Optional Assignment #1 - Native Advertising Prospecting:

Four examples of Native Advertising

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Introduction

"... [T]he real fact of the matter is that nobody reads ads. People read what interests them, and sometimes it's an ad."[1] ~ advertising innovator Howard Luck Gossage

In this paper, I will present and discuss four examples of native advertisements:

- In-content shopping widget from on AllRecipes.com.

- In-feed ad on The New York Times website.

- In-feed "news" stories on the WCCO television station website.

- In-feed promoted listings on Amazon.com.

I chose these four ads as illustrations of excellence in one or more of the following areas:

- User experience.

- Platform choice.

- Targeting.

- Placement on the page.

For each ad we will consider:

- The ad's source and where the ad takes you.

- Who placed the ad and why.

- The intended audience and why they were chosen.

- The definition of "conversion" for the ad.

- My observations about the ad.

For other examples of native ads along with an examination of how they fit the definitions and standards of the Interactive Advertising Bureau's 2019 **IAB Native Advertising Playbook 2.0**, see the PDF document I created and made available on my website.

EXAMPLE #1: Walmart shopping widget on AllRecipes.com

This ad lets you place an online order with Walmart for the ingredients of the current recipe. When you click the Walmart button, a pop-up form lets you unselect any ingredients, then add the remainder to a shopping cart on Walmart.com.

A shopping widget can be classified as a "product feed", which the Interactive Advertising Bureau (IAB) defines as a native ad that suggests "product, services or app-install branded/native content; e.g., retail sites and app listings such as Amazon, Etsy and eBay."[2]

Source

The AllRecipes.com website (any recipe). Shown here is the recipe for Classic Savory Deviled Eggs.

Ad takes you to…

First, it presents a pop-up form (shown above). Second, when you click the "Add to Cart" button, you go to Walmart.com where you can complete your purchase.

Who placed this ad and why?

Walmart placed this ad with the primary goal of increasing online sales with either their delivery or pick-up service.[3] Walmart likely had the secondary goal of introducing new customers to its grocery offerings and delivery services. The widget suggests a nearby store based on the website visitor's location.

The choice of AllRecipes.com for this shopping widget is excellent. Anyone who has decided to prepare a given recipe will likely need to buy its ingredients. Because such a user is already in the market, the click-through rate (CTR) for this ad will be high. This volume will result in a low cost per click for Walmart and will drive revenue growth.

Who is the audience and why?

Meal preparers are the audience. As stated above, they will likely need to purchase ingredients. Having this shopping widget on a recipe website is an excellent fit for Walmart. For AllRecipes.com, this widget helps create a great user experience for its visitors.

Definition of conversion

Because the call to action is "buy now", Walmart would likely define conversion as reaching the "Thank You" page of their online shopping cart process. The effectiveness of their native ad can be measured by the number of completed transactions and by sales revenue.

My observations

Although this ad violates the letter of the IAB standards by not being labeled as an ad, the prominent Walmart logo achieves the intent of that standard.[4] In any event, I suspect more AllRecipe.com users will be delighted by this widget than offended it is not labeled as advertising.

EXAMPLE #2: Samsung on The New York Times website

This Samsung ad and its accompanying video were created by The New York Times native ad agency, T Brand Studio. T Brand Studio describes itself as giving clients "access to The New York Times's proven recipe for storytelling and work[ing] with them to develop industry-leading strategy, creative and distribution."[5] By working with The New York Times, Samsung's ad and video were certain to blend in with the tone and look of the Times' own content. Even the ad's graphic is like those used in the website's news articles and editorials.

Source

The New York Times website, nyt.com (11/28/2021). The ad appeared on the homepage.

Ad takes you to…

A video, "Making Laundry More Eco-Conscious", hosted on The New York Times website (as revealed by the URL).

Who placed this ad and why?

Samsung placed this ad. The ad's message as well as its placement on The New York Times site are due to the audience The New York Times can provide (described below).

Who is the audience and why?

