



WHAT DO PUBLISHERS REALLY THINK OF THE EMERGING FORMS OF ADVERTISING?

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About **GUMGUM**

As the inventor of in-image advertising, GumGum is the leading digital marketing platform for the visual web. Our technology unlocks the value of connected images, and delivers highly visible and engaging campaigns for marketers.

Reaching over 400 million visitors as they view images and content across more than 2,000 premium publishers, GumGum ads consistently achieve an 85% viewability rate and deliver 10 times better engagement than traditional display options, resulting in superior brand lift for marketers and increased revenue for publishers.

With GumGum, leading brands from AdAge's top 100 US advertising spenders list, including Disney, L'Oreal and Toyota, can target audiences with contextually relevant content through in-image and in-screen ads, native, video and programmatic options.

GumGum is headquartered in Santa Monica, California, with six additional offices in the US and in the UK. Founded in 2007, GumGum is backed by investors include Morgan Stanley, NEA, Upfront Ventures, First Round Capital and Crosscut Ventures.

ABOUT THE AUTHORS



OPHIR TANZ, CEO

Ophir is the CEO and founder of GumGum and has revolutionized the advertising industry with the creation of the first and largest in-image advertising platform. Prior to launching GumGum in 2007, Ophir was the CEO and co-founder of Mojungle.com, a mobile media-sharing platform that was sold to Shozu.com in 2007. Before this, Ophir co-founded and sold Fluidesign, an award-winning interactive and branding agency.



BEN PLOMION, SVP MARKETING

Ben is the SVP of Marketing at GumGum and brings more than 15 years of experience in marketing communications, as well as business development. Prior to GumGum, Ben was responsible for Chango's brand, integrated marketing and demand generation. His team created one of the most robust thought leadership platforms in the industry and has won multiple marketing and design awards. Prior to joining Chango, Ben worked with GE Capital for four years to establish and lead the digital media practice.

What You Need To Know

IN 2 MINUTES OR LESS

The publishing industry is in a state of flux. Never before has online advertising been so essential to the financial health of publishers, and their ability to provide often free services to their readers. Yet ineffective ads annoy consumers, fail to meet advertiser goals and degrade the publisher's brand experience.

Over the past few years, the industry has seen new forms of advertising enter the market, including mobile, video, native and in-image ads, as well as open exchanges and private programmatic marketplaces. But are these innovations breaking new ground for publishers? Will they solve the challenges outlined above? What do publishers really think about these opportunities? And, most interestingly, can we expect, in the relatively near future, a world in which all standard banner ads are replaced with more effective ones?

To find out, we asked representatives of four media companies ESI Media (publishers of The Independent, Evening Standard, among others), Internet Brands, Terra, and Bauer Xcel Media what they really thought of the value these more innovative forms of advertising brings to the table.

Without exception, all of the publishers we spoke to take each of these opportunities seriously. They've dedicated people and budget to experimenting with them, and they're approaching each new ad format and selling model with an open mind. They're not so quick to pass judgment. User experience is a key criteria to making a decision on how they'll proceed.

For instance:

- ESI Media's Graeme Finneberg is looking forward to the day when programmatic private marketplaces provide a more substantial portion of revenue. To get there, Graeme believes the industry needs to automate the deal setup.

- Eric Wellner of Internet Brands views in-image ads as an untapped source of revenue that provides high visibility for advertisers. This combination meets the needs of consumers, advertisers and publishers, which is why it's delivering great results.
- According to Vicky Hsu, Bauer Xcel Media sees partnerships as the best way to create high impact mobile ad units and avoid the low CPMs that have plagued the channel to date.
- Luis Montoya of Terra describes how his company redesigned its site to a card format in order to improve the user experience and ensure ads are always next to relevant content.
- NYU Professor Anindya Ghose points to recent research that shows conversions, engagement and sharing increase substantially when simple images and videos are used. Images are especially relevant to Millennials who, as Professor Ghose explains, make up 25% of the US population, and spend some \$200 billion per year.

ABOUT THIS GUIDE

This guide shares insights into how four publishers see native, in-image, mobile, video and programmatic advertising fitting into their overall monetization strategies, as well as background and tips on native and in-image. And NYU Professor Anindya Ghose shares insights from his research into the media consumption habits of the Millennial generation. We hope you will find it useful to sparking conversations within your company and with your clients.



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ESIMEDIA



Across The Pond:

AN INTERVIEW WITH ESI MEDIA'S GRAEME FINNEBERG



ESI Media is a multi-media company reaching 14.7 million people every month through its newspapers and digital properties, which include the London Evening Standard, The Independent, i, and London Live. ESI Media's goal is to deliver premium content to consumers whenever they want it, and in whichever format they require. Digital advertising is an integral part of reader experience, and Graeme Finneberg, Digital Commercial Director, who is located in London, works hard to ensure its quality is up to ESI Media's exacting standard.

Q WHAT IS YOUR BACKGROUND AND CURRENT ROLE AT ESI MEDIA?

I joined ESI Media as Digital Commercial Director a few years ago and am responsible for all digital commercial revenues across the Evening Standard, Independent and i digital platforms and properties. The main area of my focus is direct sales, programmatic, mobile, and third-party relationships. Prior to that I was Advertising Director at Zoopla, the property portal, and SMG plc before that.

Q WHAT MAKES ESI MEDIA UNIQUE AMONG PUBLISHERS?

We have a very large international digital footprint and a strong national presence. The Evening Standard is also one of the most famous publications in the UK. The combination of our large paper circulation, focus on the London up-market audiences and growing digital footprint is extremely valuable to advertisers. They appreciate our diverse audience, extensive reach and visibility.

"WE ALSO MONETIZE OUR REMAINING INVENTORY PROGRAMMATICALLY, WHICH IN THEORY, MEANS WE HAVE 100% ADVERTISING SELL-THROUGH RATE."

Q CAN YOU SHARE WITH US YOUR HIGH-LEVEL STRATEGY FOR MONETIZATION?

Our UK direct sales teams sell high impact and brand campaigns and we partner with marketers and agencies to integrate their content into our web properties to deliver long-term partnerships.

Ninety-five percent of our inventory can now be bought programmatically. We also monetize our remaining inventory programmatically, which in theory, means we have 100% advertising sell-through rate. In addition to standard IAB formats we're also seeing more demand for native advertising, as well as demand from third-party partners such as GumGum, to help us maximize our revenue.

Q WHAT'S YOUR STRATEGY FOR MONETIZING MOBILE ASSETS?

