NATIVE ADVERTISING TRENDS 2017

– The Magazine Industry

FIPP
the network for global media

Native Advertising Institute™

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

This 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
Founder
Native Advertising Institute

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

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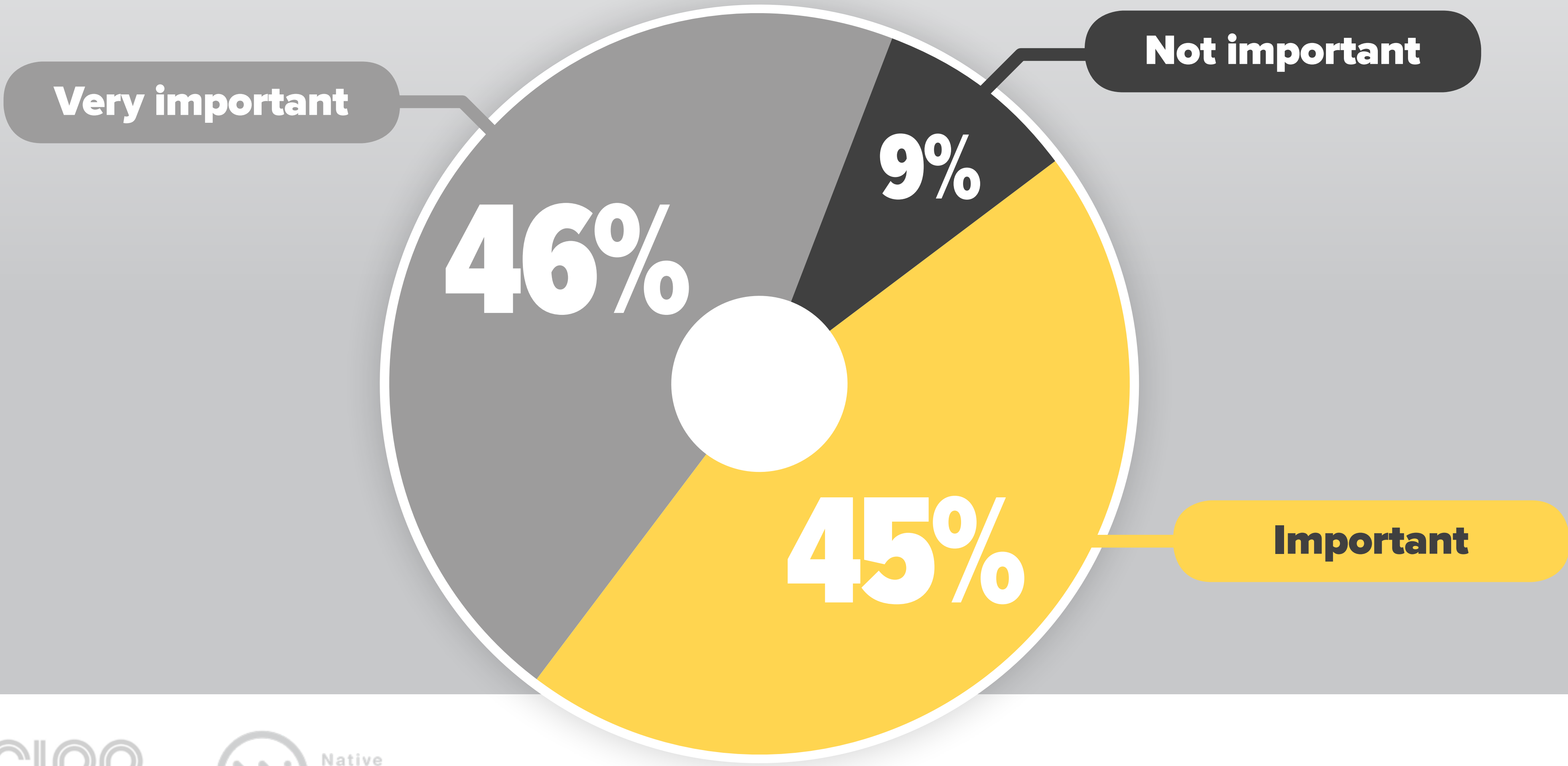
INTEGRATION

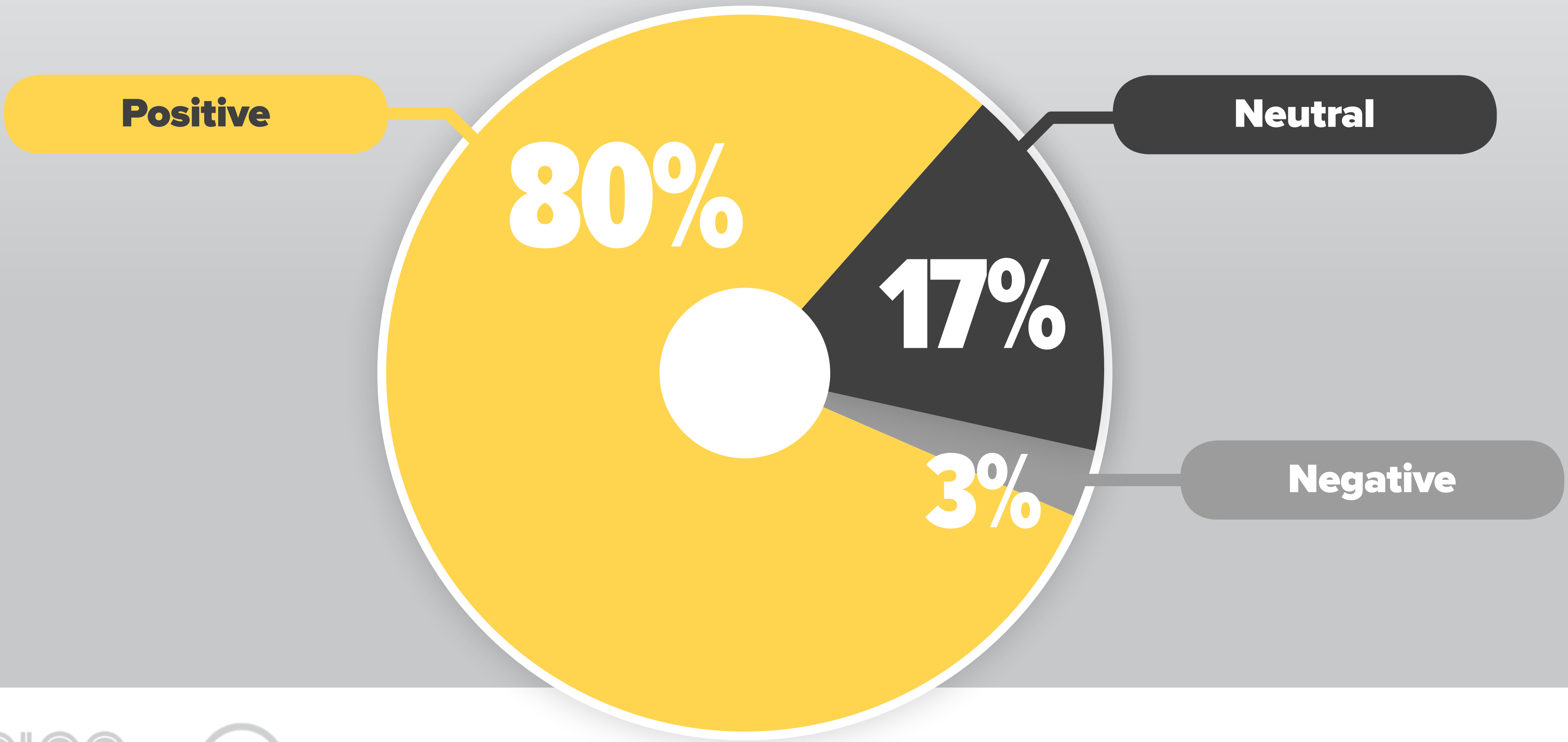
There is no doubt that native advertising is being more and more adopted by publishers. More than half are already providing native advertising products and services and less than 8% are 'Less likely' or 'Not likely' to do so.

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.

