NATIVE ADVERTISING TRENDS 2017

The Magazine Industry





Native Advertising Institute™

Welcome to the 2017 edition of our annual report on native trends in the magazine industry

his year 207 magazine executives from 53 countries have shared their native advertising experiences, challenges, budgets and plans. This was itself a dramatic increase in the numbers responding compared to last year, a sign of the growing importance of native advertising to magazine publishers across the world.

And their insights will provide food for thought for everyone working in the industry – 91% said that native advertising is 'Important' or 'Very important' to their business. This is reinforced by the impact that native advertising is having on advertising budgets. In 2016, native accounted for 21% of overall advertising revenue. By 2020, magazine publishers expect that number to almost double to 40%.

Native is also becoming a normal part of most businesses' advertising revenue mix. 54% of publishers are already selling native advertising and a further 37% are 'Likely' or 'Most likely' to do so in the future. 92% are providing written content, 63% video and, surprisingly, 45% are offering native events.

Magazine publishers are increasingly spreading their native wings to pursue opportunities well beyond their own traditional channels and into influencer advertising, social media and physical experiences, much as they are doing in the rest of their business. But while native advertising is growing in importance and penetration, it is not without challenges and even threats.

We hope enjoy reading about these and much more in this report.



Jesper Laursen

Native Advertising Institute

Founder

James Hewes *President & CEO* FIPP – the network for global media

TABLE OF CONTENTS

INTEGRATION	. 5
How important is native advertising to your company?	6
What are your feelings toward native advertising?	7
How likely are you to use native advertising as an advertising or service option?	. 8

BUI	DGETS	9
	Of your overall advertising revenues, what percentage came from native advertising in 2016?	10
	Of your overall advertising revenues, what percentage do you expect will be from native advertising in 2017?	11
	Of your overall advertising revenues, what percentage do you expect will be from native advertising in 2020?	12
	The percentage of the overall advertising revenue coming from native advertising in 2016 vs 2020	13
	Of your native advertising revenues, what percentage do you expect will be from print in 2017?	14
	Of your native advertising revenues, what percentage came from print in 2016?	15
	Of your native advertising revenues, what percentage do you expect will be from print in 2020?	16

SALES & SERVICES	
What products and services related to native advertising do you provide your customers with?	
How do you provide native advertising solutions?	
How do you sell your native advertising solutions?	
Do you have dedicated sales teams for native advertising?	
How do you price native advertising vs. traditional advertising?	

TABLE OF CONTENTS

MEASUREMENT & EFFECT	23
What do you consider to be the most effective type of native advertising?	24
How do you measure the effect of native advertising?	25
Which stage of the buyer's journey are you creating native advertising for?	26
Do you think that native advertising adds value for your readers and viewers?	27

OPPORTUNITIES & THREATS	
What are the biggest native advertising opportunities for your company?	
What are your greatest strengths, when it comes to native advertising?	
What is your biggest challenge regarding native advertising?	
Have you received any customer complaints from working with native advertising?	
How do you label native advertising?	

ABOUT THIS REPORT	
--------------------------	--

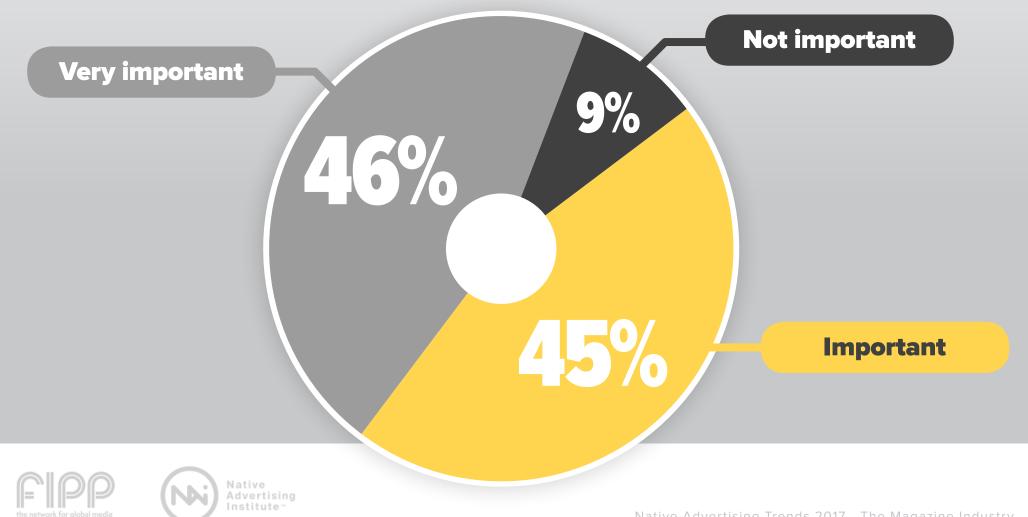
There is no doubt that native advertising is being more and more adopted by publishers. More than half are already providing native advertising products and services and less than 8% are 'Less likely' or 'Not likely' to do so.

At the same time 80% are positive towards native advertising with only 3% being negative, and where the pro-native people used to primarily be from the commercial side of the business we're seeing more and more editorial people finding interest and positive aspects in native advertising.

