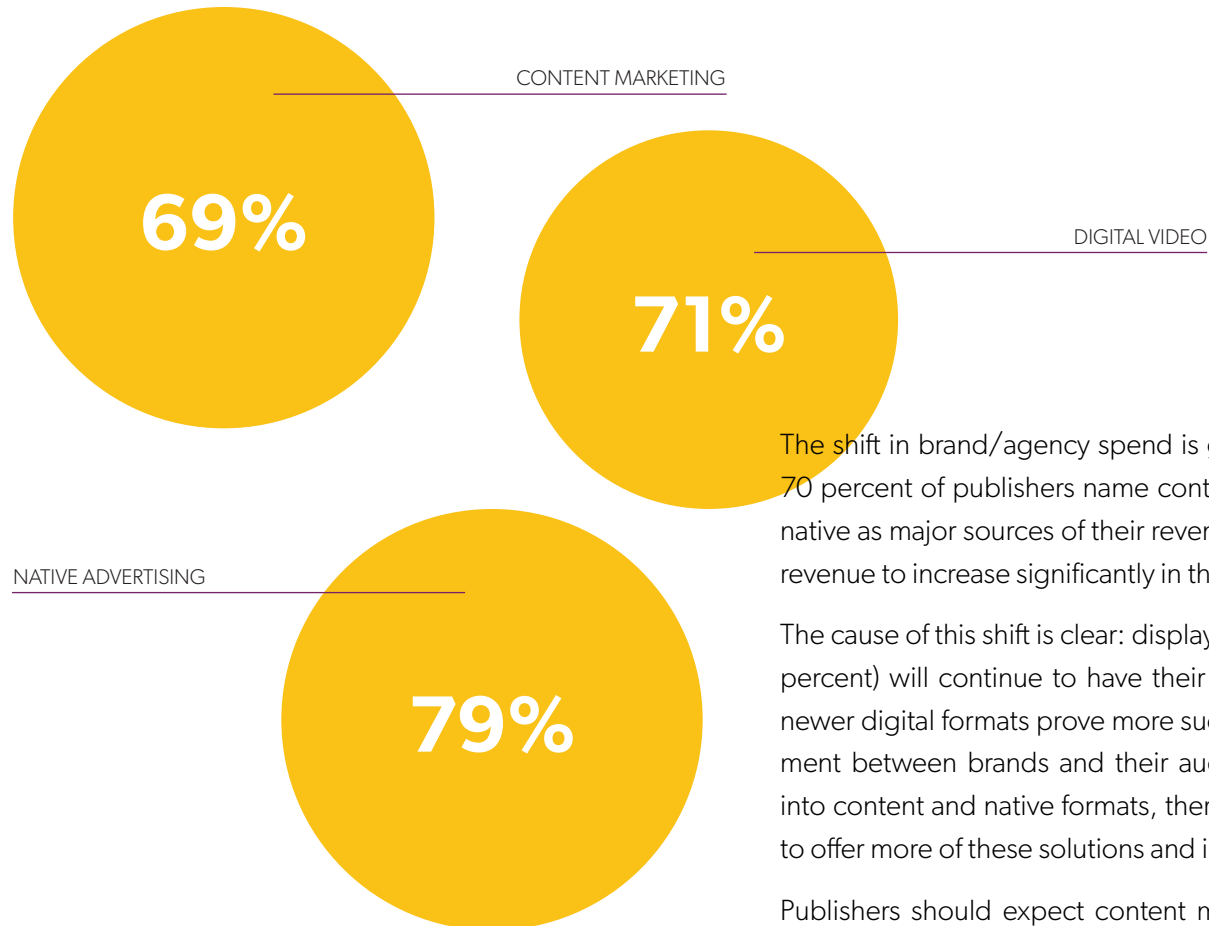


BRANDS/AGENCIES

WHICH OF THE FOLLOWING DO YOU EXPECT TO SHIFT MORE BUDGET TO IN THE NEXT 2 YEARS?