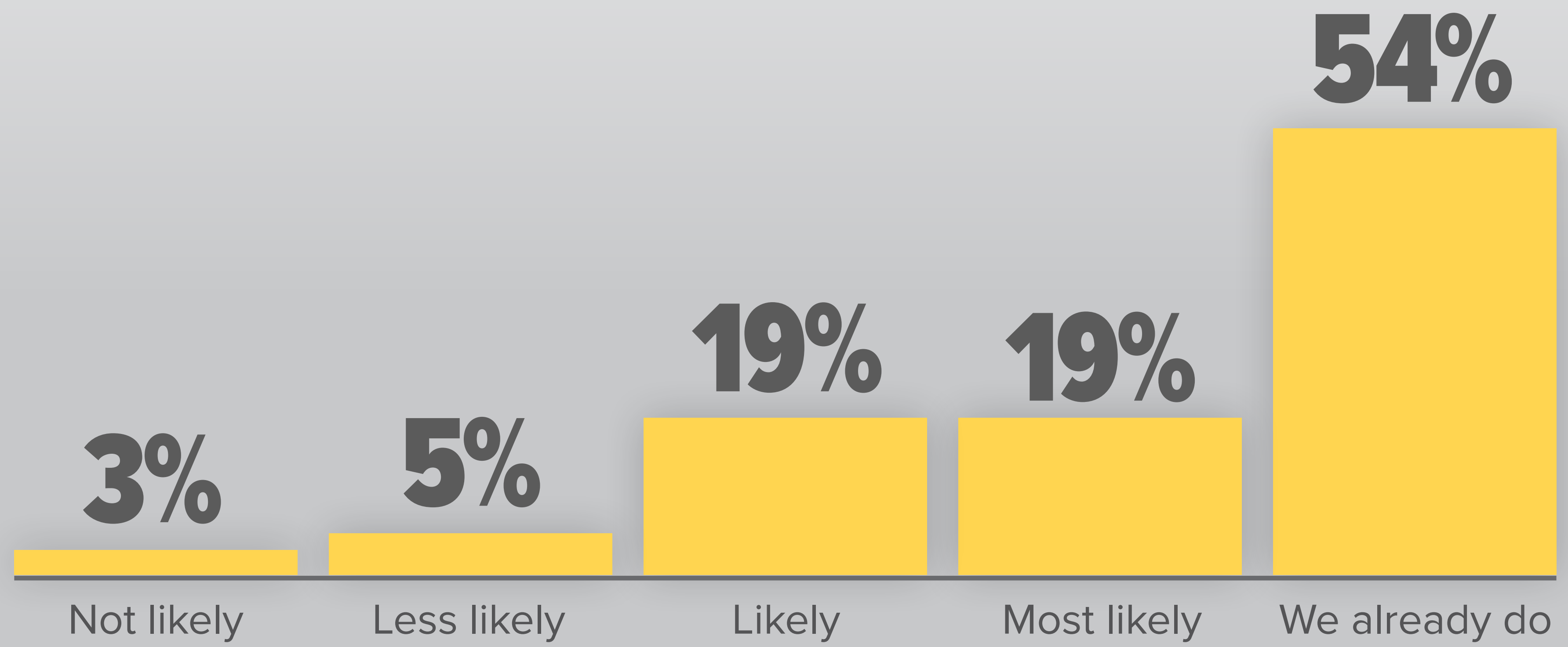
How important is native advertising to your company?



What are your feelings toward native advertising?



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



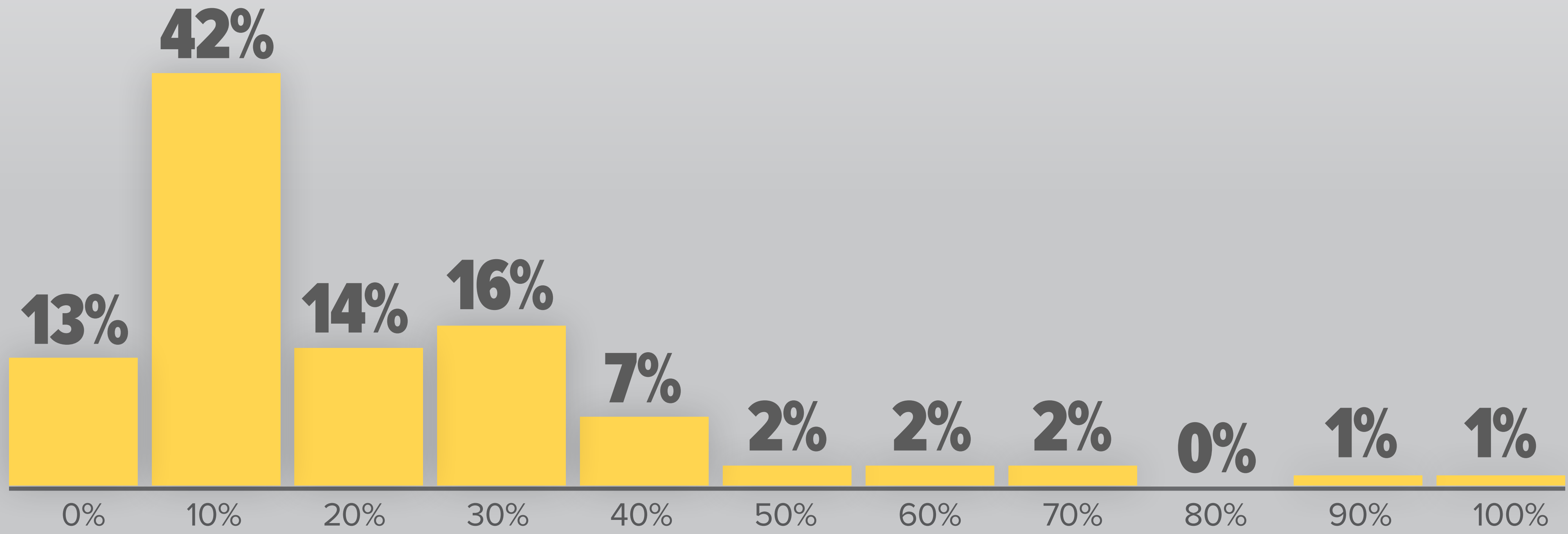
BUDGETS

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.