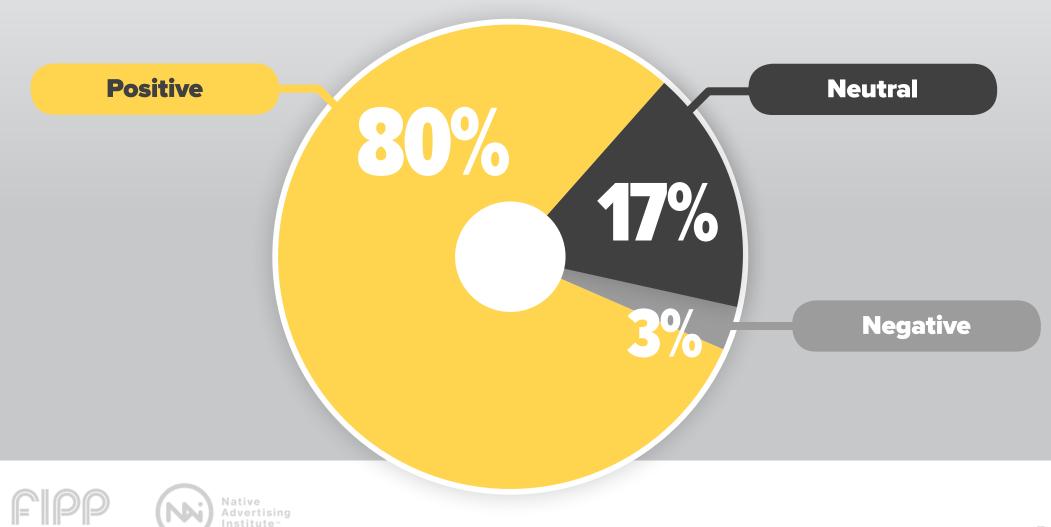




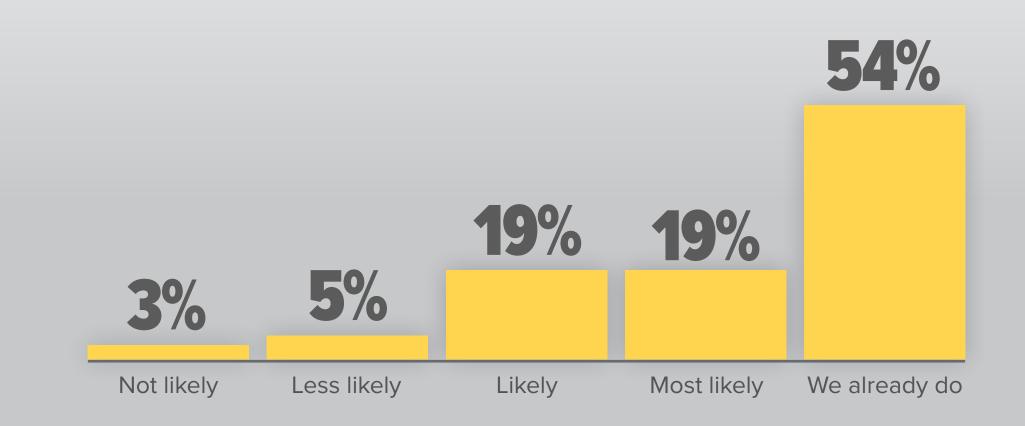
How important is native advertising to your company?



What are your feelings toward native advertising?



How likely are you to use native advertising as an advertising or service option?









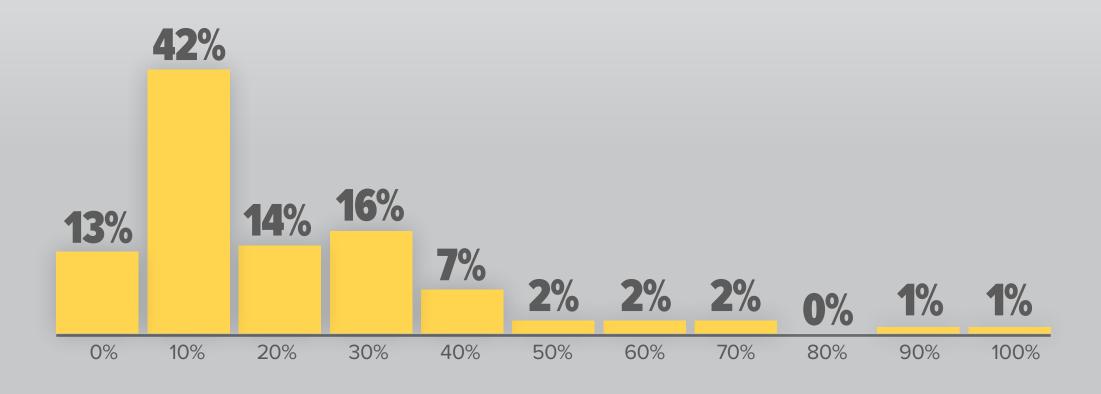
There is no doubt that the primary reason for magazine publishers to go into native advertising is because of the vast budgets that are pouring into the space from brands in every industry.

And expectations are high. In 2016 publishers got 21% of their overall advertising revenue from native advertising but in 2020 they are expecting that number to almost double to 40%. A significant growth but a growth very similar to the expectations that we are seeing in other surveys among advertisers and media agencies.





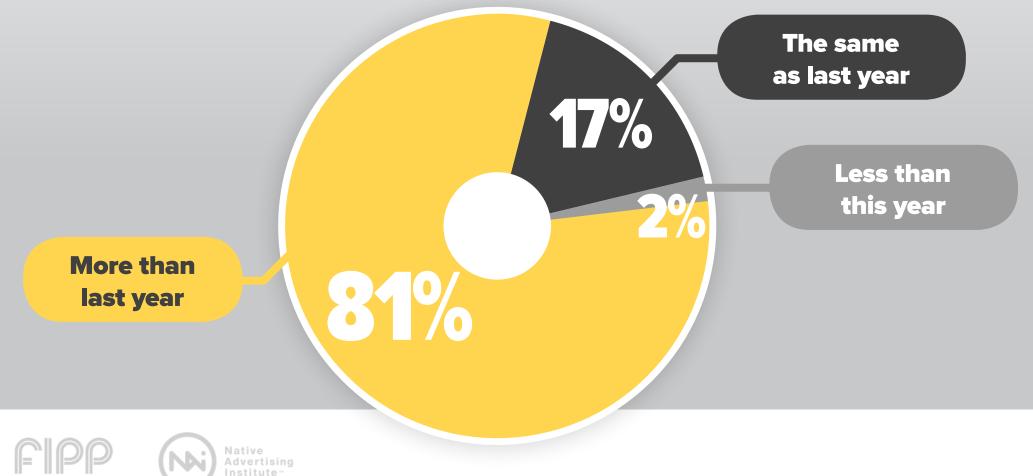
Of your overall advertising revenues, what percentage came from native advertising in 2016?



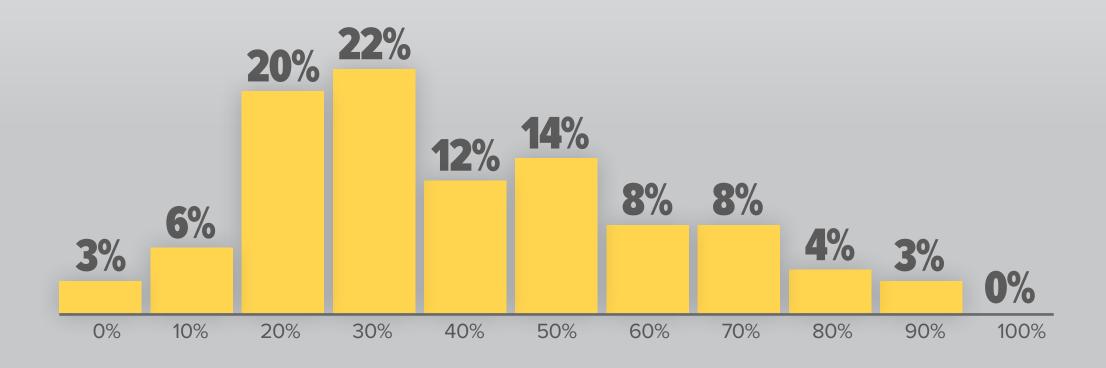




Of your overall advertising revenues, what percentage do you expect will be from native advertising in 2017?