PUBLISHERS ANTICIPATE SIGNIFICANT REVENUE GROWTH FROM CONTENT MARKETING AND NATIVE ADVERTISING OFFERINGS



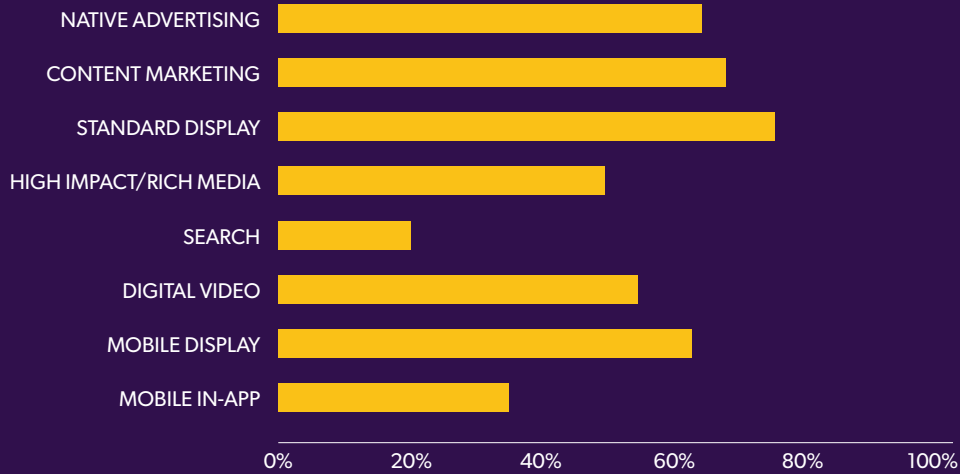
The shift in brand/agency spend is good news for publishers. Currently, 70 percent of publishers name content marketing and 65 percent name native as major sources of their revenue, and they expect both sources of revenue to increase significantly in the next two years.

The cause of this shift is clear: display (78 percent) and mobile display (65 percent) will continue to have their place, but their growth will slow as newer digital formats prove more successful in creating stronger engagement between brands and their audiences. With brand dollars moving into content and native formats, there is a compelling case for publishers to offer more of these solutions and increase their revenue.

Publishers should expect content marketing and native to even further displace mobile display, as both formats present a highly effective mobile alternative for reaching audiences.

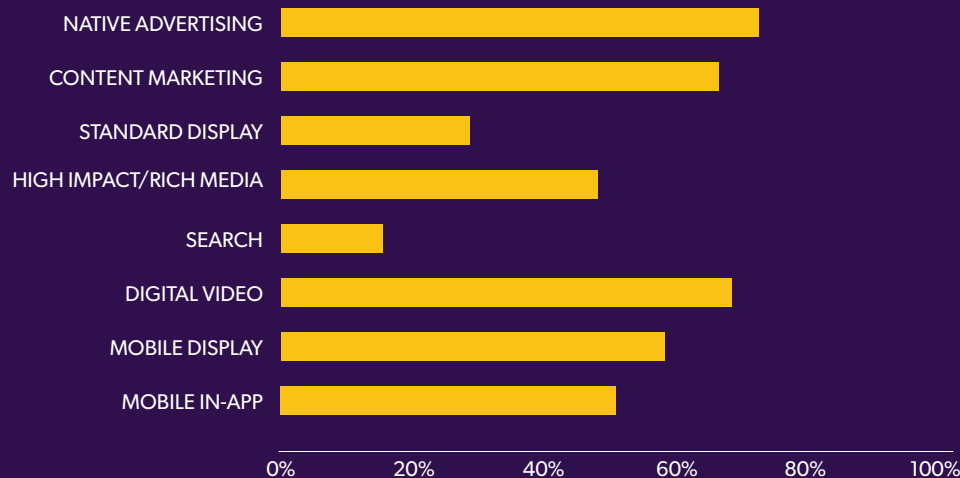
PUBLISHERS

WHICH OF THE FOLLOWING CURRENTLY BRINGS IN REVENUE FOR YOUR PUBLICATION?



PUBLISHERS

WHICH OF THE FOLLOWING HAS THE POTENTIAL TO BRING IN MORE REVENUE FOR YOUR PUBLICATION IN THE NEXT 2 YEARS?



Respondents who aren't currently buying or selling content marketing and/or native are split into two camps. 59 percent of buyers/agencies and 71 percent of publishers are right on the brink, saying they will be in the next 12 months.