According to a 2020 survey by the Pew Research Center, the political views of The New York Times readers skew liberal (with their youth and education no doubt playing a role):

- 91% describe themselves as Democrat or leaning Democrat.[6]

- 72% completed a college degree.[7]

- 63% are younger than 50.[8]

As reported in the Harvard Business Review, research has shown that political views shape buying decisions:

> "[C]onservatives tended to differentiate themselves through products that show that they are better than others – for example, by choosing products from high-status luxury brands. In contrast, liberals tended to differentiate themselves through products that show that they are unique from others [sic] – for example, by choosing products with unconventional designs or colors."[9]

Given The New York Times's young, educated, and liberal readership and HBR's reported research, the Times would be a good platform to advertise products that can set their owners apart from other people. Being highly educated, however, such an audience would need a distinctiveness that was more than the superficial "unconventional designs or colors" suggested by the HBR article. Samsung's message that its "next generation washing machines integrate A.I. [artificial intelligence] to boost sustainability", seen on the video page to which the ad takes you, offers a distinctiveness that is both high-tech and environmentally-conscious.

Definition of conversion

The Samsung ad takes you to a webpage where the video resides. On that page is a "Learn more" button which in turn takes you to a landing page for Samsung home appliances. This page lists Samsung's various product lines with several prominent "Learn more" and "Shop Now" buttons. Therefore, conversion for the Samsung ad appears to be a visit to the home appliances page. Visitors to that page could then be retargeted with ads with more explicit calls to action (including "buy now" messages). Since the landing page also features "Shop Now" buttons, conversion could also be the purchase of a new Samsung appliance.

My observations

The indirect sales approach of this ad and video, epitomized by the final "What are you waiting for?" might make many marketers wince. However, given the demographics of the typical Times reader, it is likely ideal. This is because Samsung's washing machines are among the most expensive. Selling for more than $1,000, these washers are more than twice as expensive as major competitors Amana and

Hotpoint at the time this was written.[10] Samsung must therefore convince potential customers of the value of its product before mentioning the high price. The ad therefore focuses on the environmental value of its products. Owning an environmentally-friendly washing machine, especially one that has artificial intelligence, is something that would set the owner apart from other people. As we learned from the Harvard Business Review, that is the way to sell to liberal consumers --- and liberal politics characterize most of The New York Times' readership.

EXAMPLE #3: Native ads on WCCO TV station website

WCCO is a broadcast television station in the Minneapolis/Saint Paul metropolitan area of Minnesota (USA). Their website provides video and image-heavy presentation of local news, weather, and sports. It also lets web visitors watch the station's programing live. The website therefore has broad appeal.

Source

Website of my local affiliate of the CBS television network, WCCO (https://minnesota.cbslocal.com).

Ad takes you to…

- "New Neuropathy Sock is Helping Millions With their Foot Neuropathy" goes to a video promoting special socks to alleviate foot pain from neuropathy ("something magical happens").

- "13 Retirement Investing Blunders to Avoid in Your 60s" goes to a campaign landing page of Fisher Investments encouraging me to download their document "13 Retirement Investment Blunders to Avoid".

- "5 Best Recommended Mattresses" goes to a Cyber Monday campaign landing page "Holiday Mattress Sales 2021".

Who placed this ad and why?

The advertisers placing these ads are not necessarily the "company" shown on the ad. The actual companies are:

- **Neuropathy sock**: Wexmon, LLC.[11]

- **Retirement blunders**: Fisher Investments.[12]

- **Mattresses**: TrafficPoint Ltd.[13]

Because the WCCO website has broad appeal, an advertiser can confidently promote things with broad appeal --- cars, weight loss, clothes. They can also be confident a broad-appeal website would attract some people with an interest in a product that would not have broad appeal.

Who is the audience and why?

The audience for each of the three ads is *me and others like me*:

   * I did a web search on "neuropathy" earlier this year.

   * I am 55+ years old and do frequent web research about investments.

   * I recently did web research for buying a guest bed.

All three advertisers correctly identified me as having recently expressed interest in a topic addressed by their products (neuropathy socks, investment guidance, and mattresses). Given the broad appeal of the WCCO website, these ads were placed with the expectation I and others like me would visit.

The destination URLs of all three ads include the word "Taboola." How I was targeted by each advertiser through Taboola --- whether by a URL I visited, by look-alike seeding, or by Taboola's audience segments --- is not discernable from the URLs.[14]

It is worth noting that although the Fisher Investments ad was headlined "13 Retirement Investing Blunders to Avoid in Your 60s", the document promoted did not have an age in its title. The title was merely "13 Retirement Investing Blunders to Avoid". I therefore received an age-specific headline for a generic ad. The graphic showing a male over the age of 50 was perhaps also chosen for me. People younger than me probably saw a headline and graphic chosen for their age. When a woman was shown this ad, they may have been shown a graphic featuring a woman.