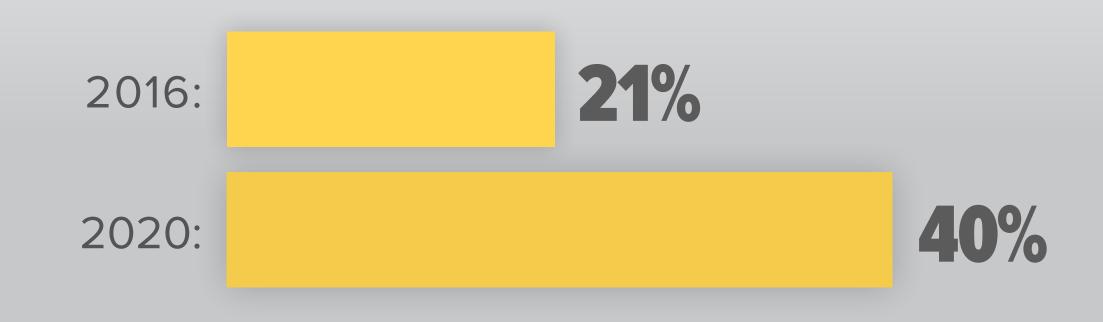
Of your overall advertising revenues, what percentage do you expect will be from native advertising in 2020?







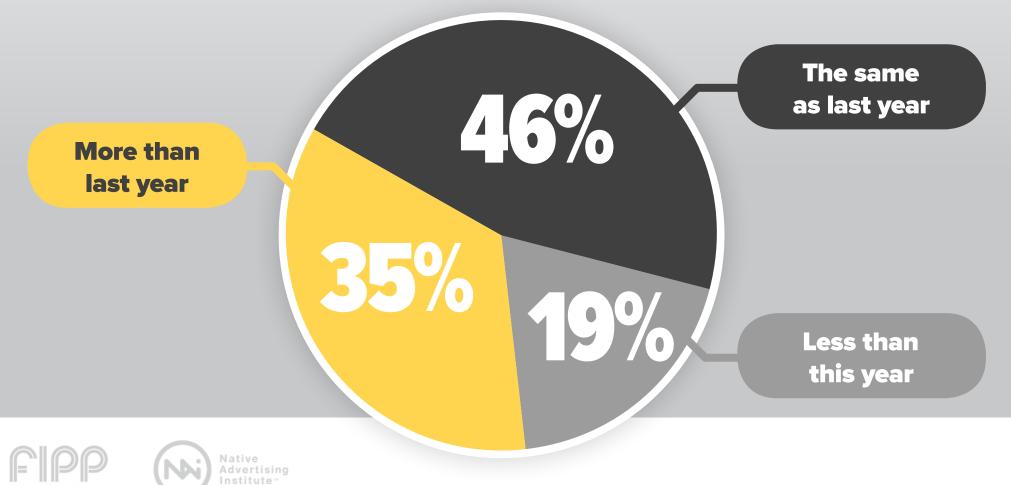
The percentage of the overall advertising revenue coming from native advertising in 2016 vs 2020



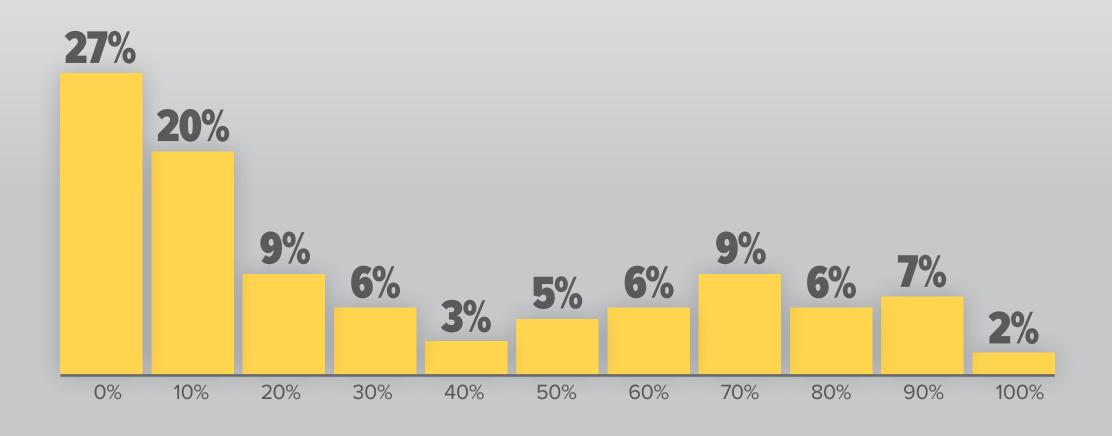




Of your native advertising revenues, what percentage do you expect will be from print in 2017?



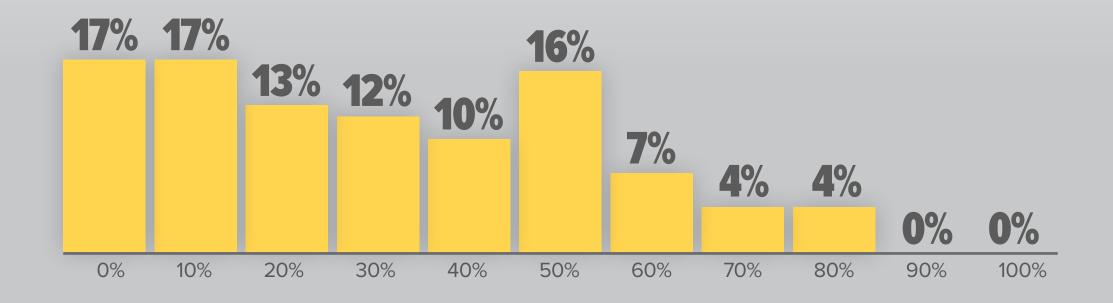
Of your native advertising revenues, what percentage came from print in 2016?







Of your native advertising revenues, what percentage do you expect will be from print in 2020?







Magazine publishers continue to be heavily involved in the actual production of native advertising. 65% will involve their normal editorial teams while 30% have an actual in-house studio and another 21% have a separate native ad team.

In terms of selling native advertising it seems that magazine publishers are integrating the new format into the normal sales department. This year only 11% have a dedicated sales team for native advertising, down from 14% last year. The prices that the teams - dedicated or not - are selling native at, however, are still higher for 56% of the publishers, which is slightly less than last year's 59%.