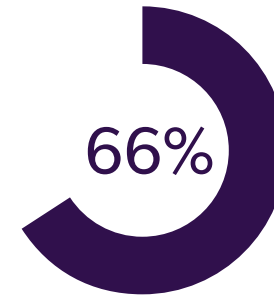
By contrast, approximately 28 percent claim they'll never use those formats. Content marketing and native advertising might not be for everyone, but the majority is clearly ready for it.

PROVING THE VALUE OF CONTENT MARKETING AND NATIVE

Campaign objectives and campaign measurement are still disconnected

Why and how does this disconnect exist between objectives and measurement? To get to the heart of the differences between content marketing and native advertising, it's useful to consider what marketing objective each supports.

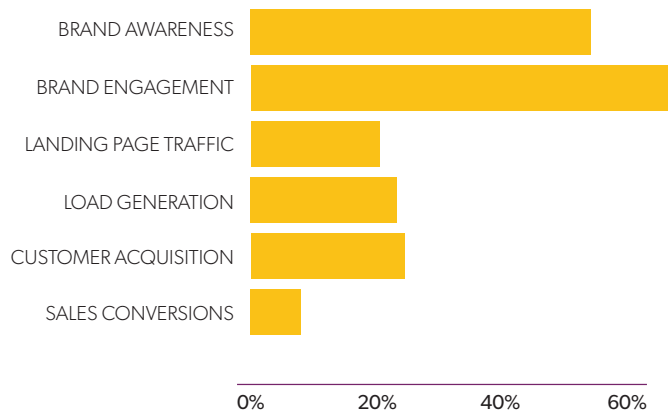
Brands/agencies overwhelmingly indicated that they use content marketing for upper funnel strategies: 67 percent list brand engagement as the number one objective best supported by content marketing and 55 percent list brand awareness.



Native advertising perches at the top of the funnel: 66% of marketers leverage native to support brand engagement

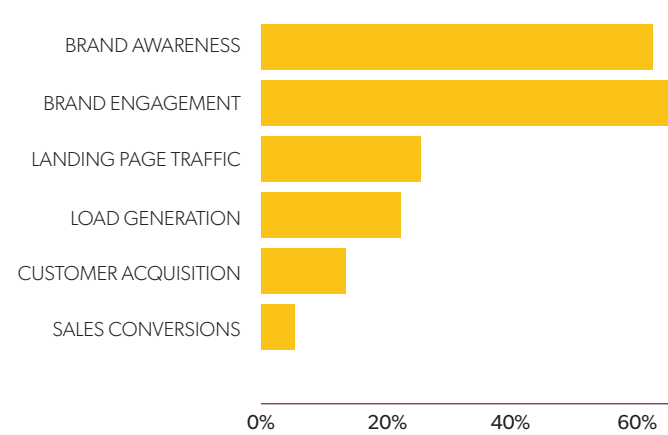
BRANDS/AGENCIES

WHICH OF THE FOLLOWING MARKETING OBJECTIVES ARE BEST SUPPORTED BY CONTENT MARKETING?



BRANDS/AGENCIES

WHICH OF THE FOLLOWING MARKETING OBJECTIVES ARE BEST SUPPORTED BY NATIVE ADVERTISING?



Engagement metrics will soon replace CTR for content marketing and native

“What’s interesting are sites that score content based on how long it takes to read [articles] and *reporting on how far someone scrolls to give a sense of how much of content was consumed* – all of those granular scores are important.”