We have a lot of mobile traffic, the majority of which goes to our mobile site. Our goal is to monetize it in exactly the same way as we do as with our desktop sites, but it's more of a challenge because screens are smaller. The industry doesn't have a great solution for that challenge yet so we will continue to test new ideas and formats.

Q WHAT'S YOUR PROGRAMMATIC STRATEGY ... ARE YOU USING OPEN EXCHANGES, PMPS, WHAT'S THE BALANCE?

We work in partnership with Pubmatic, which is our international SSP, so everything goes through them. Obviously, a portion of our inventory is sold in their open exchange, but they offer PMP capabilities as well. Next quarter we plan to start selling automated guaranteed buys through Pubmatic, which we think will help strengthen our relationships with brands, as well as increase CPMs.

**FURTHER
READING**

Why publishers are struggling with private marketplaces
bit.ly/1GzgfWi

DIGIDAY



Q WHAT IS YOUR EXPERIENCE WITH PMPs? IS IT A SUBSTANTIAL PART OF YOUR REVENUE? DO YOU SEE IT GROWING?

It's not as substantial as I'd like, but it's growing. The challenge of PMPs is they take quite a lot of effort to set up, there's a lot of manual labor as it's not an automated solution. From a publisher's point of view, there are no guarantees in terms of what budget you'll finally get. If you can hit the absolute perfect audience, you may get the entire budget, but it's very hard to forecast against.

"THE CHALLENGE OF PMPs IS THEY TAKE QUITE A LOT OF EFFORT TO SET UP, THERE'S A LOT OF MANUAL LABOR AS IT'S NOT AN AUTOMATED SOLUTION."

Q WHAT HAS BEEN YOUR EXPERIENCE MONETIZING YOUR IMAGES?

This is an area of commercialization that we're relatively new to but have had a positive experience so far. As you can imagine, news sites have a lot of images, however the challenge is ensuring that we don't trivialize an important, or potentially harrowing article image with an inappropriate advert. I think as the technology and our experience improve this should create space for growth in this area.

Q DO YOU SELL ANONYMOUS USER DATA TODAY? IF YES, ARE YOU SUCCESSFUL?

Not at the moment, mostly because we've focused our resources on building out the other tools we needed, such as programmatic capabilities. Now that we have those in place we can look at data, and how we can package it. Nothing has been confirmed yet.

Q HOW DO YOU BALANCE THE USER EXPERIENCE AND THE MONETIZATION OF YOUR SITE?

Both editorial and commercial departments drive the business decisions around how the sites are laid out and ultimately monetized, however we also get and act on user feedback. Ultimately, we are a content provider, and people come to us to read our news and content so we must be mindful of that. Our traffic is growing year over year; we're up 81% for The Independent. A lot of our traffic comes from social media sites, and they come to read one or two articles so if they don't have a good experience, they won't enjoy our brand, this is why it's so important to be very careful to have a balanced approach.

Q WOULD YOU EVER CONSIDER REPLACING ALL OF YOUR DISPLAY ADS AND REPLACE THEM WITH NATIVE AND IN-CONTENT FORMATS IN THE FUTURE?

That's really hard to say. There is an argument for integrated solutions and moving forward with more innovative ad formats. There certainly is a future for high-impact advertising which makes good use of data and targeting. There are more solutions like that coming to the market. I think the days of pages with display ads from top to bottom are numbered. We'll see them less and less as publishers develop their sites.

Q YOU WORK WITH MANY PARTNERS; PUBMATIC, GUMGUM. WHAT DO YOU VALUE MOST IN A PARTNER?

For me it's trust, actually. As a big publisher, we have the opportunity to work with a lot of partners across a wide spectrum of needs. The partnership should be a two way relationship, with both working together to deliver a good solution that works for the publisher, partner and advertiser as well. Of course, mistakes will be made, and that's where trust comes in. You need to trust that everyone will work together to resolve it.



FURTHER READING

What Every Tech-Savvy Marketer Should Know About the Future of Programmatic Advertising Brands prefer the private marketplace
bit.ly/1MizSsX

ADWEEK

Going Native:

10 PUBLISHERS SHARE THEIR STRATEGIES ON NATIVE ADVERTISING


9 OUT OF 10

 currently offer
native advertising

8 OUT OF 10

 work with a native
ad vendor

8 OUT OF 10

 are paid via a
CPM model

10 OUT OF 10

 prefer to desktop to roll-out
native advertising

The buzz around native advertising continues unabated. And it's not just talk – advertisers are dedicating sizable chunks of their budgets to the tactic. In its “Native Advertising Update: Marketers See Healthy Spending Growth in 2015” report, eMarketer predicts spending will grow 34.4% in 2015, topping \$4.3 billion.

Clearly, advertisers see a lot of benefit in native ads. Messages are tightly related to the content users have chosen to view, and the creatives are designed to match the look and feel of the sites on which they appear. The result? A seamless brand experience that engages readers at the exact moment their interest in a particular topic is piqued. Publishers benefit by keeping readers on their sites longer as they click through additional content.

How widely are publishers embracing native advertising? To find out, we asked 10 of GumGum's premium publisher clients if they currently use native advertising, as well as how they see it fitting into their overall monetization strategy.

Here's what we heard:

- 9 out of 10 currently offer native advertising
- Most (7) cite extra revenue as their primary motivation; 2 are seeking a better customer experience

- 8 partner with a native ad vendor; 1 invested in a custom solution
- 8 are paid via a CPM model, 1 via a flat fee, for ads that appear on their sites
- Desktop is the preferred screen (10), followed by mobile (9). There's not much support for tablet (1) or in-app (1) native advertising yet.
- 5 publishers are comfortable with ads filled by entirely by third-party vendors; 4 would prefer to fill ad slots with their own campaigns, and use a partner for what doesn't get sold. One 1 vendor prefers to monetize it directly.

BEWARE OF RISKS

Although the publishers were on the whole enthusiastic about native advertising, they did warn of some risks. For instance, fill rates are still rather low, a reality that must be taken into account when projecting revenue.

Moreover, some of the native ad vendors rely on content that generates a lot of clicks across the web. All too often, highly viral content is scandalous, which might not sit well with every brand.