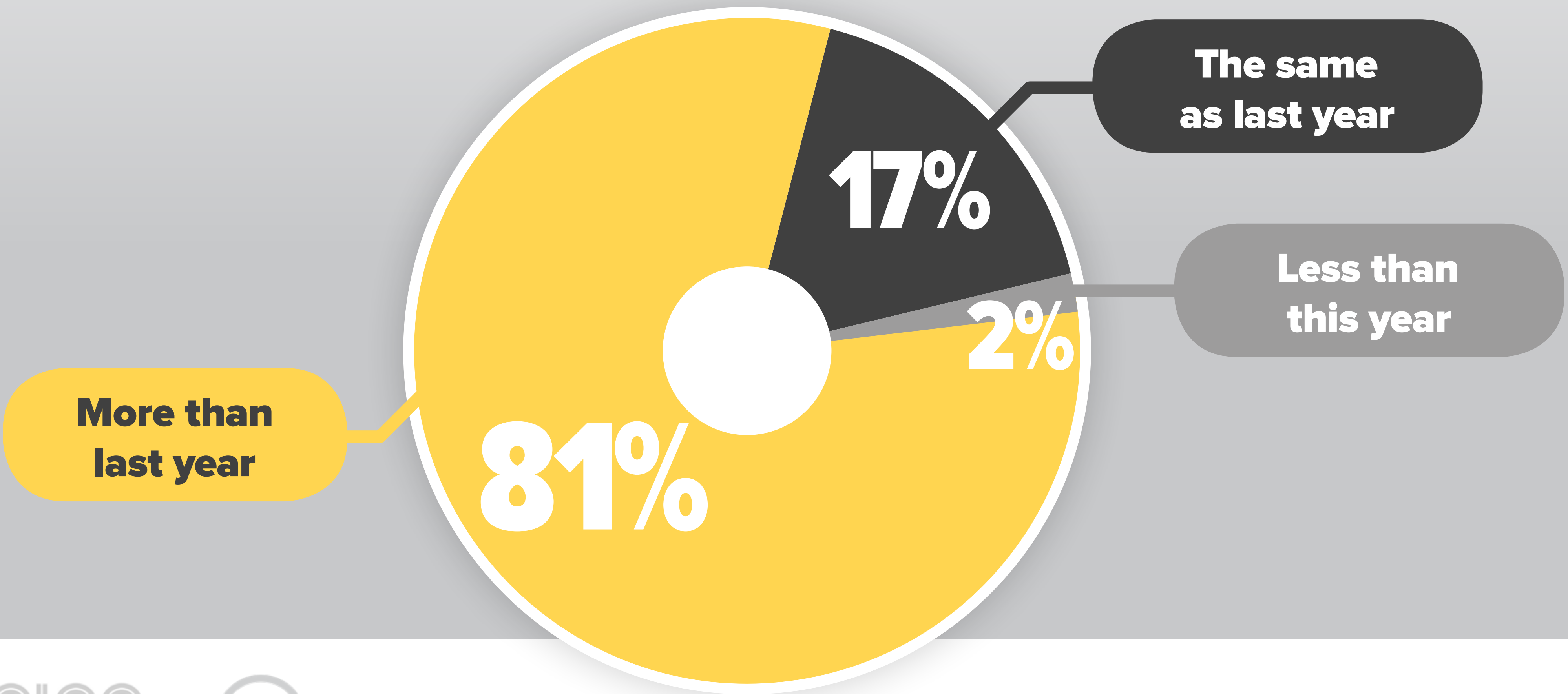
BUDGETS

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

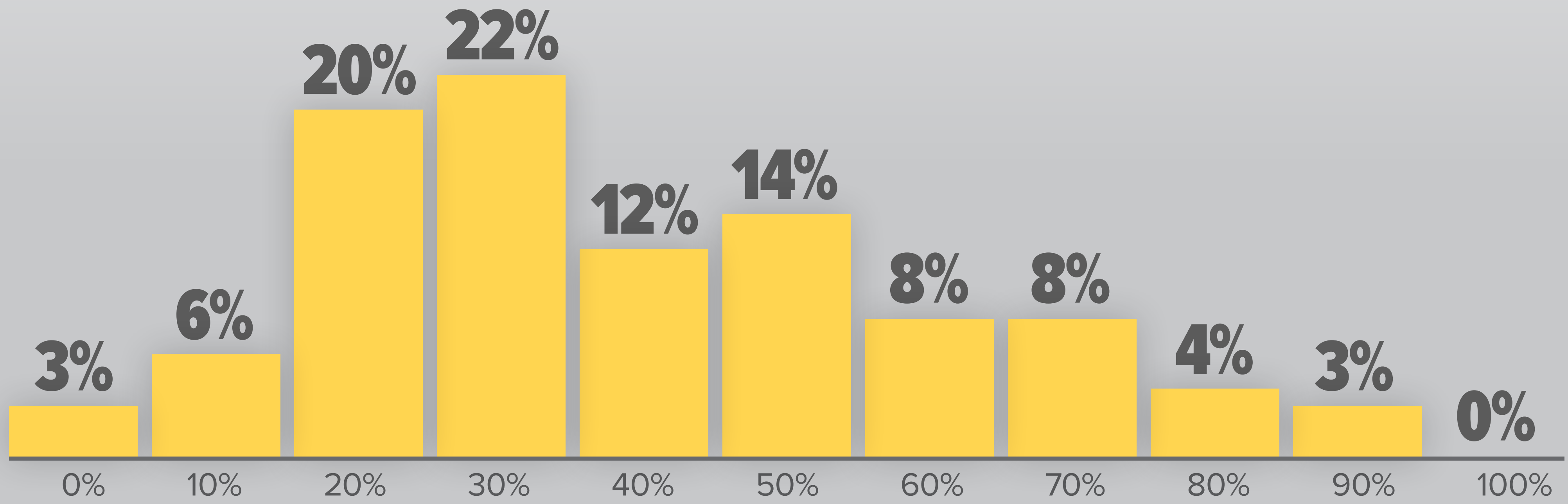


BUDGETS

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

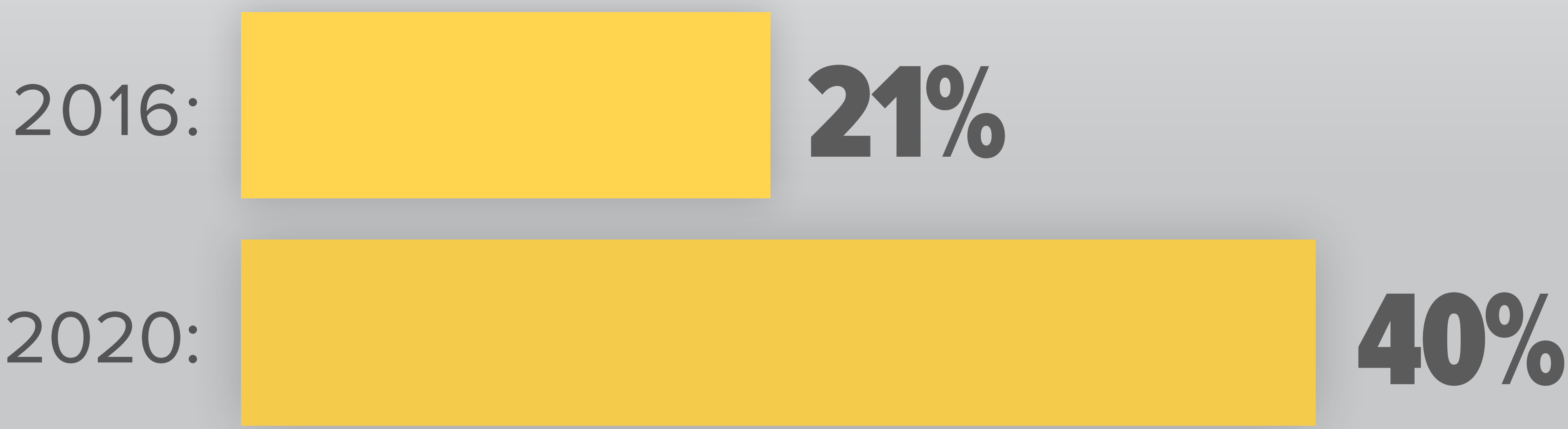


Of your overall advertising revenues, what percentage do you expect will be from native advertising in 2020?

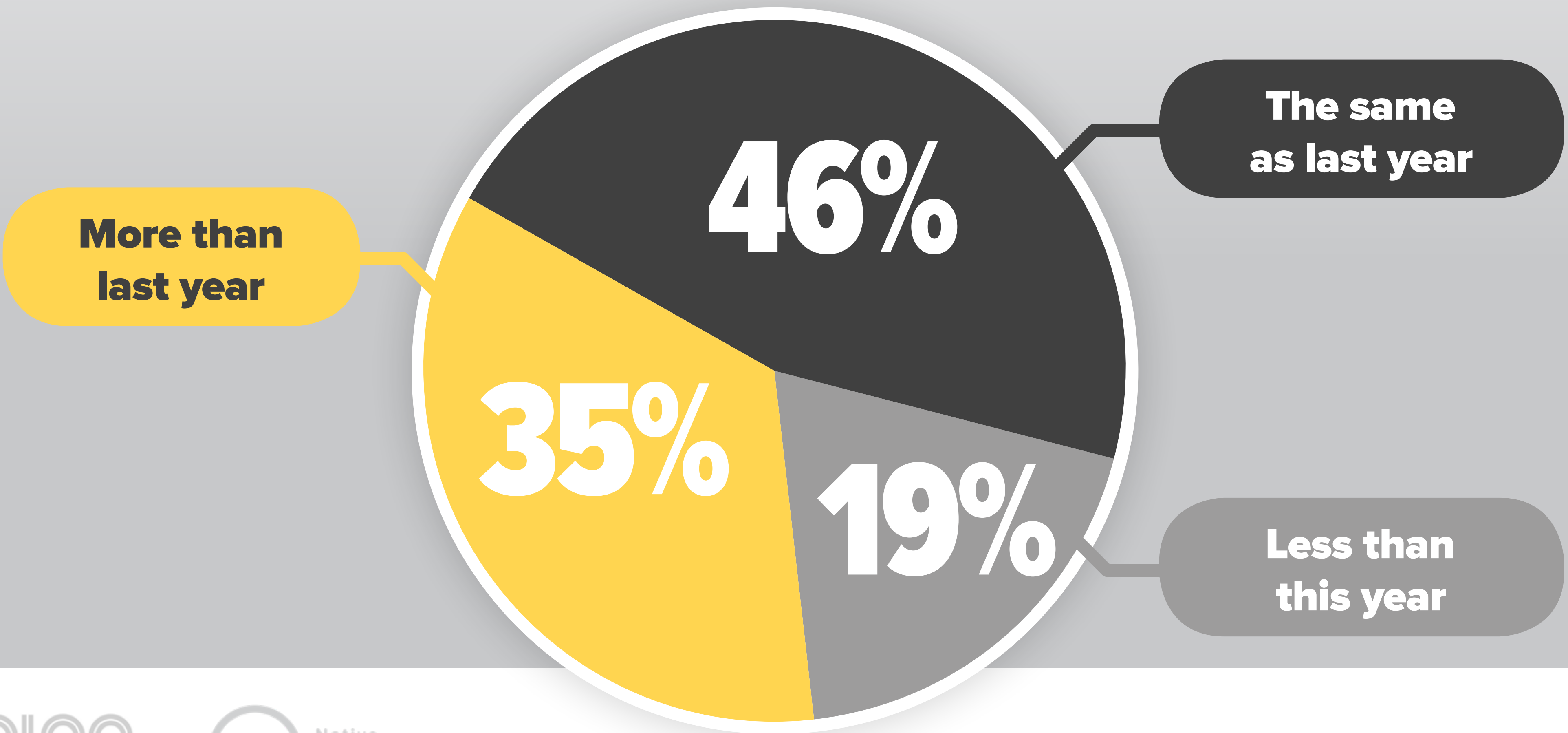


BUDGETS

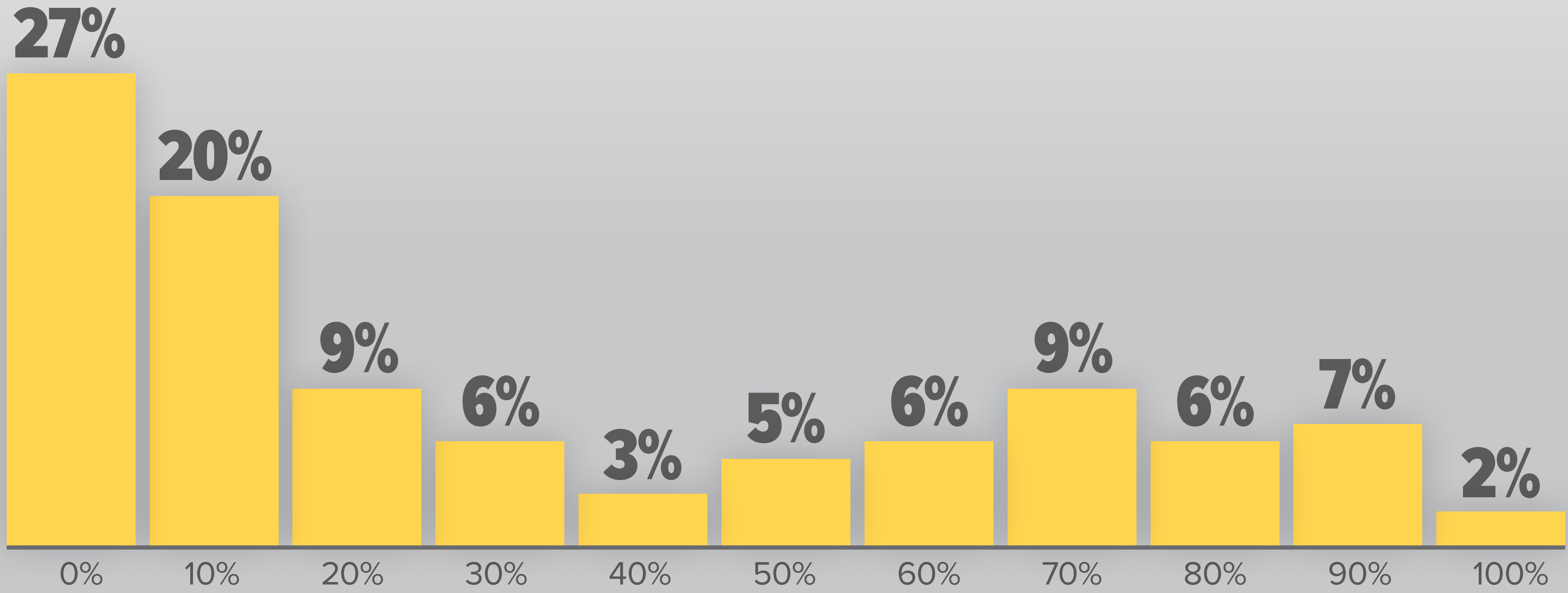
The percentage of the overall advertising revenue coming from native advertising in 2016 vs 2020