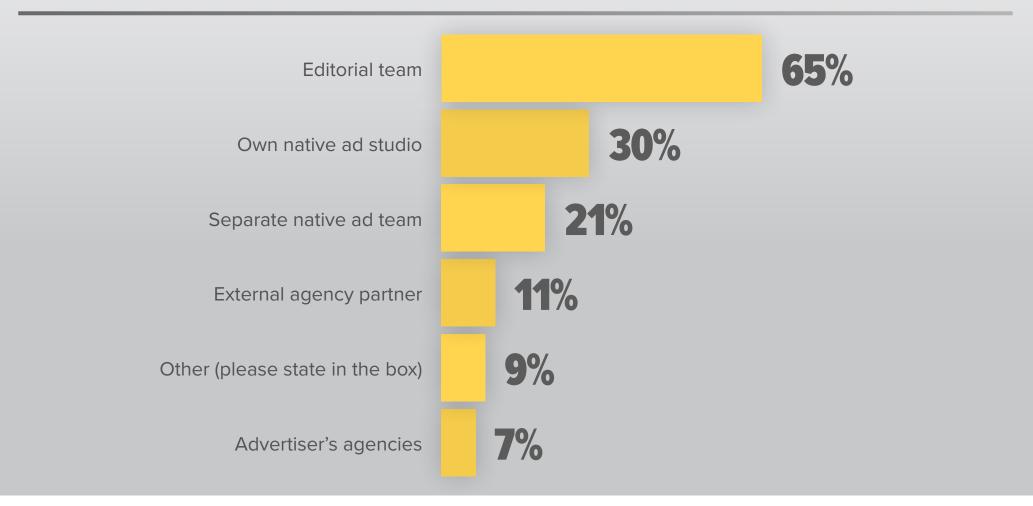
What products and services related to native advertising do you provide your customers with?

Written content		2%
Video content	63%	
Multi-platform storytelling	51%	
Layout	50%	
Events and experience	45%	
Multi-media storytelling	45%	
Strategy	41%	
Paid email distribution	40%	
Infographics	39%	
Research	30%	
Content solutions on client's platforms	28%	
Media buying on other social media platforms than your own	27%	
Paid influencer distribution	23%	
Media buying on other traditional media platforms than your own	17%	
Paid search for content	12%	
AFP Online Media (Advertising Funded programs)	7%	
Other (please specify)	5%	
AR (Augmented Reality)	5%	
VR (Virtual Reality)	5%	
AI (Artificial Intelligence)	2%	
AFP Broadcast (Advertising Funded programs)	2%	

the network for global media



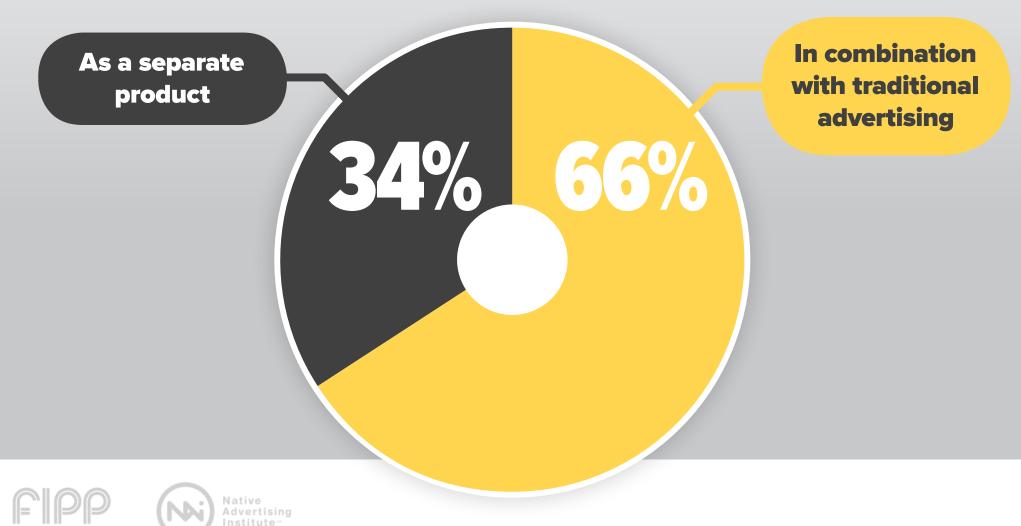
How do you provide native advertising solutions?



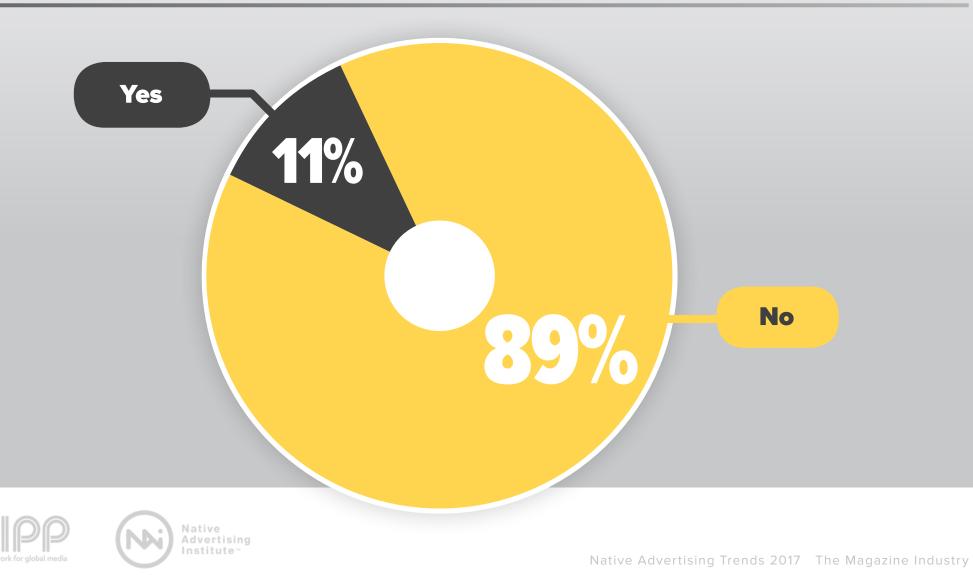




How do you sell your native advertising solutions?

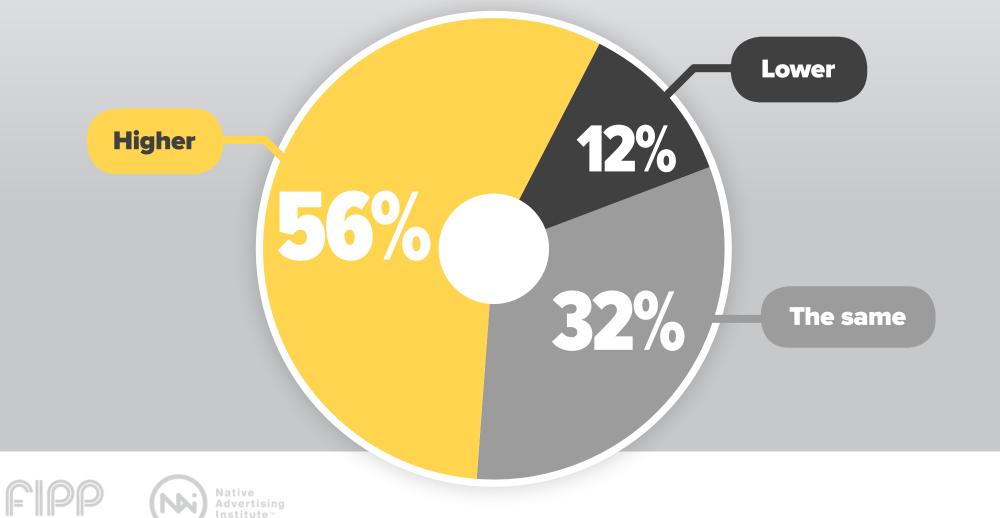


Do you have dedicated sales teams for native advertising?



y **21**

How do you price native advertising vs. traditional advertising?