7 TIPS FOR IMPLEMENTING NATIVE ADVERTISING ON YOUR WEBSITE

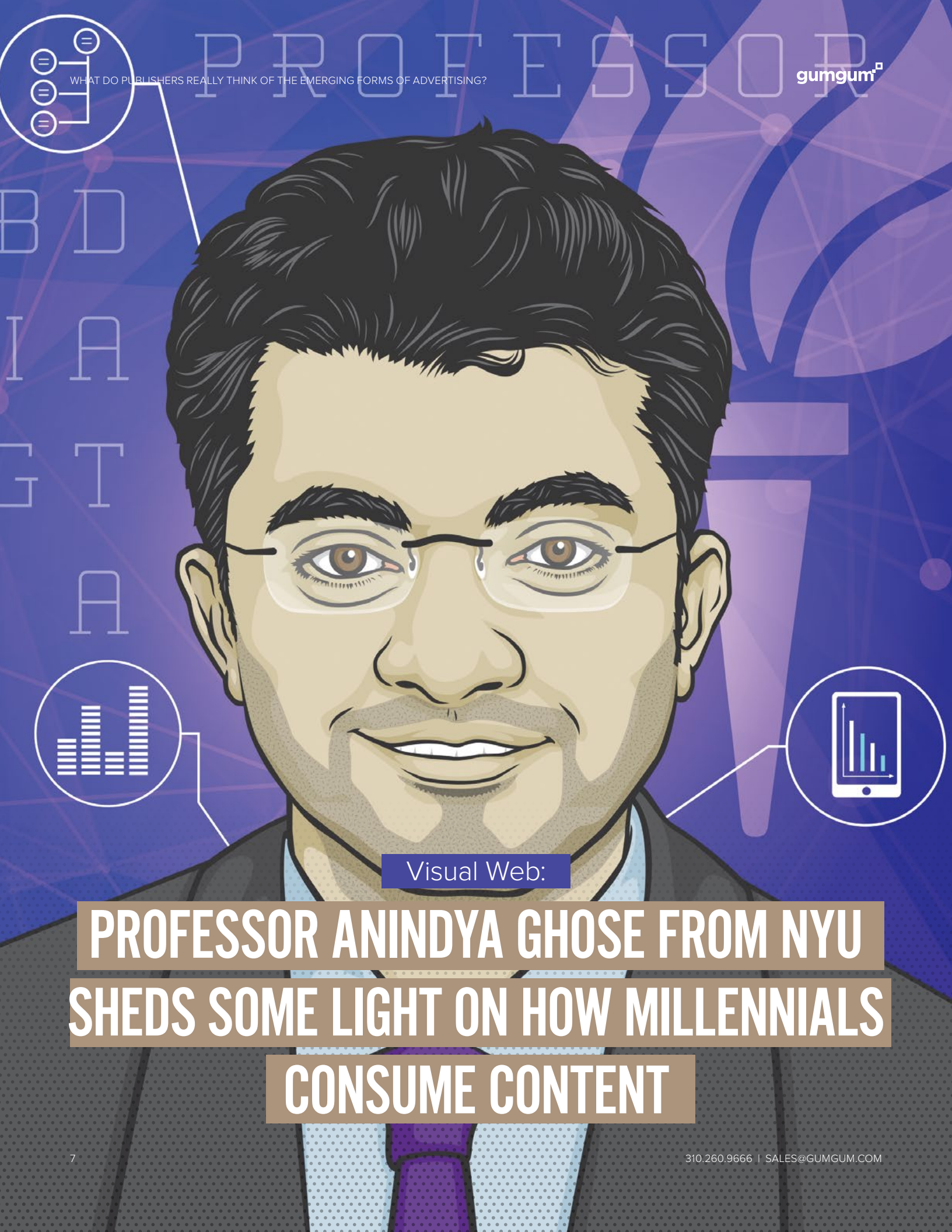
Considering implementing native advertising on your site? If you're like most publishers, you will probably opt to partner with a vendor, rather than build an in-house native ad solution. But how do you go about selecting the partner?

Rob Rasko, Founder and CFO of The 614 Group, a digital media consultancy with expertise helping publishers test and select platforms including native, has a simple piece of advice for publishers working through the vendor selection process: Let your vision of the user experience, along with limitations on your internal resources, drive your selection process.

Here are some specific things to think about:

Tip #1: Decide on the type of ad unit that will work best for your brand. The IAB defines 6 “core” ad units:

1. In-Feed Units
2. Paid Search
3. Recommendation Widgets
4. Promoted Listings
5. In-Ad (IAB Standard) with Native Element Units
6. Custom / “Can't be Contained”



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Visual Web:

PROFESSOR ANINDYA GHOSE FROM NYU SHEDS SOME LIGHT ON HOW MILLENNIALS CONSUME CONTENT



As a Professor of Information, Operations and Management Sciences and a Professor of Marketing at New York University's Leonard N. Stern School of Business, Anindya Ghose conducts numerous research and consulting projects that explore the impact of the Internet on markets transformed by its shared technology infrastructure, the economic value of social media, and the impact of digital and mobile marketing.

Q NEWER PLATFORMS LIKE SNAPCHAT AND SECRET ARE RETHINKING HOW IMAGES PLAY INTO OUR DAILY CONVERSATIONS, DO YOU THINK THE SUCCESS OF THOSE PLATFORMS REFLECT MAJOR SOCIETAL CHANGES?

A huge majority of information transmitted to the brain is visual. I had read somewhere that visual content is processed 60,000x faster in the human brain than textual content. Many randomized experimental studies and A/B tests have found that advertising conversion rates on the Internet significantly increase with simple images and videos. Research has also shown that images on social and digital platforms get more engagement than links or text. Images have a higher chance of being shared than anything else. Therefore, it seems increasingly evident that generating and using visual content is becoming key for businesses.

Q DO WE SEE A FUNDAMENTAL CHANGE IN HOW USERS, ESPECIALLY MILLENNIALS ARE CONSUMING CONTENT TODAY?

Yes absolutely! A majority of Americans now own a smart phone, and the majority of those who own smart phones fall in the 18-34 demographic. With the increasing ubiquity and adoption of smart phones and tablets, more and more millennials are consuming and generating content on the go! With faster network speeds, their devices can load images just as quickly as they once loaded simpler

applications. Millennials are taking pictures and videos and posting them on the Internet or sharing them on social media at a frightening pace. Hence user-generated content is becoming more and more visual and less and less textual. Visuals show your experiences without telling people about them. This allows viewers not to spam their audience or overload them with textual information. The same fundamental learnings should apply to brands and marketers as well as they migrate to a visual web strategy.

Q WHAT ARE THE KEY DESIGN CHANGES PUBLISHERS SHOULD BE AWARE OF IF THEY WANT TO APPEAL TO MILLENNIALS?