Definition of conversion

Based on the calls to action in each ad's destination message and the available controls (buttons) offered on the destination page, conversion was likely defined for each ad as follows:

- **Neuropathy sock**: completing a purchase of their socks (since the destination video page directed me to a purchase page).

- **Investment blunders**: providing my email to receive their document (since that was required to obtain the promoted document).

- **Mattresses**: visiting the multiple-vendor directory "Holiday Mattress Sales 2021". The company that placed the ad in my example, TrafficPoint Ltd., apparently makes its money on a cost-per-click basis by advertising for mattress companies. Also, the total number of visitors to the directory website helps TrafficPoint promote its services to new customers.

My observations

As we learned in our earlier Search Advertising course, the appeal of search ads (as opposed to native ads) is that they get in front of consumers when they are in the market.[15] The advertisers who placed the three native ads in my example (or perhaps Taboola) tried to do the same with native ad targeting:

- The **investment ad** correctly identified me as an active investor.
- The **mattress ad** correctly identified me as having recently been in the market for a bed (although that window closed when I made my purchase two weeks earlier).
- The **neuropathy sock** ad struck out, however: I only researched this topic (I do not have the medical condition).

These three ads on the WCCO website illustrate how native ads, when well targeted, can be a lower-cost (if less effective) alternative to search ads. However, the downside of that lower cost is the competition for attention. On the WCCO website, my example competed with _32 other native ads on the same page_.

WCCO tries to maintain reader interest in its mass of native ads by seeding its own news items among those ads. Nevertheless, the monotony of uninteresting stock photos in the native ads gave me "native ad blindness." My attention was only drawn to three ads whose headlines reflected recent interests of mine: **neuropathy**, **investments**, and **mattresses**. That all three highly-targeted ads were placed through Taboola may explain why those ads appear together in the same row.

EXAMPLE #4: Sponsored "Highly rated" ads on Amazon

Because these ads appear on the search results page of Amazon.com (from a search for "sheets"), we might think these ads would be classified as paid search. However, the Interactive Advertising Bureau (IAB) points out they are not:

> "Promoted Listings are actually In-Feed Ads typically found on commerce sites."[16]

While the ads in my example and other ecommerce promoted listings appear on a search results page, they could not be considered paid search ads since the ecommerce site is not a web search engine. The

search feature on an ecommerce site merely searches the merchant's database and ad server. There is no pretense of "net neutrality" in the results it returns.

What is noteworthy about the ads in my example, besides the label "Highly rated", is how far down the search results page they are. Shown right is the search results list starting from the banner ad at the very top of the results. Note that the "Highly rated" promoted listings are three rows down (not counting the banner ad at the top). We will consider the possible reason for this location shortly.
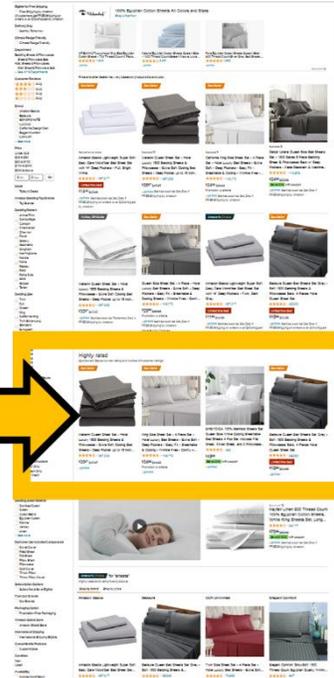
Source

Amazon.com (search results for "sheets").

Ad takes you to…

Each ad, when clicked, takes you to the Amazon product page for the item in question. From there you can find details about the product and purchase it.

Who placed this ad and why?

The five advertisers in this carousel ad (the fifth ad is only visible by scrolling to the right) are competing bed sheet sellers. Why they would purchase an ad so low on the search results page and under the banner "Highly rated" required me to do some investigation to discern.

When I searched for sheets on Amazon and filtered for those rated with 4.5+ stars, I counted on Page 1 alone 33 products with 4.5+ stars. Two of these 33 products had *5 stars*. However, the two 5-star products appeared as #12 and #25 in the search results (reading left to right, top to bottom). On Page 2, there were 29 more products with 4.5+ stars including another *5-star* listed as #18 on Page 2. For this last 5-star product to be found, a shopper would have to go to Page 2 and then skip over 17 products. The disadvantage of this location is conveyed by the adage: the best place to hide a dead body is on Page 2 of search results.