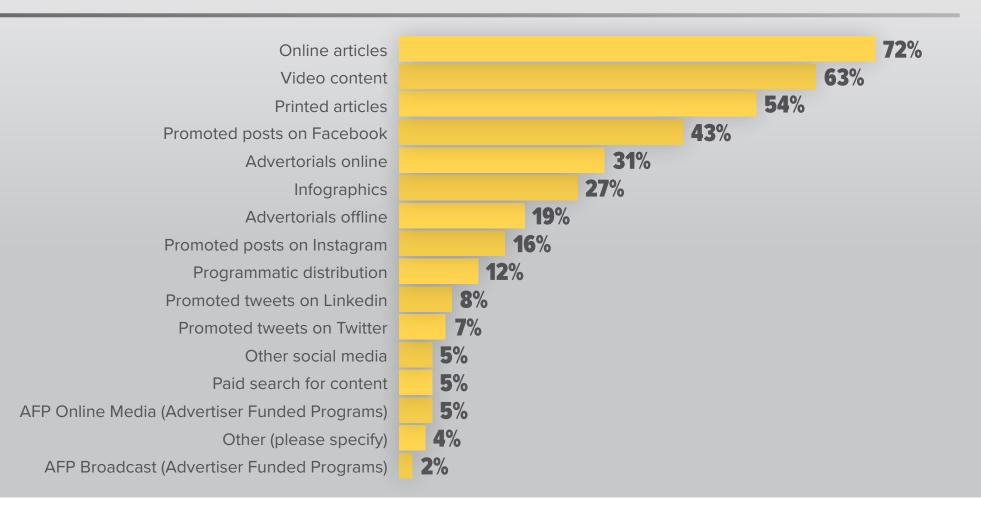
Measuring the effect of native advertising is no easy task. Publishers, brands and agencies are all trying to figure out what the right kpi's and metrics should be. Many are talking about time spent with the content as the primary indicator for engagement and this year we're seeing 'Time spent' as the third most important metric among publishers, up from 34% last year. On the other hand, 'Sharing' is down from 45% last year to 37%.

Native advertising is oftentimes seen as a top-of-the-funnel play and then the combination with traditional display as the best way to drive the actual commercial action. Many publishers are, however, experimenting intensely with native formats that can be used later in the buyer's journey and 59% of the respondents produce mid-funnel native and 31% bottom-of-funnel native.





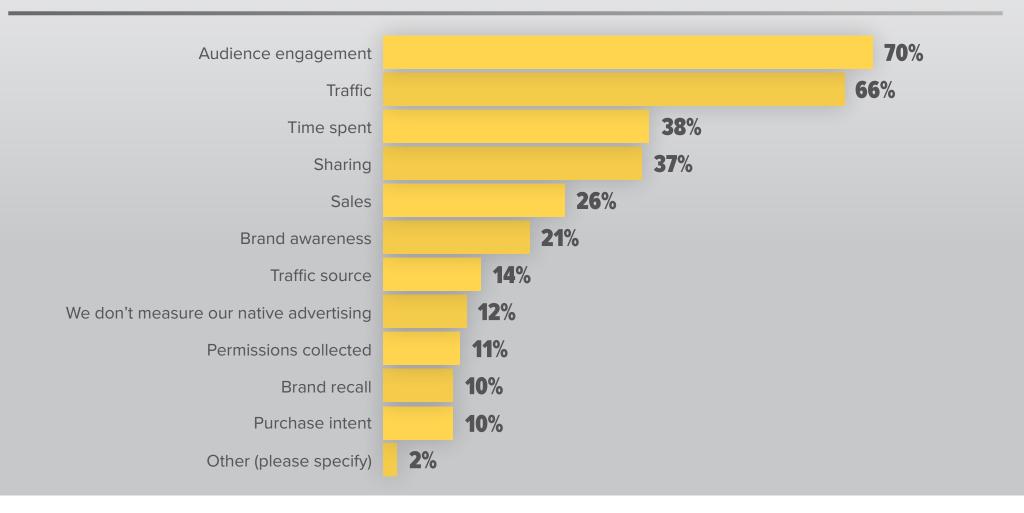
What do you consider to be the most effective type of native advertising?







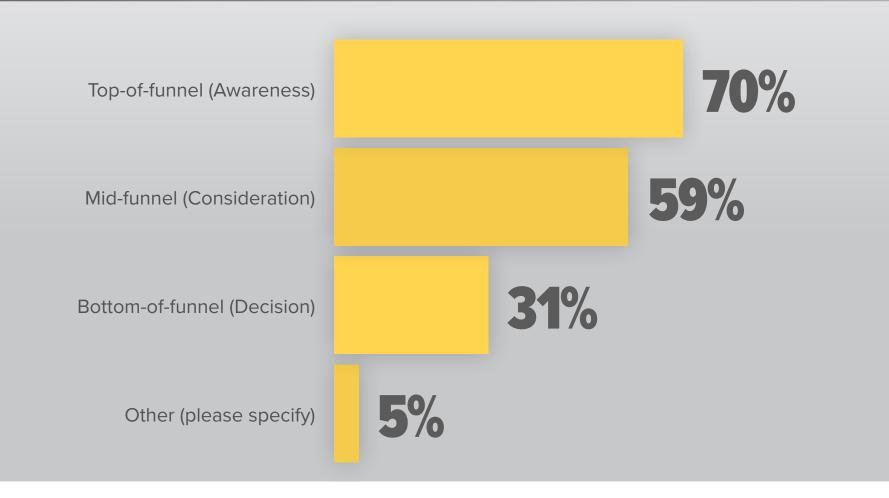
How do you measure the effect of native advertising?







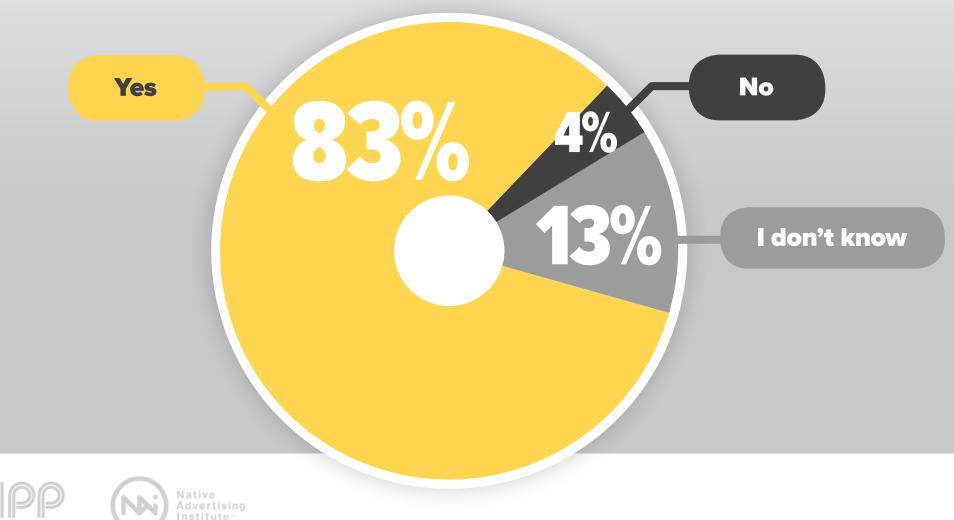
Which stage of the buyer's journey are you creating native advertising for?