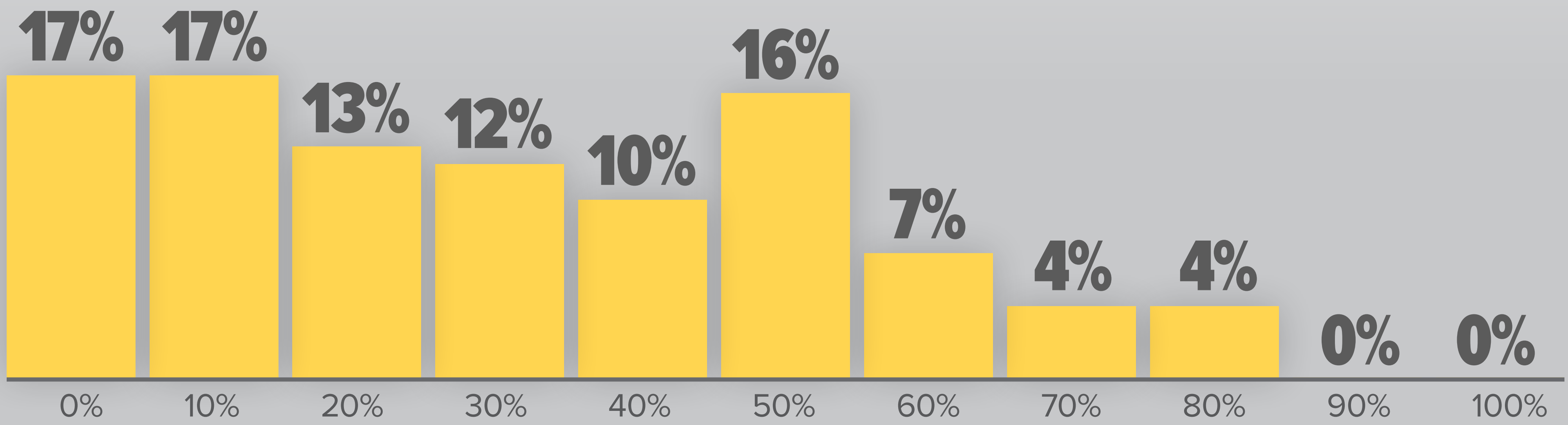
Of your native advertising revenues, what percentage do you expect will be from print in 2017?



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?