Bill Evans

EVP and Chief Digital Officer
Team Chemistry
WPP Group

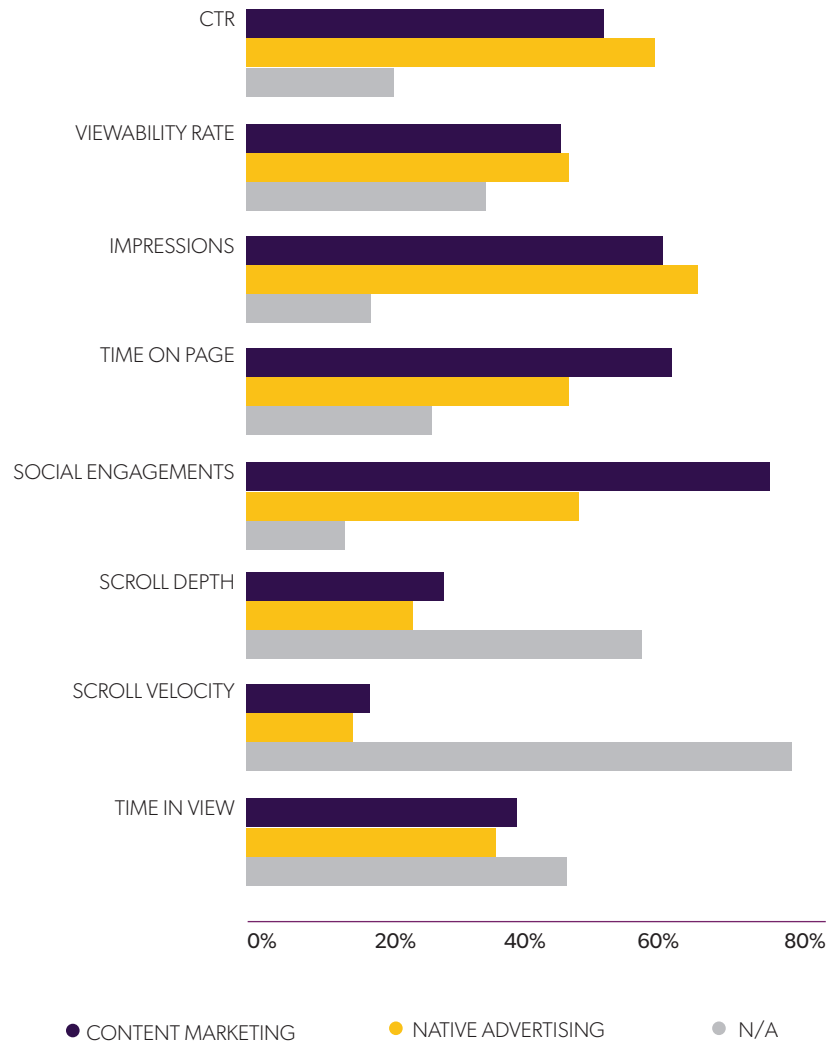
The metrics marketers are using to gauge the performance of each format say a lot about their intentions, and it makes the situation a bit more complex. Brands and agencies are most often using CTR and impressions to judge the success of native advertising, metrics best suited for lower funnel objectives.

On the other hand, they’re more likely to use things like time on page and social engagements to measure content marketing’s performance, indicating an understanding that with content, it’s often the quality and not the sheer quantity of interactions that matter.

Unsurprisingly, publishers are currently offering CTR and impressions to brands and agencies at the highest frequency for both content marketing and native advertising. Additionally, an overwhelming number of publishers indicated that they do not yet offer engagement metrics like scroll velocity (80 percent).