Of course, the shopper can filter the Amazon results by average rating. Several options are available from the filter tools on the left-side of the search results screen (see first image, right). If the user selects "4-star & up", they see only those highly-rated items in their results. However, they will _not_ be _sorted_ by rating. The filter will result in 4-, 4.5-, and 5-star items appearing randomly in the results. To see 5-star items at the top of the results list requires the shopper to **_sort_** by rating (see second image, far right).

The drop-down box of sort options is not among the highly visible filter options on the left-side of the screen. It is located on the other side of the screen in the top-right corner. This drop-down has small letters (enlarged in the image, above, for easier reading), is dull gray, and needs to be opened for you to see your options. This placement and design are not conducive to this sort being used early in a shopper's search, if at all. This diminishment seems to have been by design.

What does this situation have to do with the promoted listings in my example? It reveals that Amazon sees this disadvantage as an opportunity to sell advertising for highly-rated items in its "Highly rated" promoted listings.

The "Highly rated" promoted listings area does not appear at the very top of the page, but three rows down (not counting the banner ad at the top). Since other promoted listings are higher on the page, the advertisers in my example apparently could have paid more for higher placement. It would therefore seem that the combination of a lower ad cost (for lower placement on the page) together with the "Highly rated" label compensated for the lower page placement. It is worth noting that no 5-star items appear in the ads, only 4.5-star items. Manufacturers of 5-star items apparently believe their highest-possible rating is sufficient to compete. The advertisers of the 4.5-star items in my ad clearly did not think they could rely on their rating alone.

Who is the audience and why?

From the following facts, we can infer the intended audience for these "Highly rated" ads and why these shoppers are targeted:

1. These "Highly rated" promoted listings only appear in the default "**Sort by: Feature**" state (as when search results first appear). These ads disappear when any filter or other sort is applied.

2. To see these "Highly rated" listings, the shopper must scroll past a banner ad and two rows of promoted listings consisting of seven paid ads and four Amazon promotions (the latter type promoting for "Best seller" and "Amazon's Choice" items).

This tells us that the "Highly rated" ads are intended for a shopper who is:

- not so particular that they would immediately filter and sort the search results…

- …but more selective than simply buying from one of the first two rows of items offered…

- …and is not so price sensitive that they would immediately sort by price, low to high.

A shopper who matched this description would likely be close to filtering and sorting the results by the time they scrolled down several rows. Therefore, these "highly rated" promoted listings are the last chance of their advertisers to get the attention of a shopper before a filter or sort reorders the search results. After that, there is no guarantee these promoted products would appear again on Page 1.

Definition of conversion

As with all things promoted on Amazon, a completed purchase would constitute a conversion.

My observations

Consider Amazon's possible alternative to these "Highly rated" promoted listings: using the space to sell more highest-bidder ads. Instead, Amazon uses this space for promoted listings of items with 4.5+ stars.

To understand why Amazon might do this, consider why web search engines like Google consider a search ad's quality as part of the ad-space bidding process:

> "Google depends on revenue from advertising, so they have a big incentive to make sure users find the ads interesting and click on them. ...If they [Google] allowed low-quality ads to take up space that could be filled with more relevant ones, they'd make less money in the short term and risk alienating users in the long-term."[17]

Amazon seems to have had the same reason in creating its promoted listing space for highly-rated items

Conclusions

My four examples of native ads each illustrate excellence in some aspect of native advertising:

- Walmart's shopping widget on AllRecipes.com creates a **great user experience** by supporting a user in creating the recipe of their choice.

- Samsung's in-content ad on The New York Times website shows an excellent **choice of platform** to reach its desired audience. It also shows excellent matching of **message and call to action** to that desired audience.

- The three native ads on the WCCO website demonstrate an excellent **choice of platform** for finding many people with a demonstrated interest in their products --- then using **audience targeting** to show those ads with **targeted headlines and graphics**.

- Amazon's "Highly rated" promoted listings, like Walmart's shopping widget, demonstrate you can provide a **good user experience** while still making money. Those listings also demonstrate how _not_ providing a good experience for the _advertiser_ (i.e., disadvantaging highly-rated items) can **create an opportunity for additional ad revenue**.