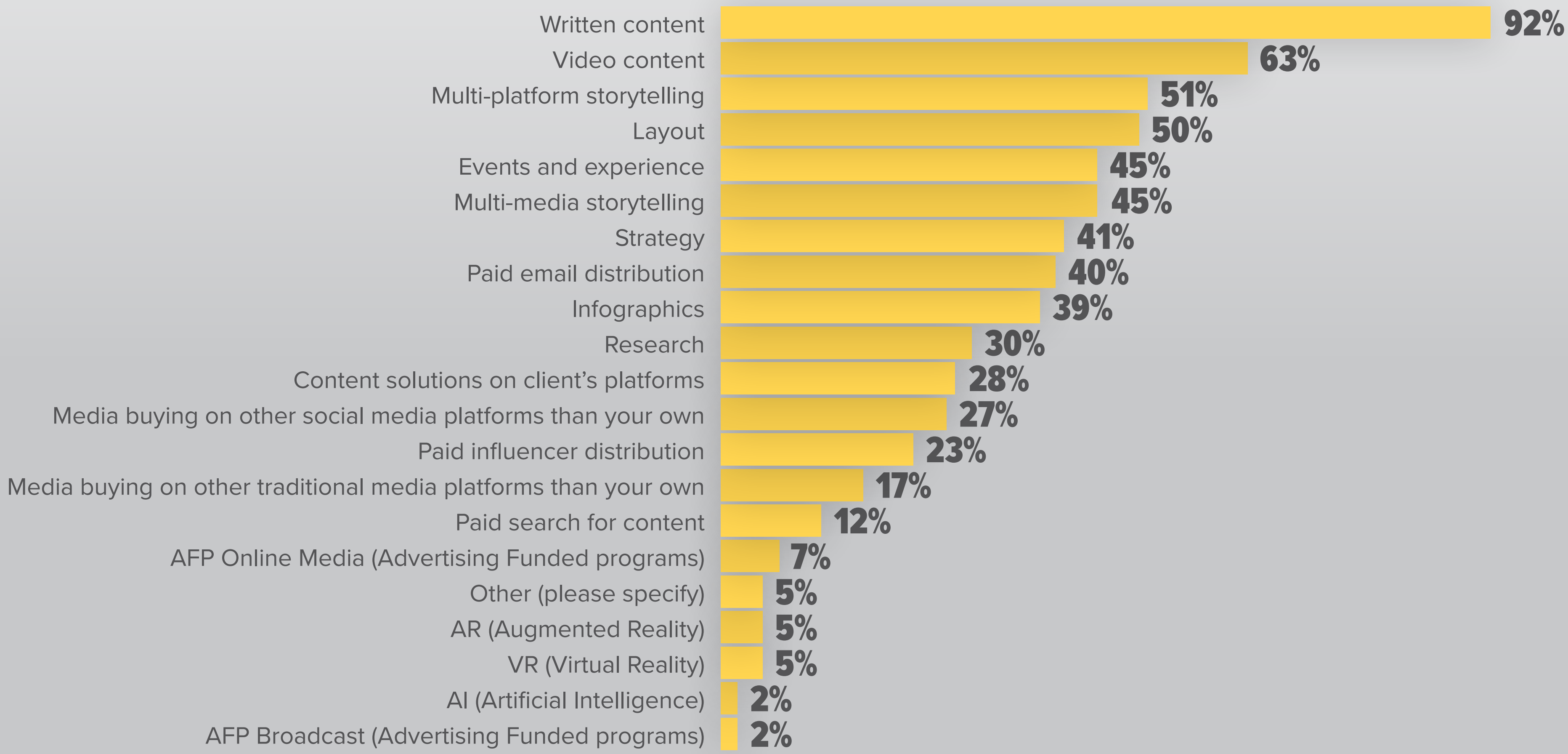


SALES AND SERVICES

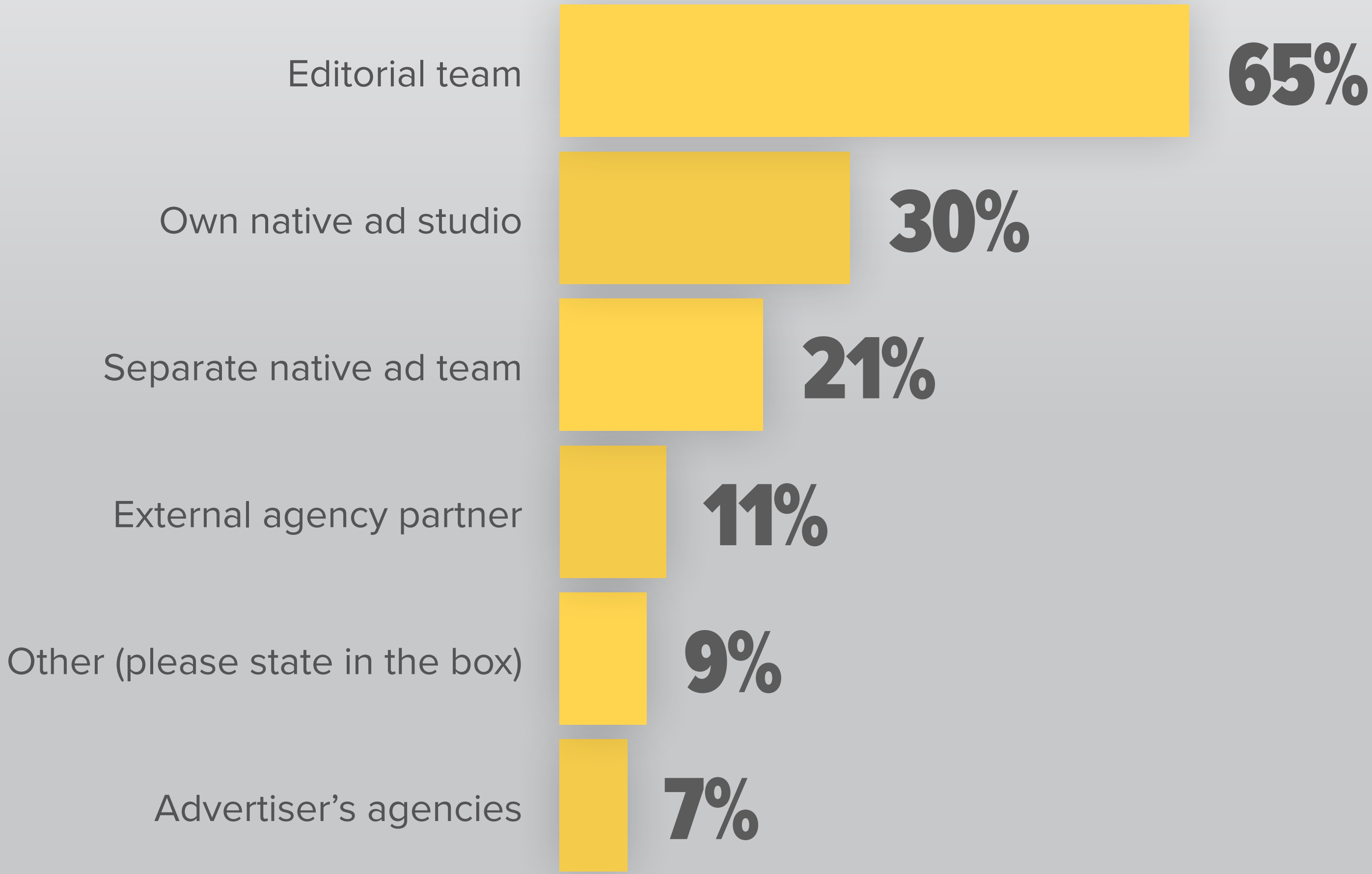
Magazine publishers continue to be heavily involved in the actual production of native advertising. 65% will involve their normal editorial teams while 30% have an actual in-house studio and another 21% have a separate native ad team.

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%.

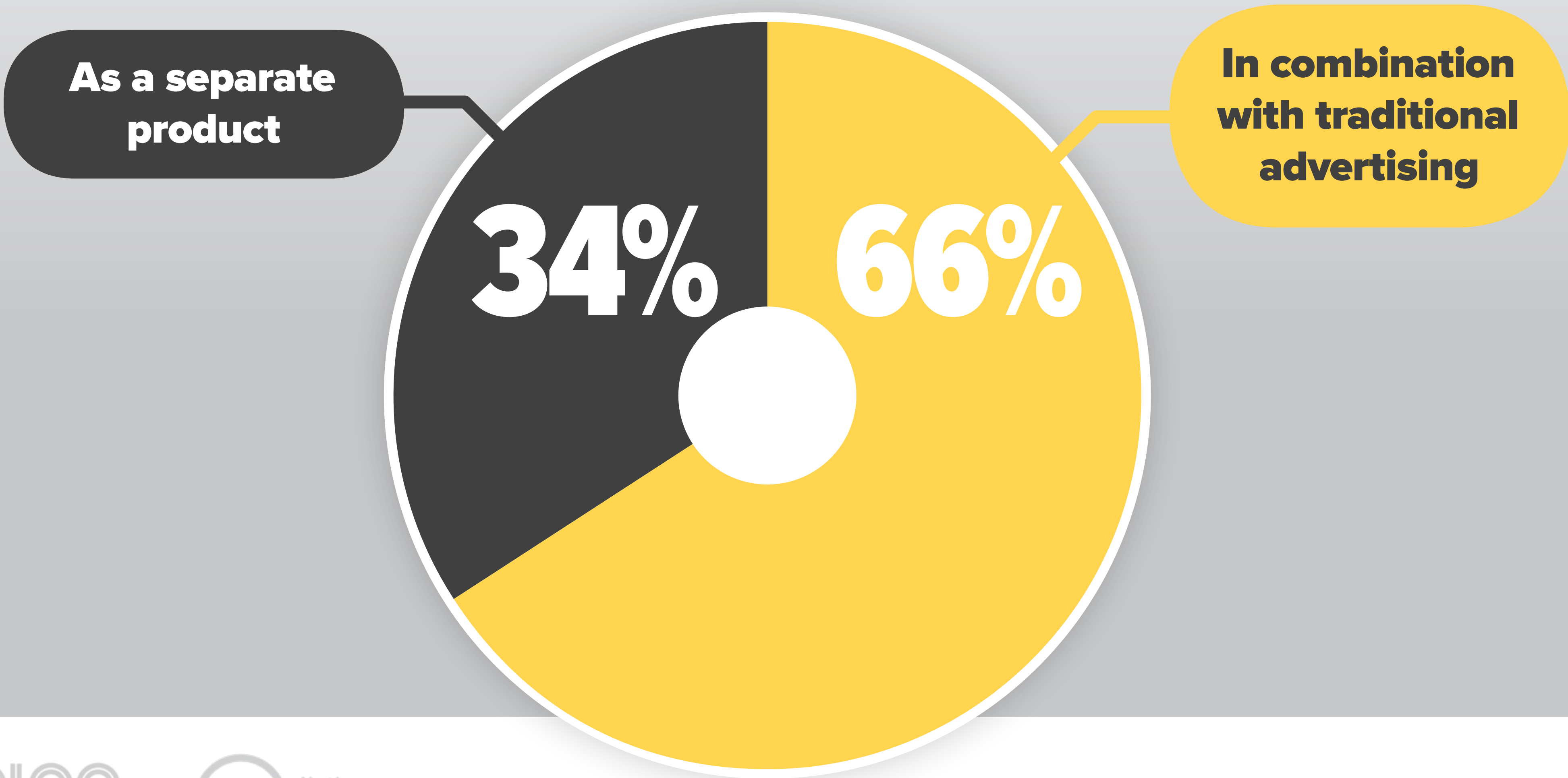
What products and services related to native advertising do you provide your customers with?



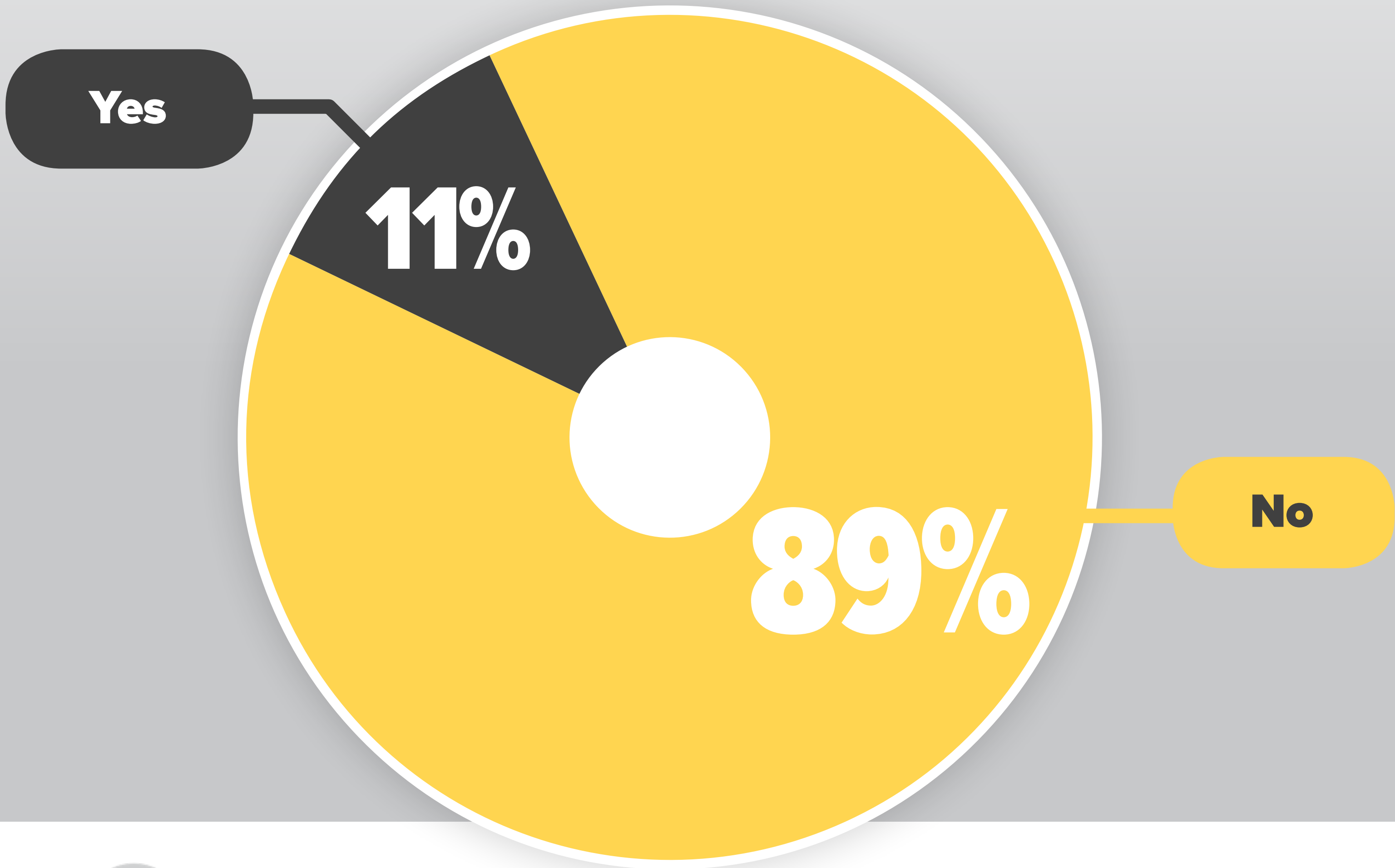
How do you provide native advertising solutions?