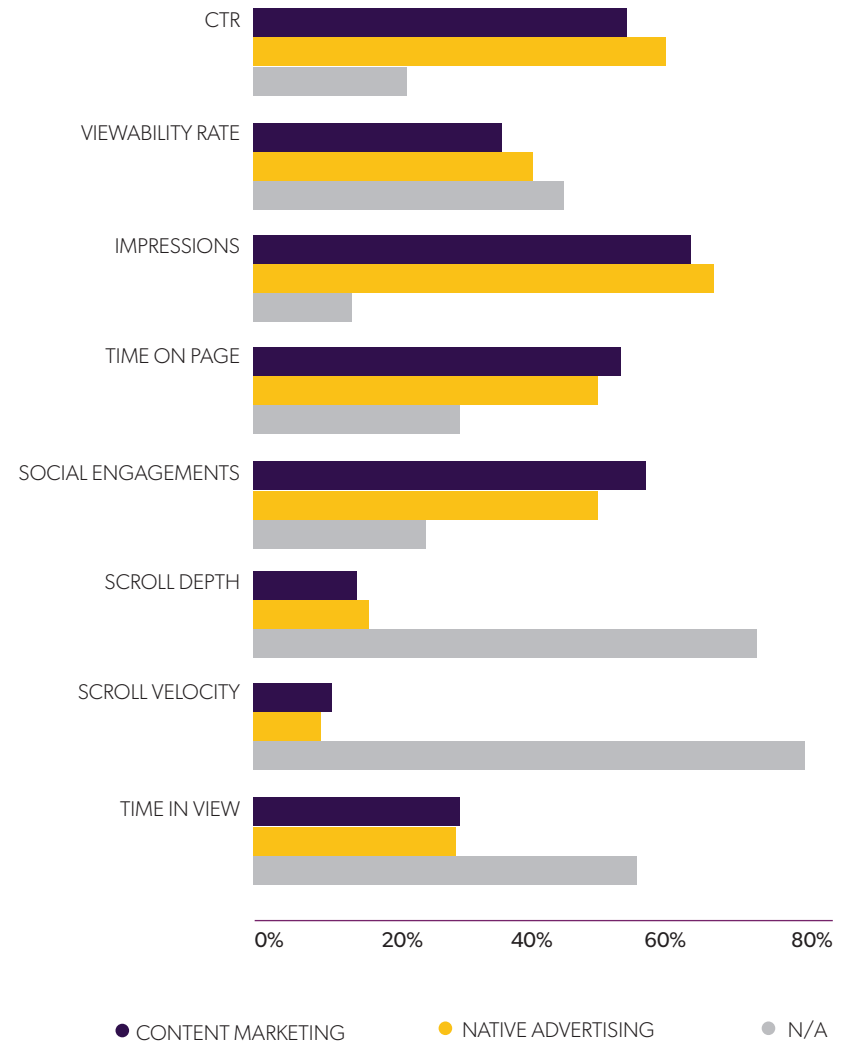
BRANDS/AGENCIES

WHICH OF THE FOLLOWING METRICS DO YOU USE TO MEASURE THE SUCCESS OF CAMPAIGNS?



PUBLISHERS

WHICH OF THE FOLLOWING CAMPAIGN METRICS DO YOU PROVIDE?



While publishers are providing some engagement metrics, they're not offering enough to meet buyer demand. Publishers are slightly more likely to provide social engagement metrics for content marketing (58 percent) than native advertising (52 percent), showing that they are growing attuned to how their buy-side peers are assessing each.

The metrics publishers offer could be due to a lack of awareness that marketers are using engagement to gauge campaign success or a technical inability to offer this type of data. As buyer demand for this grows, publishers will need to figure out how to offer more granular engagement and page level metrics – moving us all beyond CTR, and into the era of engagement.

“What metrics are being used? Things from 15 years ago: clicks and page views. What should be used? *Time and attention.*”

Jason Kint

CEO
Digital Content Next

CONTENT MARKETING AND NATIVE STILL HAVE A CATCH 22

Lack of demand comes
from lack of resources –
in bandwidth

The industry has a wider set of interwoven challenges to tackle before brands fully embrace content marketing & native advertising strategies and before publishers can fully support them.

Lack of budgets and resources to deliver high quality content efficiently is the number one barrier brands/agencies cited today (55 percent).

Being able to better measure ROI (which 50 percent listed as the second largest challenge), would help them to solve for this. By measuring the metrics that matter, brands and agencies can better prove ROI internally, which would in turn empower them to demand greater resources. Success begets success.

“The barrier is overcoming this idea that it’s harder or more expensive or that it takes more resources. It’s just another way of structuring your marketing plan.