ENDNOTES

[1] Howard Luck Gossage, "Is There Any Hope for Advertising," Urbana, IL: University of Illinois Press, 1986. Published in The Book of Gossage: a Compilation", Chicago, IL: Copy Workshop, 2006. Obtained from the Internet Archive: https://archive.org/details/bookofgossagecom0000goss. Page numbers refer to the original publication, not the compilation.

[2] IAB Native Advertising Playbook 2.0, Interactive Advertising Bureau, 2019, p. 12. https://www.iab.com/insights/iab-native-advertising-playbook-2-0

[3] Shopping cart text, Walmart.com. Text reads "Pickup or delivery from store" with the option to choose which.

[4] IAB Native Advertising Playbook 2.0, p.20. Letter of the standard: "Use language that conveys the advertising has been paid for, thus making it an advertising unit, even if that unit does not contain traditional promotional advertising messages." Spirit of the standard: "… a reasonable consumer should be able to distinguish between what is paid advertising and what is publisher editorial content."

[5] "Samsung | Produced with T Brand Studio" (end-title in Samsung video). From video "Making Laundry More Eco-Conscious" (Samsung), The New York Times (nyt.com). Also, "T Brand Studio", The New York Times, https://www.nytco.com/products/t-brand-studio.

[6] Americans' Main Sources for Political News Vary by Party and Age (graphic titled "Demographic differences emerge among those who rely on each outlet as their main political news source"), Pew Research Center, March 31, 2020. https://www.pewresearch.org/fact-tank/2020/04/01/americans-main-sources-for-political-news-vary-by-party-and-age/ft_2020-04-01_newssources_04/.

[7] Americans' Main Sources for Political News Vary by Party and Age, graphic titled "Demographic differences emerge among those who rely on each outlet as their main political news source", Pew Research Center, March 31, 2020. https://www.pewresearch.org/fact-tank/2020/04/01/americans-main-sources-for-political-news-vary-by-party-and-age/ft_2020-04-01_newssources_04/.

[8] Americans' Main Sources for Political News Vary by Party and Age, graphic titled "People whose main political news source is The New York Times or NPR are most likely to be under age 50", Pew Research Center, March 31, 2020. https://www.pewresearch.org/fact-tank/2020/04/01/americans-main-sources-for-political-news-vary-by-party-and-age/ft_2020-04-01_newssources_03/.

[9] Nailya Ordabayeva, "How Liberals and Conservatives Shop Differently", Harvard Business Review, June 19, 2018. https://hbr.org/2018/06/how-liberals-and-conservatives-shop-differently.

[10] "Ads: Shop washing machine," Google search for "washing machine, Google.com. https://www.google.com/search?q=washing+machine.

[11] The website of the domain in the ad's hyperlink, Amrelieve.com, says in its Privacy Policy that web visitor information is collected by Wexmon, LLC. From "Privacy Policy," Amrelieve.com, https://amrelieve.com/pages/privacy-policy.

[12] The website of the domain in the ad's hyperlink, FisherInvestments.com, says on its Contact Us page that they are (as they state) Fisher Investments. From "Contact Us," FisherInvestments.com, https://www.fisherinvestments.com/en-us/contact.

[13] The website of the domain in the ad's hyperlink, Top5-Mattresses.com, say in its Privacy Policy that web visitor information is collected by TrafficPoint Ltd. From "Privacy Policy," Top5-Mattresses.com, https://top5-mattresses.com/privacy-policy/.

[14] The different options for audience targeting in Taboola are from video "Taboola Start Webinar - October 2018," Taboola (via YouTube), October 4, 2018. https://www.youtube.com/watch?v=6xFhAWis21Q.

[15] "Search advertising has purchase intent baked in." From Week 2 - Reading #7, "Advantages and Disadvantages of Search Advertising", Introduction to the Digital Advertising Landscape, University of Colorado Boulder/Coursera. https://www.coursera.org/learn/digital-advertising-landscape/supplement/hXxJV/7-advantages-and-disadvantages-of-search-advertising.

[16] IAB Native Advertising Playbook 2.0, p. 6.

[17] Frederick Vallaeys, "What Is Quality Score & Why It Matters", Search Engine Journal, February 12, 2021. https://www.searchenginejournal.com/ppc-guide/quality-score/#close.