Do you think that native advertising adds value for your readers and viewers?



There are a great many opportunities for publishers to pursue in native advertising. Especially for those that dare to move beyond their own platforms and leverage their storytelling skills in other channels.

There are, however, also threats. One of the biggest is the lack of separation between the editorial and the commercial side of the business. In this year's report we find a terrifyingly high number of publishers all around the world not labeling their native advertising at all. It is slightly better than last year's 11%, down to 10%, but still far too many and it represents not only a threat to native advertising but even more importantly to the very credibility of the publishers. Let's hope next year's report will show a different picture.





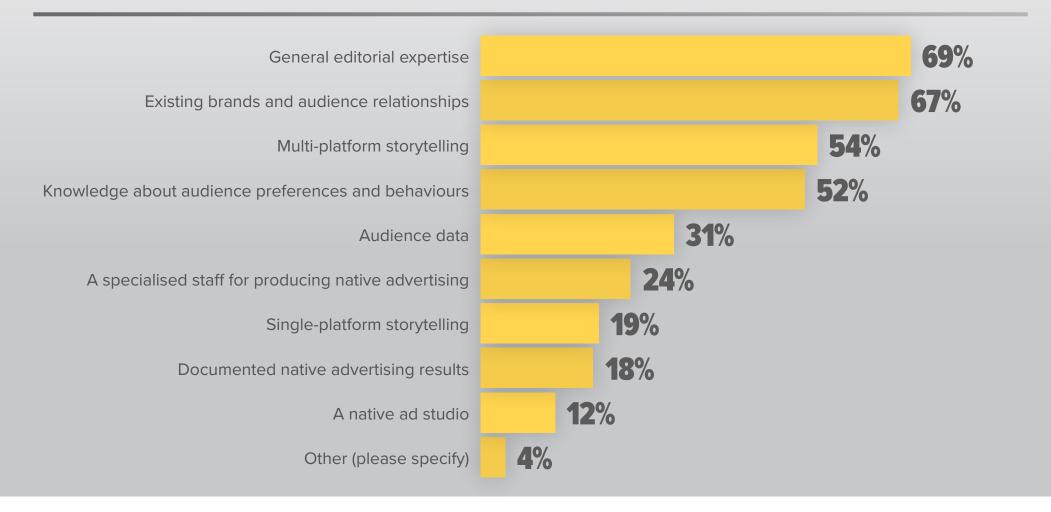
What are the biggest native advertising opportunities for your company?