Millennials make up approximately 25% of the US population and possess an influential degree of buying power, on average \$200bn a year. So it is vital to develop a better understanding of this demographic and learn about how they want to consume content. Like I said above, the web is becoming visual and so this transformation to the visual web has to be a key design strategy. Depending on the publisher or the brand, constructing a mobile marketing strategy could be one of the best ways to begin appealing to Millennials. Millennials also grew up sharing on social media. Seventy-five percent of Millennials have a profile on a social networking site and hence they expect brands and publishers to have a social presence. So publishers should keep that in mind. Maybe organizing a book launch on Snapchat will not sound crazy anymore!

Q AS WE THINK OF THE VISUAL WEB, WHAT ARE THE KEY IMPLICATIONS FOR MARKETERS?

From the perspective of Millennials they want to interact with a personable brand and connect on a personal level. So when marketers think of their visual web strategy, they need to make sure that humor and entertainment is embedded into the visual content.

"VISUAL CONTENT IS PROCESSED 60,000X FASTER IN THE HUMAN BRAIN THAN TEXTUAL CONTENT"

**FURTHER
READING**

How Millennials Are Transforming Marketing
on.bcg.com/1TOfdw6

BCG
THE BOSTON CONSULTING GROUP



It needs to be based on responsive design so that the content becomes agnostic to device or browser type. But that being said, there are also some common misconceptions in the media about the interests and reading habits among Millennials—that they only read digitally. This often leads publishers to making poor decisions and investing in the wrong marketing tools. Publishers should be cognizant of these myths.

Q NATIVE ADVERTISING IS ALSO CONTRIBUTING TO THE GROWTH OF THE VISUAL WEB. HOW DO YOU THINK ADS WILL BECOME MORE INTEGRATED INTO CONTENT?

Sure, native ads are trendy these days because they are able to seamlessly blend engaging content into the readers' context. The typical display ads have now become very standardized, and so it makes it easier for users to ignore ads even if they are well targeted. On the other hand, native ads have the huge advantage of appearing organically generated to the vast majority of readers. Typically, with native advertising, the engagement with content is the key goal for the ad campaign. Since

“THERE ARE ALSO SOME COMMON MISCONCEPTIONS IN THE MEDIA ABOUT THE INTERESTS AND READING HABITS AMONG MILLENNIALS—THAT THEY ONLY READ DIGITALLY.”

users are actively reading the content, they are more likely to read the ad. And this leads to higher engagement and higher CTRs, which leads to increasing avenues for monetization. The reality is that because the design of native ad will be customized from publisher to publisher, it is hard for users not to engage with those ads.

Q HOW CAN PUBLISHERS ESTABLISH THE RIGHT BALANCE BETWEEN MONETIZING THE VISUAL WEB (FOR EXAMPLE MONETIZING IMAGES OR VIDEO) AND USE EXPERIENCE?

According to eMarketer, 83% of marketers view native advertising as an awareness tactic. Hence their main focus is on reach, efficiently driving users to content, and engagement with content. Publishers have to strike the right balance amongst the many different factors that contribute to successful campaign performance (and higher user experience), such as delivering a quality message in contextually relevant content, landing page creative, etc. At the same time, they have to successfully thwart competition, since in the near future everyone and their mom is going to try to monetize using the visual web

Q DO YOU THINK THAT THE STANDARD DISPLAY AD WILL DISAPPEAR ULTIMATELY AND BE REPLACED BY NATIVE AND OTHER FORMS OF MONETIZATION?

Absolutely! By adopting native ads, media companies and publishers should be able to significantly increase their revenue. More importantly, advertisers will pay for this, because native ads yield higher engagement rates from customers compared to display ads.

FURTHER READING

Millennials Less Wary of Native Advertising Than Older Readers, Study Finds

bit.ly/1OuQjBG



Tip #2: Determine a monetization strategy.

What role, if any, do you want your third-party vendor to play in filling your inventory? Consider your internal sales strategy and resource level for selling native advertising. Some native ad vendors have direct sales channels to fill campaigns; others rely on the publisher to generate revenue.

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Today And Tomorrow:

PUBLISHER'S MONETIZATION TRENDS WITH INTERNET BRANDS' ERIC WELLNER



Since launching in 1998 as CarsDirect.com, Internet Brands has grown to become a fully integrated online media and client services organization focused on four high value vertical categories: Automotive, Health, Legal and Home / Travel. Eric Wellner serves as the Director of Business Development for Automotive, and recently shared with GumGum his vision for monetizing his sites today, and into the future.

Q WHAT'S YOUR BACKGROUND AND CURRENT ROLE AT INTERNET BRANDS?

My background is in finance and economics. I'm the Director of Business Development for Automotive, which spans over 140 owned and operated automotive properties. My primary role is monetizing those properties.

Q WHAT MAKES INTERNET BRANDS UNIQUE COMPARED TO OTHER PUBLISHERS THAT OPERATE IN YOUR CATEGORIES?

Our range and scale. With one contract, advertisers can access a diverse audience, from in-market automotive, frequent travelers, and do-it-yourself types, to new and expectant mothers. We offer verticals that focus on sites serving major life events and purchases. As for scale, we reach close to 100 million uniques per month, or nearly 1 in 10 Internet users according to comScore.

Q WHAT'S YOUR HIGH-LEVEL MONETIZATION STRATEGY?

Each vertical has a direct sales team that offers a diverse set of advertising packages based on the style and theme of the site. Where applicable, each team offers native ad packages, content advertising, advertorials, as well as sponsored site accounts that allow advertisers to speak directly to consumers. We offer a majority of our inventory programmatically, and this year we've focused on driving private marketplace sales on our banner inventory. We also work with affiliate partners, which sell products and services that aren't offered by our sales teams, such as image advertising.

Q WHAT'S YOUR STRATEGY FOR MONETIZING MOBILE?

We have mobile web templates on all of our properties and the strategy is very similar to our desktop strategy. Mobile is becoming the new norm, and advertisers are keen to reach consumers via their mobile devices.

Q SWITCHING GEARS, WHAT'S YOUR APPROACH TO PROGRAMMATIC/RTB?

Over the past year we've seen more demand for private marketplaces. Now that large brands are using DSPs, we can offer advanced targeting that's more in line with how they bought from us directly. Programmatic has helped us unlock previously hard to reach niche marketing.

Q WHAT KIND OF OPPORTUNITIES DO PRIVATE EXCHANGES OFFER ADVERTISERS?