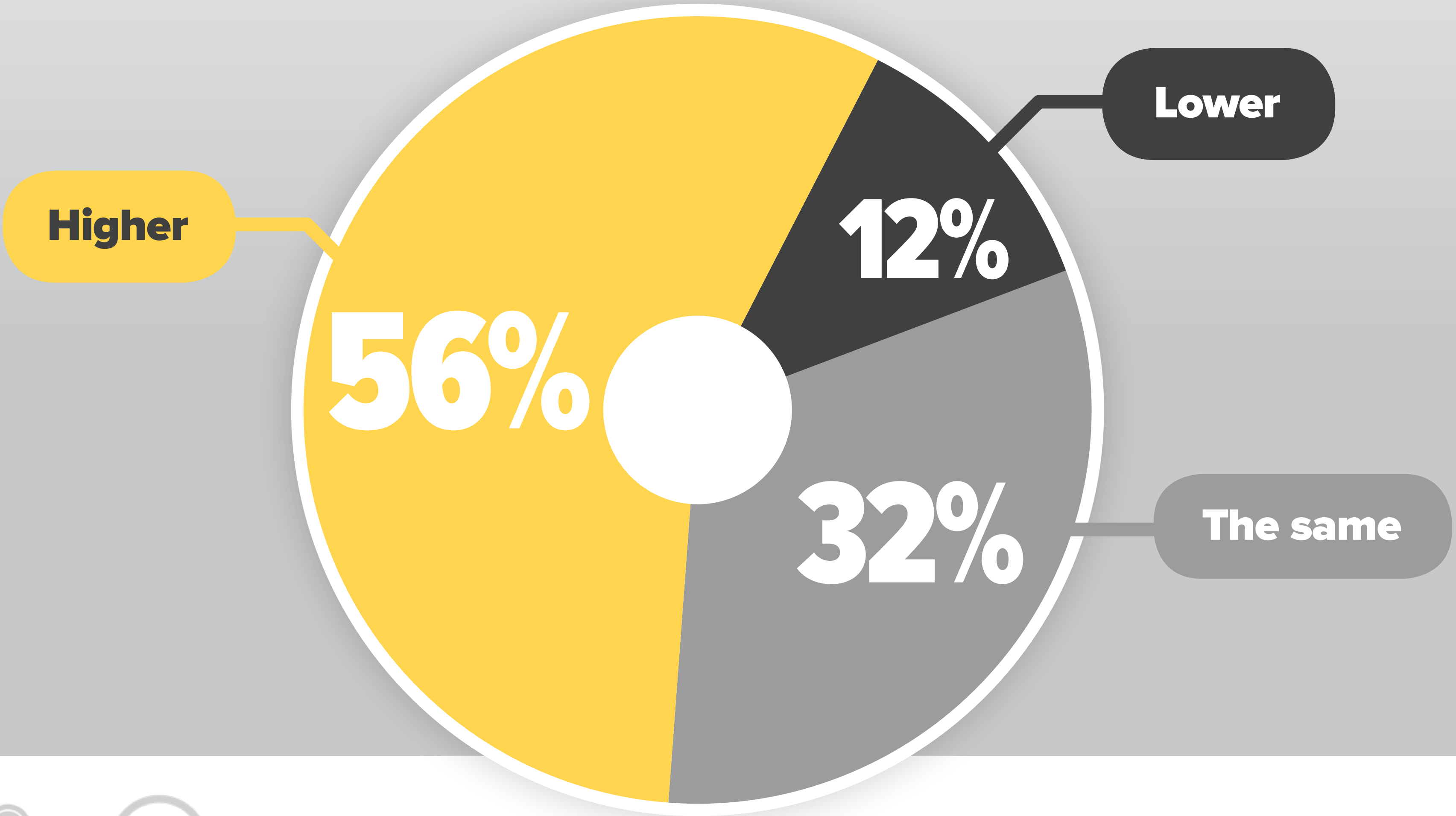
How do you sell your native advertising solutions?



Do you have dedicated sales teams for native advertising?



How do you price native advertising vs. traditional advertising?