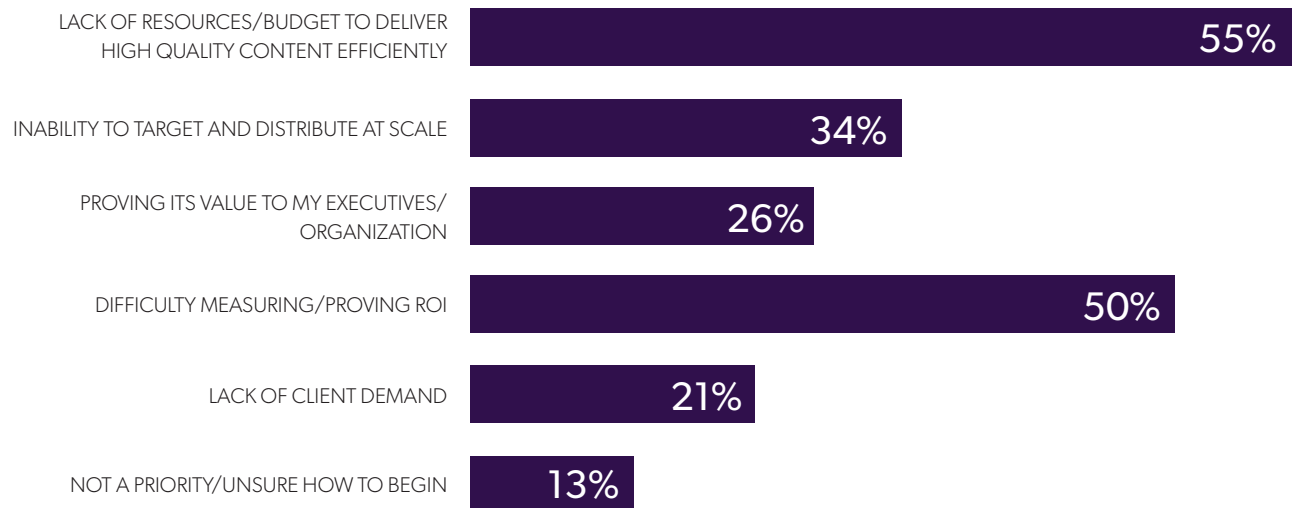
I predict brands are going to take on more of the role of content publishers.”

Bill Evans

EVP and Chief Digital Officer
 Team Chemistry
 WPP Group

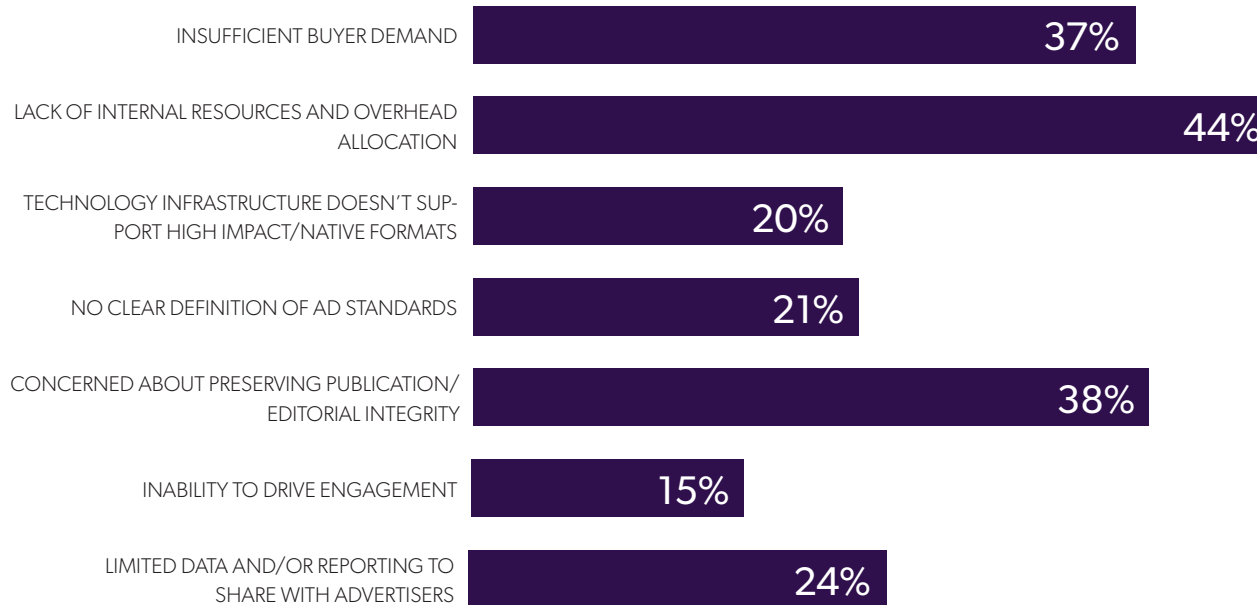
BRANDS/AGENCIES

WHAT BARRIERS ARE PREVENTING YOU FROM DOING MORE CONTENT MARKETING AND NATIVE?