More control in how and to whom they deliver their campaigns, as well as increased efficiency by eliminating the logistic chain of media buyers, account managers, and publishers who squabble over delivery. Other advantages:

- Make-good campaigns are pushed out immediately
- Scale on almost any target audience
- Bid technologies allow for A/B testing
- Immediate reporting gauging effective ad spend

Overall, we've seen an increase in banner ad sales, thanks to the new channels reaching a more diverse group (brands, agencies, DSPs, trading desks).

FURTHER READING

True programmatic for publishers: Moving past the waterfall
bit.ly/1fjCCJt





Q WITH THE RISE OF THE VISUAL WEB, WILL YOU NEED TO ADJUST THE LAYOUT OF YOUR WEB PROPERTIES?

Our approach is in two directions. We have an incredible direct user base of loyal consumers and producers of content for our sites. We want to maintain the integrity of the properties and keep core features that led to this loyalty. As a result, we are reluctant to make changes to the layout. The exception is new platforms, such as mobile. Our mobile web templates are far more visual, and we are in the process of rolling out infinite scroll. We've also cleaned up our templates and lots of vertical space. At the same time, we're creating new experiences to attract new audiences. A large portion of our traffic comes from search, so we need to ensure that new users have a good experience. We also want to engage them beyond just that one query by developing interfaces that are simple and easy to use, and provide a range of options for further discovery.

Q WHAT HAS BEEN YOUR EXPERIENCE MONETIZING YOUR IMAGES?

We originally started to monetize our images five years ago with GumGum. At the time it was a crowded space with several new companies vying for market share. We tested and worked with almost all of them. From a technology standpoint, GumGum had the most evolving product. Many of the other companies looked at image as a 'bolt on,' and didn't focus on creating a better and more engaging product. These companies delivered ads that generated a lot of user complaints. GumGum's dedicated sales team ensured our image ads were from high quality advertisers and relevant to the page the users were on. Performance was on par or slightly better than many of our normal display ads. In-image advertising truly unlocked an untapped revenue source for us, as well as provided high visibility for the advertisers. GumGum has really become the only reliable in-image partner for us.

IN-IMAGE ADVERTISING TRULY UNLOCKED AN UNTAPPED REVENUE SOURCE FOR US, AS WELL AS PROVIDED HIGH VISIBILITY FOR THE ADVERTISERS.

Q HOW DO YOU SEE NATIVE ADVERTISING GROWING IN THE FUTURE?

Native has been really great for us, but I see some limits. The more you blur the line between content and advertising, the less consumers will trust or engage with media. Most ad technologies can grow in two ways: placements on the page and granularity in targeting. There are some great companies doing some really cool stuff with placements, but there's only so far you can go before consumers feel like they're reading the Penny Saver. Most of the growth I think will come via better targeting. If the user is open to your ad it's going to be much more successful than trying to carpet-bomb someone not interested.

Q WHAT'S YOUR TAKE ON NATIVE CREATIVE COSTS BEING GIVEN AWAY AS A COST OF SELLING THE INVENTORY?

I think it entirely depends on the publisher and its resources. As programmatic takes hold, publishers benefit from efficiencies in ad trafficking, account management, billing, collections and so on. Those resources can be refocused on driving down the creative costs of native. Charging a flat fee with the creative built in can increase the publisher margin if they can push it out efficiently. I think that's where a lot of publishers have to start when determining how to reallocate resources.

Q WOULD YOU CONSIDER REMOVING STANDARD DISPLAY ADS ENTIRELY IN FAVOR OF NATIVE AND IN-CONTENT AD FORMATS?

No, we've seen growth in demand from native, but it is nowhere near the percentages needed to sustain the business. Digital is also a very fast paced world and super trendy. When considering site designs, you need to build for at least the next five years. There is a ton of risk each time you reformat everything around one advertising platform. You want to sell bellbottoms at your store, but you don't want them to be your only product when the winds inevitably shift.



Tip #3: Stay on page or leave?

Some native ads take the user to a new page; others simply open a new window. The 614 Group advises, "While most vendors take pains to keep users on site, others feel this isn't an important concern for publishers." Decide which is important to you.



Q WHAT DO YOU VALUE MOST IN A MONETIZATION PARTNER?

Two things: reliability and accountability. The product must function the way it is supposed to. You're letting a third-party onto your site and despite all the promises, that code adds page weight and can conflict with existing code. A few years ago we experienced a nightmare scenario with a product that pinged 32 different servers, crashing our site at 3:00 AM. Performance is an important piece of reliability. Partners should be reasonable in their upfront promises and build a pipeline to keep

"IN-IMAGE ADVERTISING TRULY UNLOCKED AN UNTAPPED REVENUE SOURCE FOR US, AS WELL AS PROVIDED HIGH VISIBILITY FOR THE ADVERTISERS."

sales consistent. No one really believes gargantuan, dramatic revenue projections anyway. Accountability is another big piece. We expect the partner to respond quickly and follow through on promises as to what the product is designed to do. There's a lot that goes into the running of a successful website, and policing partners shouldn't be one of them.

Q HOW DO YOU ESTABLISH THE RIGHT BALANCE BETWEEN USER EXPERIENCE AND MONETIZATION?

The key to this is to draw a clear line between content and advertising. Despite popular belief, users don't hate all forms of ads and often find them useful. It's important to present high impact units to the right audiences and not all audiences. Publishers should monitor bounce rates and pages per visit when new ad products are launched to ensure they're not disrupting experience or compromising the cost-benefit model.

Q HOW WELL DO YOU FEEL YOU'RE MONETIZING YOUR PROPERTY?

Overall I think we do a good job but I am a little biased. We definitely carve out real estate for advertising and content and then optimize those two groups separately. Native has blurred that a little bit, but all of our paid content is clearly marked. I think there's some room for improvement around targeting. Our growth will be tied very closely to early adoption and optimization of new targeting technologies. The future is in better segmentation for our advertisers.



Tip #4: Decide which types of content will fill your ads

Native ads can feature text, video, images, and a combination of all three. Which do you envision on your site? Ensure your partner can provide what you're looking for.

FURTHER READING

Why user experience defines native advertising
bit.ly/1MiAjn5

the guardian

User Experience:

THE CASE FOR IN-IMAGE ADVERTISING

CONTENT IS KING

This old saying carries more weight now than ever before. Today, the true king of content though, is images. The three fastest-growing social platforms, Instagram, Pinterest and Tumblr, are image-based. Sites like BuzzFeed are thriving on the backs of gifs and picture lists. Even Facebook has optimized its newsfeed to be image-centric.