Video content63%Multi-media storytelling43%Multi-platform storytelling43%Audience data34%Events and experience33%Strategy26%Content solutions on client's platforms23%Research22%Paid email distribution19%Media buying on other social media platforms than your own11%Paid influencer distribution11%Media buying on other traditional media platforms than your own11%Al (Artificial Intelligence)9%AR (Augmented Reality)7%AFP Online Media (Advertising Funded programs)6%Paid search for content5%			740/
Multi-media storytelling43%Multi-platform storytelling43%Audience data34%Audience data34%Events and experience33%Strategy26%Content solutions on client's platform23%Research22%Paid email distribution22%Infographics19%Media buying on other social media platforms than your own11%Paid influencer distribution14%Media buying on other traditional media platforms than your own11%VR (Virtual Reality)9%Al (Artificial Intelligence)9%AR (Augmented Reality)7%AFP Online Media (Advertising Funded programs)6%Paid search for content5%	Written content		71%
Multi-platform storytelling43%Audience data34%Events and experience33%Strategy26%Content solutions on client's platforms23%Research22%Paid email distribution22%Infographics19%Media buying on other social media platforms than your own18%Paid influencer distribution14%Media buying on other traditional media platforms than your own11%Al (Artificial Intelligence)9%Al (Artificial Intelligence)9%AR (Augmented Reality)7%AFP Online Media (Advertising Funded programs)6%Paid search for content5%	Video content		%
Audience data34%Events and experience33%Strateg26%Content solutions on client's platforms23%Research22%Paid email distribution22%Infographics19%Media buying on other social media platforms than your own118%Paid influencer distribution11%Media buying on other traditional media platforms than your own11%Media buying on other traditional media platforms than your own11%Media buying on other traditional media platforms than your own11%Media buying on other traditional media platforms than your own11%Media buying on other traditional media platforms than your own11%Media buying on other traditional media platforms than your own11%Media buying on other traditional media platforms than your own11%Media buying on other traditional media platforms than your own11%Media buying on other traditional media platforms than your own11%Media buying on other traditional media platforms than your own11%Mark Magmented Research9%AR (Augmented Research6%Piaid search for content5%	Multi-media storytelling		
Events and experience33%Strateg26%Content solutions on client's platform23%Research22%Paid email distribution22%Infographics19%Media buying on other social media platforms than your on Layon11%Paid influencer distribution11%Media buying on other social media platforms than your on Layon11%Media buying on other social media platforms than your on Layon11%Media buying on other social media platforms than your on Layon11%Media buying on other traditional media platforms than your on Ne (Virtual Realing)11%Media buying on other traditional media platforms than your on NR (Virtual Realing)11%Media buying on other traditional media platforms than your on NR (Virtual Realing)11%Al (Artificial Intelligence)9%Al (Artificial Intelligence)9%AFP Online Media (Advertising Funded programs)6%Paid search for content5%	Multi-platform storytelling		
Strategy26%Content solutions on client's platforms23%Research22%Paid email distribution22%Infographics19%Media buying on other social media platforms than your on Layou11%Paid influencer distribution11%Media buying on other traditional media platforms than your on Layou11%Media buying on other traditional media platforms than your on VR (Virtual Realing)11%Media buying on other traditional media platforms than your on VR (Virtual Realing)11%Media buying on other traditional media platforms than your on VR (Virtual Realing)11%Media buying on other traditional media platforms than your on VR (Virtual Realing)11%Media buying on other traditional media platforms than your on VR (Virtual Realing)11%Media buying on other traditional media platforms than your on VR (Virtual Realing)11%Media buying on other traditional media platforms than your on VR (Virtual Realing)11%Media buying on other traditional media platforms than your on VR (Virtual Realing)11%Media buying on other traditional media platforms than your on VR (Virtual Realing)11%Media buying on other traditional media platforms than your on VR (Virtual Realing)11%Media buying on other traditional media platforms11%Media buying on other traditional media platfor	Audience data		
Content solutions on client's platforms23%Research22%Paid email distribution22%Infographics19%Media buying on other social media platforms than your own18%Layou11%Paid influencer distribution11%Media buying on other traditional media platforms than your own11%Media buying on other traditional media platforms than your own11%Media buying on other traditional media platforms than your own11%Media buying on other traditional media platforms than your own11%Media buying on other traditional media platforms than your own11%Al (Artificial Intelligence)9%Al (Artificial Intelligence)9%AFP Online Media (Advertising Funded programs)6%Paid search for content5%	Events and experience	33%	
Research22%Paid email distribution22%Infographics19%Media buying on other social media platforms than your on18%Layou17%Paid influencer distribution11%Media buying on other traditional media platforms than your om11%Media buying on other traditional media platforms than your om11%Media buying on other traditional media platforms than your om11%Media buying on other traditional media platforms than your om11%Media buying on other traditional media platforms than your om11%Media buying on other traditional media platforms than your om11%Media buying on other traditional media platforms than your om11%Media buying on other traditional media platforms than your om11%Media buying on other traditional media platforms than your om11%Media buying on other traditional media platforms than your om11%Media buying on other traditional media platforms than your om11%Media buying on other traditional media platforms than your om9%Al (Artificial Intelligence)9%Al (Artificial Intelligence)9%AFP Online Media (Advertising Funded programs)6%Paid search for content5%	Strategy		
Paid email distribution22%Infographics19%Media buying on other social media platforms than your on18%Layou17%Paid influencer distribution144%Media buying on other traditional media platforms than your on111%Media buying on other traditional media platforms than your on111%Media buying on other traditional media platforms than your on111%Media buying on other traditional media platforms than your on11%Media buying on other traditional media platforms than your on11%Media buying on other traditional media platforms than your on11%Media buying on other traditional media platforms than your on11%Media buying on other traditional media platforms than your on11%Media buying on other traditional media platforms than your on18%Media buying on other traditional media platforms than your on11%Media buying on other traditional media platforms than your on19%Media buying on other traditional media platforms than your on19%Media buying on other traditional media platforms than your on19%Media buying on other traditional media platforms than your on19%Media buying on other traditional media platforms than your on19%Media buying on other traditional media platforms than your on19%Media buying on other traditional media platforms than your on19%Media buying on other traditional media platforms than your on19%Media buying on other traditional media platforms than your on19%Med	Content solutions on client's platforms		
Infographics19%Media buying on other social media platforms than your on Layou118%Paid influencer distribution117%Media buying on other traditional media platforms than your on VR (Virtual Reality)11%Media buying on other traditional media platforms than your on VR (Virtual Reality)11%Media buying on other traditional media platforms than your on VR (Virtual Reality)11%Media buying on other traditional media platforms than your on VR (Virtual Reality)11%Media buying on other traditional media platforms than your on VR (Virtual Reality)11%Media buying on other traditional media platforms than your on VR (Virtual Reality)11%Media buying on other traditional media platforms than your on VR (Virtual Reality)11%Media buying on other traditional media platforms than your on VR (Virtual Reality)11%Media buying on other traditional media platforms than your on VR (Virtual Reality)11%Media buying on other traditional media platforms than your on VR (Virtual Reality)11%Media buying on other traditional media platforms than your on VR (Virtual Reality)11%Media buying on other traditional media platforms than your on VR (Virtual Reality)11%Media buying on other traditional (Media Media Me	Research		
Media buying on other social media platforms than your own Layout18% LayoutPaid influencer distribution17%Paid influencer distribution14%Media buying on other traditional media platforms than your own VR (Virtual Reality)11%VR (Virtual Reality)9%AI (Artificial Intelligence)9%AR (Augmented Reality)7%AFP Online Media (Advertising Funded programs)6%Paid search for content5%	Paid email distribution	22%	
Layout17%Paid influencer distribution14%Media buying on other traditional media platforms than your own11%VR (Virtual Reality)9%Al (Artificial Intelligence)9%AR (Augmented Reality)7%AFP Online Media (Advertising Funded programs)6%Paid search for content5%	Infographics	19%	
Paid influencer distribution14%Media buying on other traditional media platforms than your own VR (Virtual Reality)11%VR (Virtual Reality)9%AI (Artificial Intelligence)9%AR (Augmented Reality)7%AFP Online Media (Advertising Funded programs)6%Paid search for content5%	Media buying on other social media platforms than your own	18%	
Media buying on other traditional media platforms than your own11%VR (Virtual Reality)9%AI (Artificial Intelligence)9%AR (Augmented Reality)7%AFP Online Media (Advertising Funded programs)6%Paid search for content5%	Layout	17%	
VR (Virtual Reality) AI (Artificial Intelligence) AR (Augmented Reality) AFP Online Media (Advertising Funded programs) Paid search for content 5%	Paid influencer distribution	14%	
AI (Artificial Intelligence) 9% AR (Augmented Reality) 7% AFP Online Media (Advertising Funded programs) 6% Paid search for content 5%	Media buying on other traditional media platforms than your own	11%	
AR (Augmented Reality) 7% AFP Online Media (Advertising Funded programs) 6% Paid search for content 5%	VR (Virtual Reality)	9%	
AFP Online Media (Advertising Funded programs) 6% Paid search for content 5%	AI (Artificial Intelligence)	9%	
Paid search for content 5%	AR (Augmented Reality)	7%	
	AFP Online Media (Advertising Funded programs)		
	Paid search for content	5%	
Other (please specify) 4%	Other (please specify)	4%	
AFP Broadcast (Advertising Funded programs) 🗾 3%	AFP Broadcast (Advertising Funded programs)	3%	





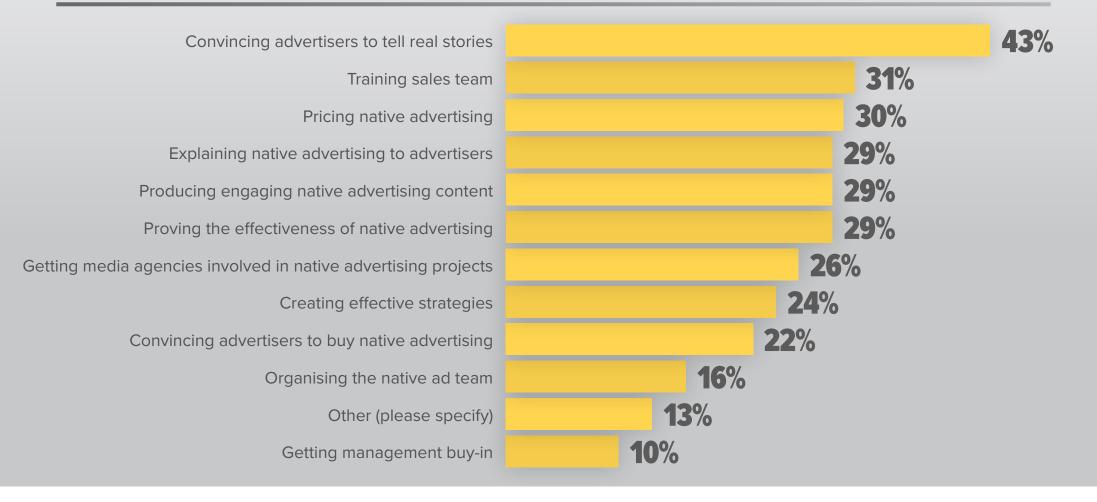
What are your greatest strengths, when it comes to native advertising?