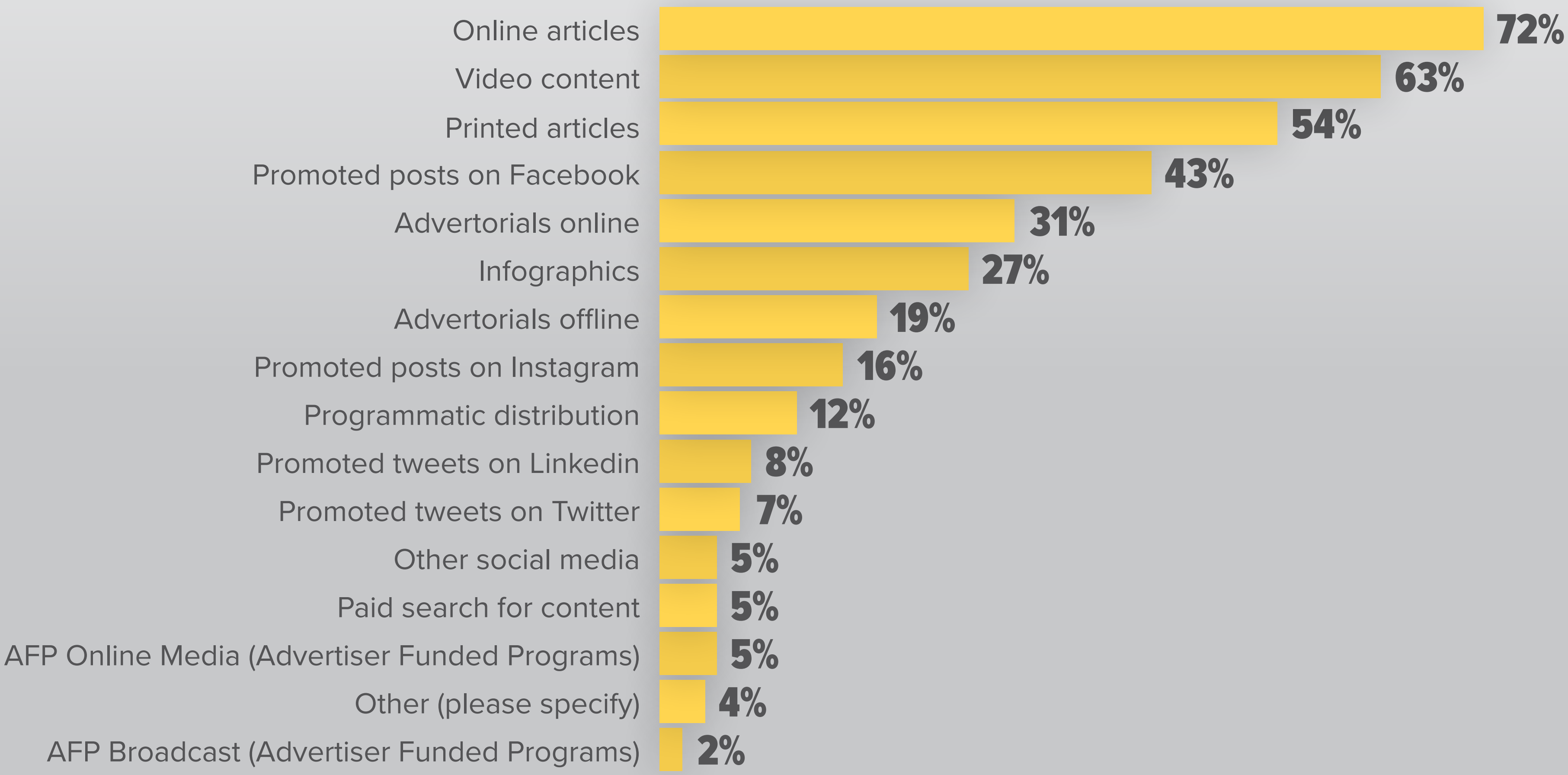


MEASUREMENT AND EFFECT

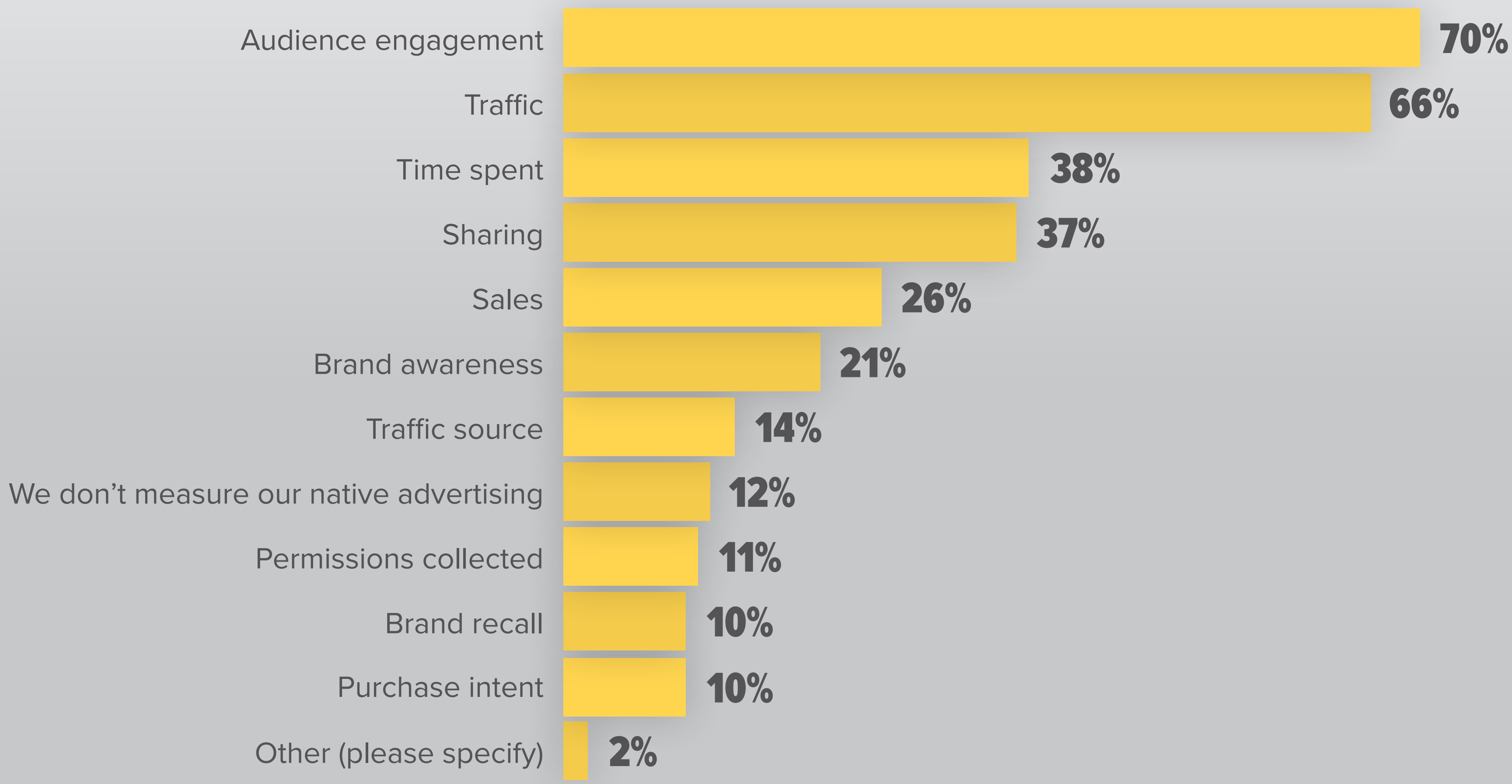
Measuring the effect of native advertising is no easy task. Publishers, brands and agencies are all trying to figure out what the right kpi's and metrics should be. Many are talking about time spent with the content as the primary indicator for engagement and this year we're seeing 'Time spent' as the 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.

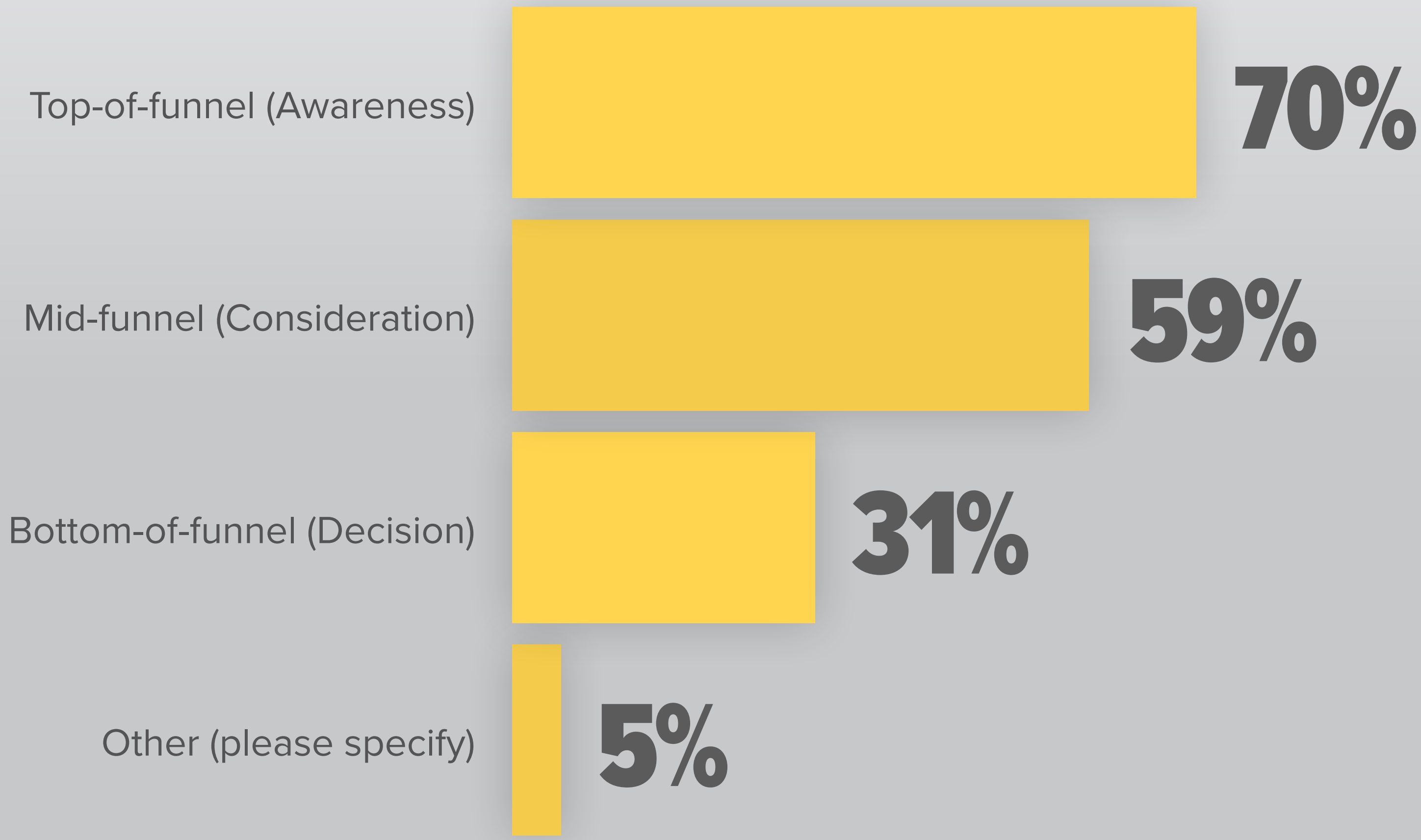
What do you consider to be the most effective type of native advertising?



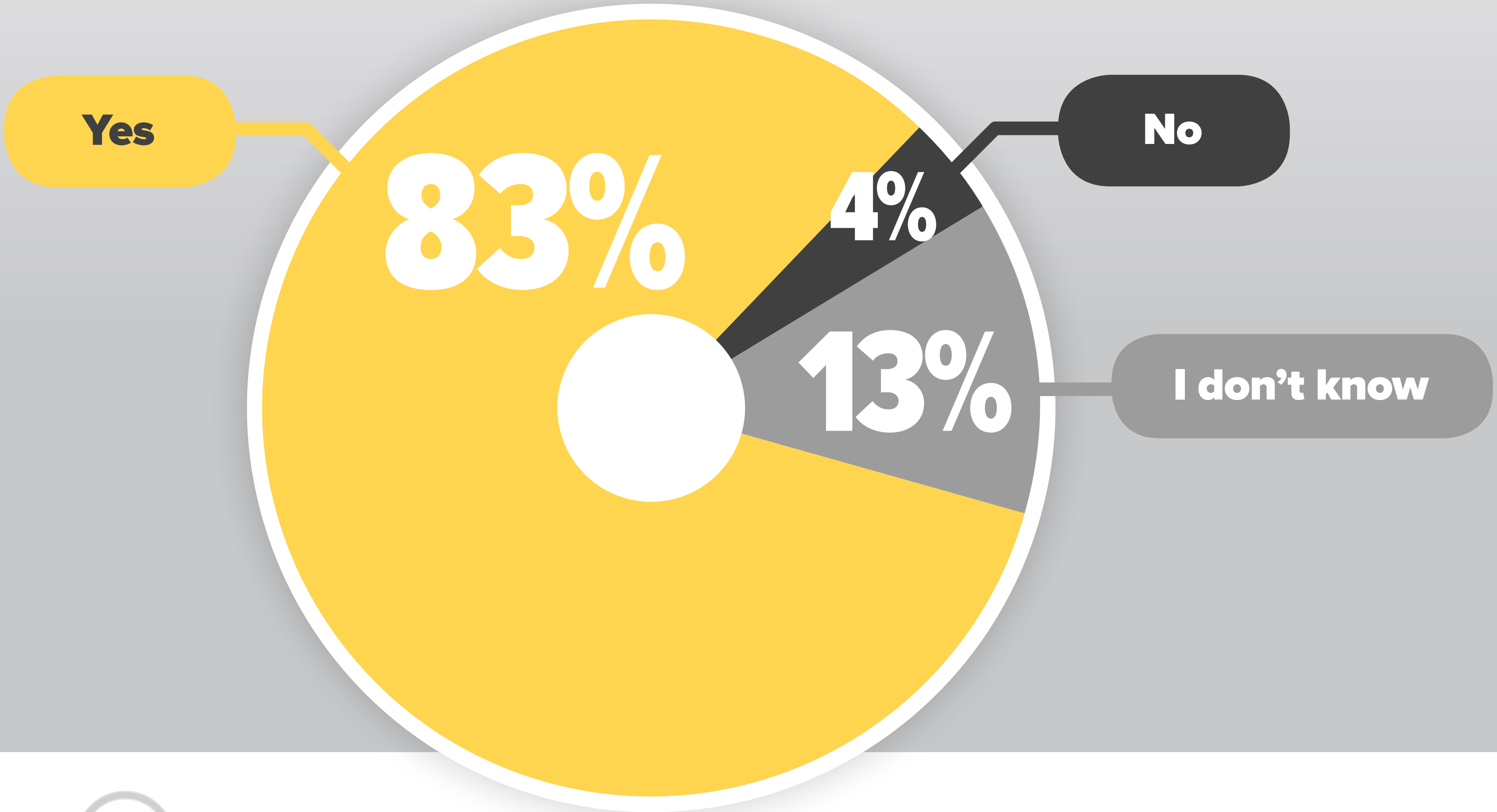
How do you measure the effect of native advertising?