The sheer volume of content—especially images—presents both a challenge and an opportunity for digital advertisers. The challenge is fairly obvious: attention is hard to garner and maintain. With the average Internet user's attention span less than that of a goldfish, getting a person to stop long enough to process an ad and make a decision to engage with it is difficult. Not to mention the fact that this content super-saturation is driving users towards increasing intolerance of ads.

This challenge, however, marks an opportunity to marry the image-centric nature of the visual web with relevant and captivating ad experiences. Bringing advertisements in-image solves a host of challenges for advertisers, publishers and customers.

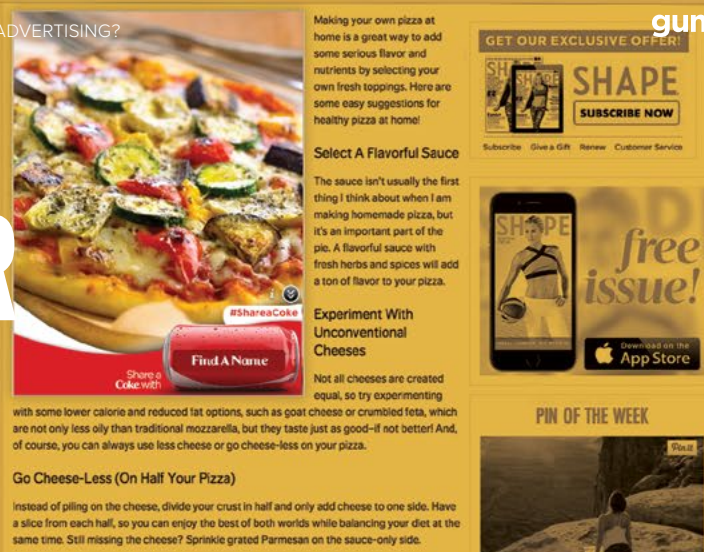
For advertisers, in-image advertising ensures that users actually see their ads. Eye tracking studies have shown that users focus more energy and attention on images than anything else, and today's savvy digital customer has learned how to tune out ads as they run along the rail of other content. By bringing the ads into image content, an advertiser can trust they will be seen because those images are the most captivating part of site to begin with.

For publishers, putting ads within images can help build a relationship with the customer built on trust. In order to maintain the costs of

delivering their content for free, many publishers have had to structure their sites in a way that makes it more likely that users will see the ads on them. Whether it be video ads that begin automatically or more standard pre-roll ads, people are growing increasingly frustrated over what they perceive to be obnoxious ads that are interrupting their web experience. In-image ads, on the other hand, don't disrupt the content, they complement it. By putting small, aesthetically pleasing and relevant ad within an image, publishers can provide a seamless advertising experience that will show customers that they are trying to add value to the customer's experience, not take away from it.

For customers, bringing ads into images will provide the ideal browsing experience. From a user standpoint, a perfect world is one without digital ads. In-image ads allow for publishers to get as close to that experience as possible by weaving the ads into the content in a way that allows for a truly native experience. At the same time, these ads aren't trying to trick users into thinking they are purely content, a practice that has frustrated users for some time. Publishers won't need to have ads encroaching on content to the point of choking the flow of their site, and customers will be able to browse their favorite sites without feeling like they are walking down a narrow street with salesmen on either side pitching their wares.

The case for in-image advertising is a strong one. In today's age of increased ad blocking, banner blindness and short attention spans, advertisers, brands and publishers all need a way to catch customers' eyes and hold their focus with ads that enhance the entire online experience without taking away from the content. What better way to do that than to combine the what consumers love - images - and what brands rely heavily on - advertising?



FURTHER
READING

Everything you need to know about in-image advertising

gumgum.com/research

gumgum[®]



WHAT DO PUBLISHERS REALLY THINK OF THE EMERGING FORMS OF ADVERTISING?

gumgum[®]

Money Talks:

AN INTERVIEW WITH VICKY HSU FROM BAUER XCEL MEDIA



Bauer Xcel Media focuses on applying user-driven strategies to deliver cutting edge news, and to build original, innovative products centered on audience needs. With 130 million monthly unique users, Bauer Xcel Media operates well known sites, such as intouchweekly.com, lifeandstylemag.com and J-14.com. As VP of Online Marketing, Vicky HSU is charged with monetizing its properties.

Q WHAT IS YOUR BACKGROUND AND CURRENT ROLE AT BAUER XCEL MEDIA?

I've been in the ecommerce/direct response business for 15 years. At Bauer I'm responsible for driving monetization, user acquisition, strategic partnerships, product management, business development and online advertising.

Q WHAT MAKES BAUER MEDIA UNIQUE COMPARED TO OTHER PUBLISHERS IN YOUR CATEGORIES?

Our mission is to transform the way stories are told and consumed online while building new, innovative products around the needs of our audiences. We've recently reorganized the business so that all digital platforms are under one umbrella, called Bauer Xcel Media. This arm of the business will focus solely on digital development and growth. Our goal is to take advantage of local opportunities and scale them globally, leverage learnings, best practices and build original and innovative data-driven products centered on audience needs.

Q CAN YOU SHARE WITH US YOUR HIGH-LEVEL MONETIZATION STRATEGY?

We're focused on programmatic advertising, including display, video, image ads, content recommendation and native advertising. We also partner with a third-party partner for our mobile inventory.

Q HOW WELL DO YOU FEEL YOU ARE MONETIZING YOUR PROPERTY?

Like all publishers, we're still learning and experimenting. That said, I'd say we're doing very well in the programmatic advertising, I'd give us an 8 out of 10.

Q WHAT IS YOUR STRATEGY FOR MONETIZING THE MOBILE WEB? MOBILE APPS?

We focus on running high-impact ads for mobile devices to avoid the low CPMs from the standard mobile display ads.

Q SWITCHING GEARS, WHAT'S YOUR APPROACH TO PROGRAMMATIC?

Programmatic is a necessity. Advertisers have adopted it and publishers must keep up with what the media buyers are doing, especially with regards to data and behavior targeting.

Although programmatic is very hot, we've found that when it comes to partners, less is more. We don't feel it does a publisher any good to have 20 programmatic partners, all with the exact

"WE FOCUS ON RUNNING HIGH-IMPACT ADS FOR MOBILE DEVICES TO AVOID THE LOW CPMS FROM THE STANDARD MOBILE DISPLAY ADS."

same buyers competing with one another for the same pool of inventory. What publishers really need is a handful of really good partners that can improve our yield and drive value for our clients and readers.