PUBLISHERS

WHAT CHALLENGES ARE HOLDING YOU BACK FROM EMBRACING CONTENT MARKETING AND NATIVE?



Publishers still fear “sponsored stigma”

Similarly, publishers listed insufficient internal resources and the overhead allocations required to support an increase in these placements as their top barrier (44 percent). As with buyers, increased revenue would lower the barrier to entry by making more resources available. The second highest barrier listed, at 38 percent, is more difficult to solve: the fear of “sponsored stigma,” or the desire to avoid losing editorial integrity by hosting sponsored content. Developing clear guidelines and best practices on how to maintain a clear division of “church and state,” and the metrics that will best prove client success, are critical to overcoming potentially negative perceptions and limited funding for content marketing and native tactics.

ADVERTISING TECHNOLOGY WILL POWER CONTENT MARKETING

In this new era of engagement, both marketers and publishers agree that the data-driven, automated technology that powers search and display today will soon do the same for content marketing and native campaigns. While they don't see technology getting heavily involved in the creation and production process, they do feel that automation will help them not only scale content marketing and native, but enable better targeting, measurement and optimization techniques.

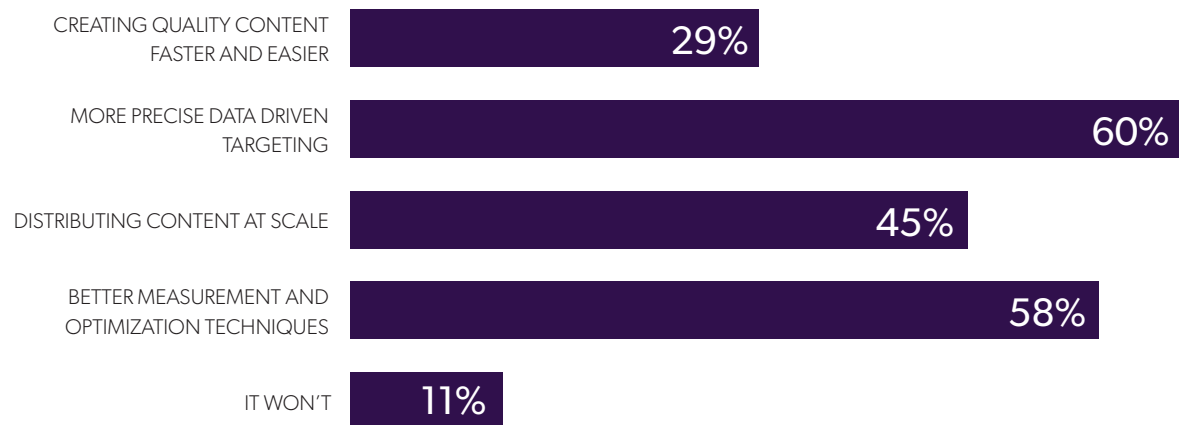
60 Percent believe advertising technology will provide more precise, data-driven targeting to distribute content marketing and native ads in front of the right audience in the right environment at scale.

58 Percent anticipate that technology will bring better measurement and optimization techniques.

And this reality is right around the corner:

83 percent of marketers surveyed in our 2014 study on the intersection of programmatic and content marketing believed that content marketing will be programmatically powered by 2017.

HOW WILL ADVERTISING TECHNOLOGY AUTOMATION IMPROVE CONTENT MARKETING AND NATIVE IN THE FUTURE?



CONCLUSION

“Standard digital ads have continued to focus on direct response while *content marketing has allowed more creativity and engagement with the consumer* – things further up the funnel like building brands and changing perception.”

Jason Kint
CEO
Digital Content Next

Digital content marketing and native advertising have seen significant growth and maturation and both are set to see a period of positive, rapid change over the next two years.

The rise and adoption of programmatic technology will make all of this easier. As automation encompasses more of the digital advertising ecosystem, content marketing and native distribution will benefit. Real-time access to on-demand metrics and the potential to exponentially boost the reach of a campaign will yield clear benefits to advertisers; and publishers who can offer these capabilities will lead the pack.