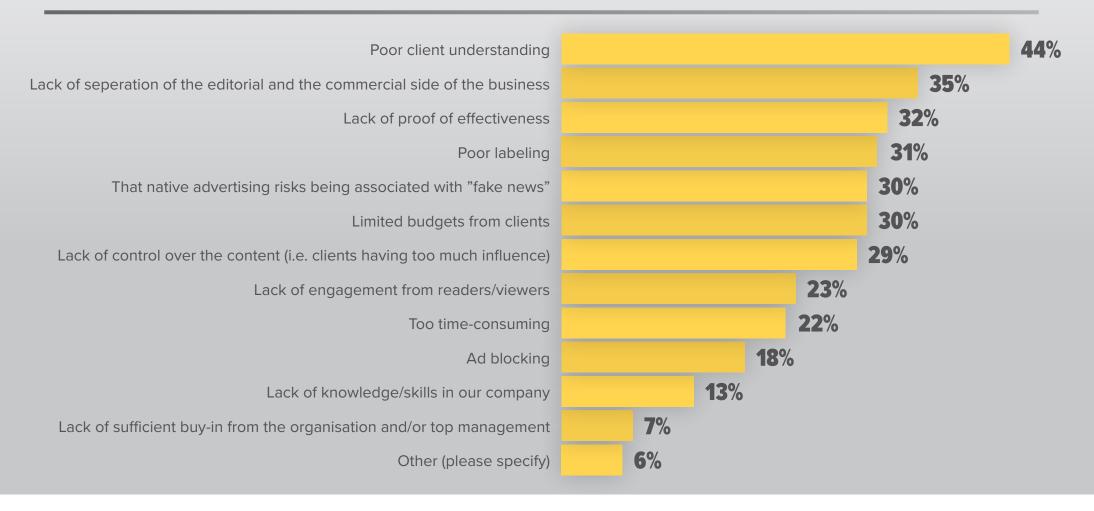
What is your biggest challenge regarding native advertising?



FIPP the network for global media



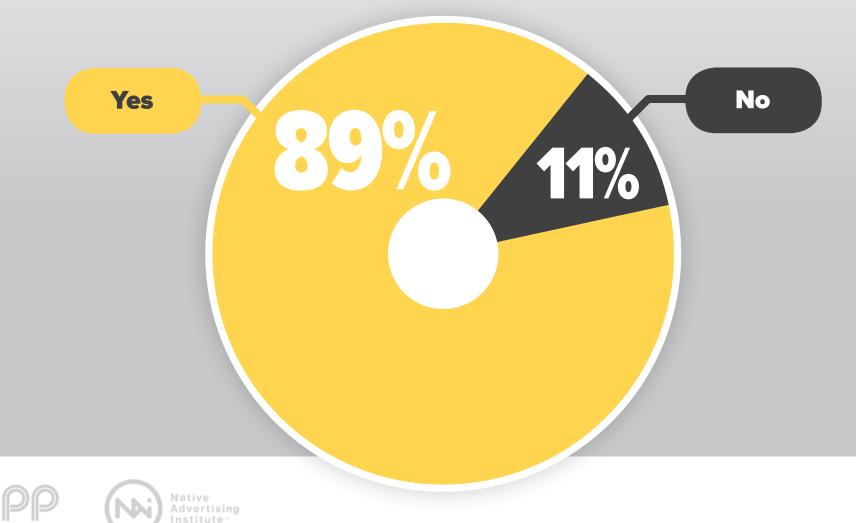
What do you consider the biggest threat to native advertising?



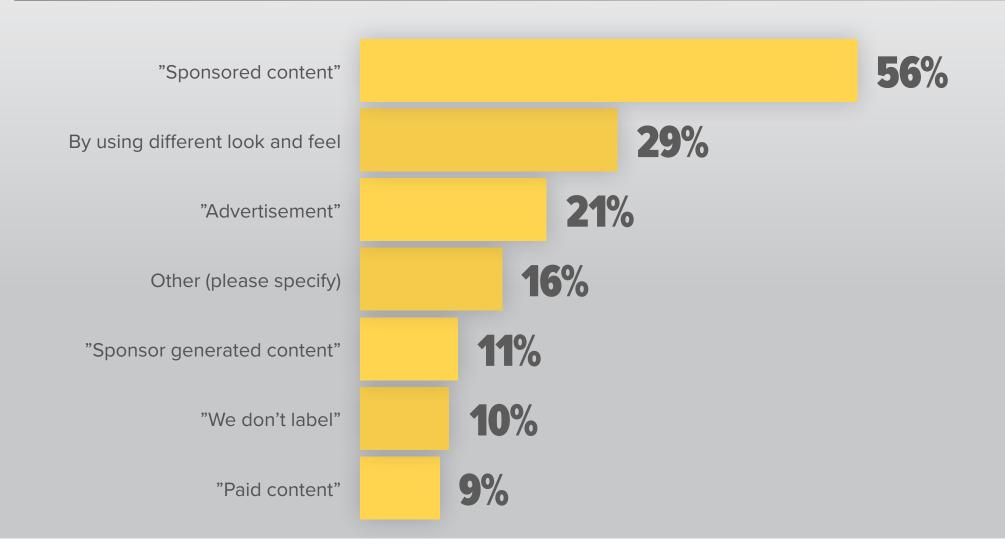




Have you received any customer complaints from working with native advertising?



How do you label native advertising?







ABOUT THIS REPORT

Native Advertising Trends 2017 - The Magazine Industry was produced by Native Advertising Institute in collaboration with FIPP - the network for global media.

207 magazine executives from 53 countries across the globe participated in the survey during a four month period in June, July, August, and September 2017. The report was published in October 2017.



About Native Advertising Institute Native Advertising Institute is an independent think tank on a mission to help publishers, brands and agencies become successful with native advertising. We publish a blog, conduct research, and host the biggest native advertising conference in the world, called Native Advertising DAYS.

nativeadvertisinginstitute.com



About FIPP

FIPP - the network for global media, represents content-rich companies or individuals involved in the creation, publishing or sharing of quality content to audiences of interest. FIPP exists to help its members develop better strategies and build better businesses by identifying and communicating emerging trends, sharing knowledge, and improving skills, worldwide.

fipp.com