Q WHAT KINDS OF OPPORTUNITIES DO PRIVATE EXCHANGES OFFER TO ADVERTISERS? WHAT HAS BEEN YOUR EXPERIENCE SO FAR?

Right now I'd say the scale is quite limited. Most of publishers sell around 5 to 10% in PMPs. As a result, scaling up has been slow.



Q HOW DO YOU ESTABLISH THE RIGHT BALANCE BETWEEN USER EXPERIENCE AND MONETIZATION?

It's a matter of testing and measuring the impact on user engagement. The common belief is that when there are too many ads, the user is going to be annoyed and leave the site.

Our sites, which are focused on entertainment, have rather short articles, which means the user doesn't stick around for very long. We've found that ads do not prolong web visits as such, but they also don't negatively affect the user experience. We look at monetization versus user experience in a scientific way.

WE'VE FOUND THAT ADS DO NOT PROLONG WEB VISITS AS SUCH, BUT THEY ALSO DON'T NEGATIVELY AFFECT THE USER EXPERIENCE.

Q THE WEB IS GOING VISUAL, AND SO IS YOUR SITE. HOW IS THAT WORKING OUT FOR YOU?

It's been great. We've been working with GumGum and found the company to be very easy to work with. More important, all of the revenue has been totally incremental, which means GumGum in-image ads aren't competing with any of our other partners. Moreover, the ads GumGum has provided to date have been very brand focused, which is a good experience for our users.

Q SOME PUBLISHERS BEEN VERY SUCCESSFUL WITH NATIVE ADVERTISING. HOW DO YOU SEE NATIVE ADVERTISING GROWING IN THE FUTURE?

I feel that the value of native advertising is incremental, meaning they add value to the user. We've found that users are more engaged with native ads because they value the additional content they provide.

Q WHAT'S YOUR TAKE ON NATIVE CREATIVE COSTS BEING GIVEN AWAY AS A COST OF SELLING THE INVENTORY?

Native CPMs are much higher than display; the creative costs have been built into the CPM.

Q WOULD YOU EVER CONSIDER RE-IMAGINING YOUR SITE LAYOUT BY REMOVING STANDARD DISPLAY ADS ENTIRELY IN FAVOR OF NATIVE AND IN-CONTENT AD FORMATS?

Yes, but only if the eCPM is higher! I go back to what I said earlier, it's all about testing and iterating. If tests show that native and in-content ad formats consistently outperform standard display ads, then we'd focus on them, without a doubt.

Q WHAT DO YOU VALUE MOST IN A MONETIZATION PARTNER?

Transparency, solid reporting, ease of implementation, and a good ongoing relationship.



Tip #5: Decide how to achieve scale

As our survey of publishers revealed, 100% fill rates with native advertising is an elusive goal. If scale is important to you, consider working with multiple vendors.

FURTHER READING

Publisher native advertising pricing models diverge
bit.ly/1libHeu

DIGIDAY



Noticias De Última Hora:

HOW LUIS MONTROYA TURBOCHARGES MONETIZATION ON TERRA.COM



Terra is a leading global digital media company, reaching 100 million people through its entertainment, sports and news content. To accommodate an evolving readership, the media giant offers its content in English, Spanish or Portuguese, as well as via a large array of connected screens and devices. Terra sees the emerging suite of innovative ad formats as an opportunity to better engage and entertains its readers, and programmatic as the smartest way to match the right reader with the right advertiser.

Q WHAT IS YOUR BACKGROUND AND CURRENT ROLE AT TERRA?

I've been in television, advertising and digital marketing; so I have a thorough understanding of what advertising is, and its impact on a media company's bottom line. Currently, I'm tasked with turbocharging our monetization efforts via programmatic strategies.

Q WHAT MAKES TERRA UNIQUE COMPARED TO OTHER PUBLISHERS IN YOUR CATEGORIES?

Terra is an online portal that caters to Spanish and Portuguese speaking audiences, and we have a strong presence in the US Hispanic market. Our unique content and entertainment platforms set us apart from the competition. We create original and custom content with dedicated editors per channel in the US Hispanic market, as well as over 200 editors in the LatAm region. Terra's content is fresh, relevant and close to our users, driving engagement. We find solutions for all clients' needs, from customized ideas created exclusively for a brand, to programs that align with our editorial content, music platforms and lifestyle categories— all based on timing, budget, reach, objectives and KPIs. Our flexible and innovative platform, along with our editorial style, allows us to facilitate this process.

“WE'RE ACTIVELY LOOKING AT AD-TECH FIRMS THAT OFFER MOBILE-SPECIFIC FORMATS (INTERSTITIAL, IN-ARTICLE, ETC.), WHICH, I BELIEVE DO A BETTER JOB AT ENGAGING AND CONVERTING MOBILE USERS.”

Q CAN YOU SHARE WITH US YOUR HIGH-LEVEL MONETIZATION STRATEGY?

We're moving into programmatic at a rapid pace. From a publishers' standpoint, you can cherry pick what to sell, as well as pinpoint the audiences of most interest to advertisers. For example, advertisers can target working moms who enjoy entertainment sites and own SUVs. From an advertisers' standpoint, we can decide which ad to show to a targeted audience, as well as buy one impression at a time. Additionally, we offer native ads as part of our product package.

Q HOW WELL DO YOU FEEL YOU'RE MONETIZING YOUR PROPERTY?

We're monetizing it well. We've been able to maximize revenues and reach a healthy fill rate with good CPMs. We can always improve, which is why we continuously look for strategic partnerships to support our monetization goals. By new partnerships, I mean new ad formats, such as in-read or in-article ad units. For example, we see a large demand for video in the US, and in-read ad units can open videos within articles. In-image advertising is innovative because everyone looks at pictures, and viewability is strong.

Q WHAT'S YOUR STRATEGY FOR MONETIZING MOBILE WEB? MOBILE APPS?

We connect to multiple SSP's that combine to deliver mobile demand at scale. We're actively looking at ad-tech firms that offer mobile-specific formats (interstitial, in-article, etc.), which, I believe do a better job at engaging and converting mobile users.

💡 Tip #6: Ensure brand safety!

Many third-party native ad providers rely on click rates to determine the content they'll place on your site. But clickable content is not always the association you are looking for, to share with your users. Ask any vendor you're considering how they plan to match content to your site.



Q SWITCHING GEARS, WHAT'S YOUR APPROACH TO PROGRAMMATIC/RTB?

We've fully embraced it, and it has been part of our revenue stream for a while now. The market is moving towards programmatic and that won't change, so we need to embrace it in order to stay relevant. Direct sales are down because advertisers want a better and more cost effective way to reach their audiences. Clients aren't always interested in direct sales with tags; they prefer working with a trading desk or a Demand Side Platform. Increasingly, clients are asking for two proposals: programmatic and direct sales.

Q WHAT KIND OF OPPORTUNITIES DO PRIVATE EXCHANGES OFFER TO ADVERTISERS? WHAT HAS BEEN YOUR EXPERIENCE SO FAR?

Our experience with private exchanges has been mixed. Getting connected, negotiating and closing a private exchange is always exciting, however, reality sets in when the activity of the deal does not move as expected. There are "technical difficulties," such as the creative not being uploaded on the DSP side, or the audience criteria being too restrictive. Both parties have to be aligned to make a private exchange work properly. As a publisher, we need to send the right inventory, and buyers need to ensure they are set up correctly on their end.

Q DO YOU SELL PERSONAL OR ANONYMOUS USER'S DATA AND WHAT TYPE OF SUCCESS HAVE YOU HAD WITH THIS MONETIZATION MODEL?

No, we don't sell our audience data due to our strict privacy guidelines.

Q HOW DO YOU ESTABLISH THE RIGHT BALANCE BETWEEN USER EXPERIENCE AND MONETIZATION?

User experience is critically important. We need to keep readers engaged and interacting with our site, which is why good, high quality ads are important. In my opinion, advertising is another form of entertainment. As long as the audience is engaged, interactions and continuous visits are bound to happen.

Q WITH THE WEB GOING VISUAL, ARE YOU CONSIDERING ANY ADJUSTMENTS TO THE LAYOUT OF YOUR WEB PROPERTIES?

We've made site changes to incorporate more content-relevant advertising. We've changed our site to a card design, where content and advertising appear side-by-side, which among other things, delivers the level of ad viewability advertisers now seek. Card design means we have squares of content of varying sizes which are scattered on the page. The design ensures that ads are always next to relevant content. Users can choose the type of content they want to see by editing those squares.

Q WHAT HAS BEEN YOUR EXPERIENCE MONETIZING YOUR IMAGES?

This is new for us; we didn't use it until GumGum came along. It's an ingenious way to get advertisements across, and the benefits are many. Readers are curious to engage with the new format, so for us it's very attractive. If you like this image of a BMW, you might also be interested in one for Cadillac. Image advertising has provided a steady revenue

"WE'VE CHANGED OUR SITE TO A CARD DESIGN, WHERE CONTENT AND ADVERTISING APPEAR SIDE-BY-SIDE, WHICH AMONG OTHER THINGS, DELIVERS THE LEVEL OF AD VIEWABILITY ADVERTISERS NOW SEEK."

stream. The ads are high quality and from top advertisers. Partnering with GumGum has been a nice extra because we've been able to monetize our image galleries, another format that isn't regular standard IAB banners.



**FURTHER
READING**

Your Next Big Opportunity: The U.S. Hispanic Market
bit.ly/1lc2FJz





Q SOME PUBLISHERS BEEN VERY SUCCESSFUL WITH NATIVE ADVERTISING. HOW DO YOU SEE IT GROWING IN THE FUTURE?

Terra has been successful with native advertising and it's popular with a few of our clients. As a publisher we've done similar advertorials as the one New York Times did for Netflix. I can see the demand for native advertising grow. Advertisers are always trying to get their product across to an audience and natives ads are showing the ability to do the job. Advertising to audiences based on their interests is a great way of ensuring engagement and product awareness.

Q WOULD YOU EVER CONSIDER RE-IMAGINING YOUR SITE LAYOUT BY REMOVING STANDARD DISPLAY ADS ENTIRELY IN FAVOR OF NATIVE AND IN-CONTENT AD FORMATS?

That's a very interesting question. There are probably some publishers who can create those types of formats to replace IAB standard ads. It's a smart move because as a reader, you're more likely to engage with advertorials. Viewability might be higher.

Q WHAT DO YOU VALUE MOST IN A MONETIZATION PARTNER?

Transparency, we need to know that the advertisers that are pitched to us will be the ones featured on our site. Fill-rate is also key; we value a partner that can get us 30% or 40% fill-rate. We want high-quality ads that keep our users engaged and make the pages look nice. And finally, revenue is important to us, since we're in the business of making money.



Tip #7: Be honest with your readers!

Native advertising has gotten some bad reviews from consumer advocates. To promote a positive brand experience, ensure your native ads are clearly marked, at this point this idea should be table stakes but unfortunately it's not. Consumers will see the relevancy of an ad if it's matched well.



Get More Info

These tips are from The 614 Group White Paper, "Native Advertising Technology Vendor Study," which is available for download from the 614 Group website.

FURTHER READING

4 Reasons To Target Hispanics With Native Advertising

bit.ly/1Kj2wlh



LAST WORDS

It's fair to say that stuffing pages with numerous banner ads is failing the digital advertising industry. Consumers find them annoying, advertisers are disappointed in the results they deliver, and publishers are alarmed at their affect on their overall brand experience.

The industry is ready for a new approach to advertising; publishers in particular are keen to find ways to seamlessly incorporate digital ads into their brand experiences as well as offer true value to their readers and clients.

Visuals will be key to advertising in the future since they allow brands to communicate a lot of information without overloading consumers with too much text. For this reason, marketers should keep Professor Ghose's advice top of mind: "The same fundamental learnings should be applied to brands and marketers as they migrate to a visual web strategy.

Publishers aren't sitting on the sidelines waiting to see what works and what doesn't. They're actively experimenting with a wide variety of ad formats, page layouts, and site designs. They're also participating in programmatic trading models with the goal of ensuring the ads their readers see are both relevant to them as individuals, and to the content they're consuming at that moment.

Based in these trends, we predict that digital ad tech will usher in a golden age of advertising. Or put another way, we just may see the end of banner ads as we know them.

Of course, before we sound the death knell for banner ads, we should keep in mind that lots of publishers sell native ads with corresponding banners as a package. In other words, banners aren't disappearing, just taking on new forms, especially in mobile.

Moreover, some on the creative side say there will always be a place for the promotional messages found in banners. The point of native advertising is to be non-promotional, and the industry loses if promotional message creep into those formats, especially in-feed ads. When that happens, in-feed ads just become the new banners, the only difference is their placement on the page.



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