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?

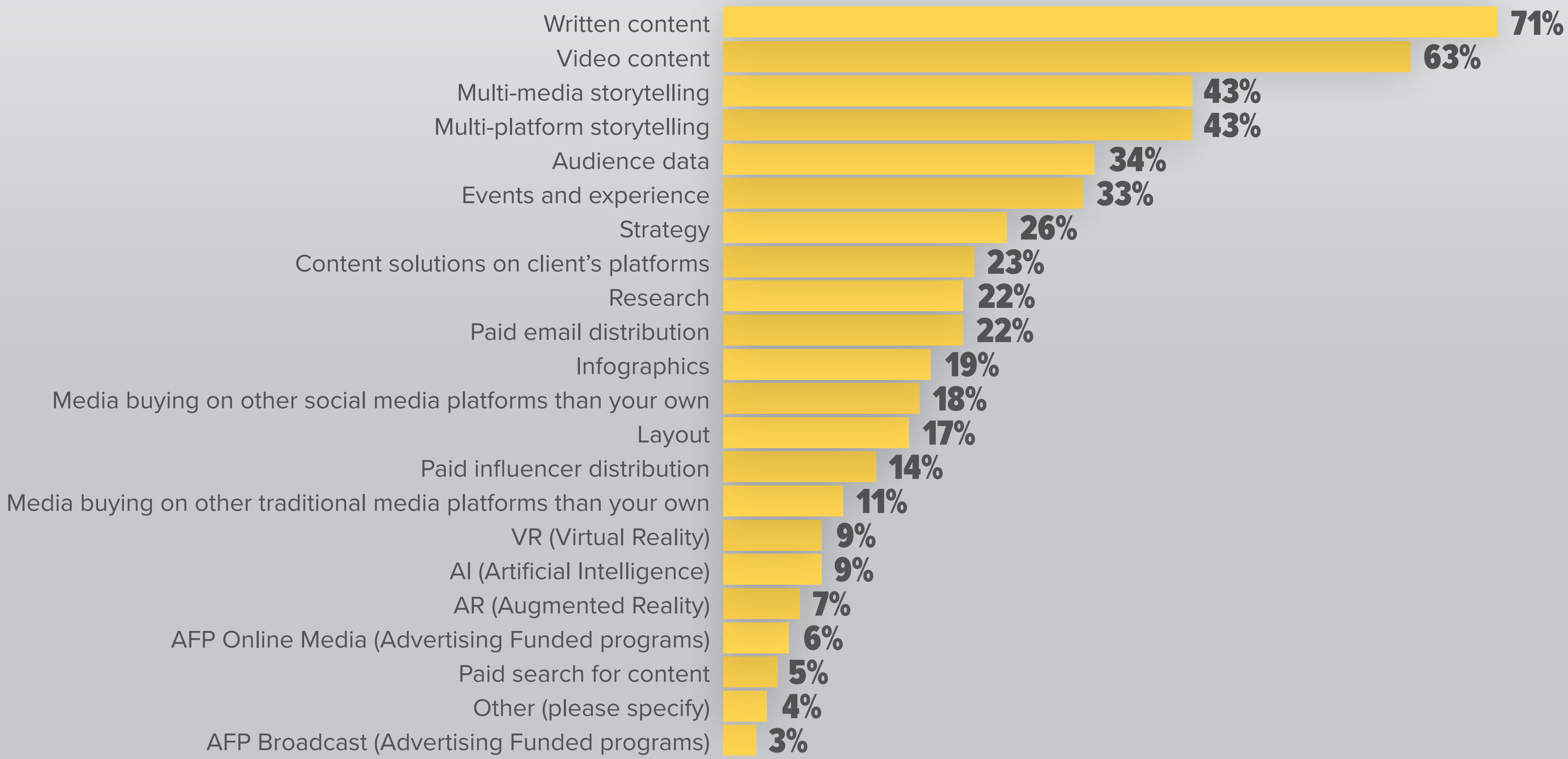


OPPORTUNITIES & THREATS

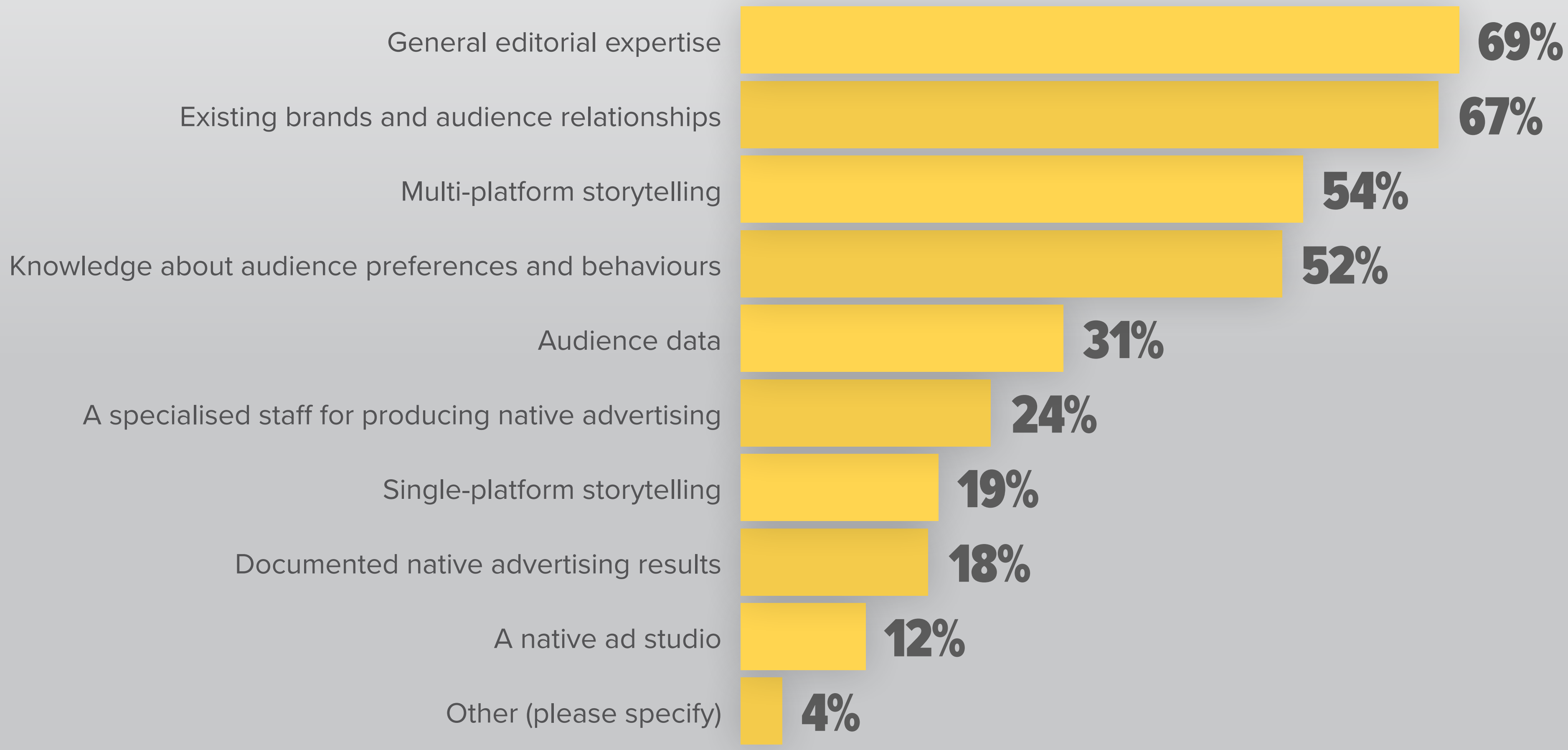
There are a great many opportunities for publishers to pursue in native advertising. Especially for those that dare to move beyond their own platforms and leverage their storytelling skills in other channels.

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.

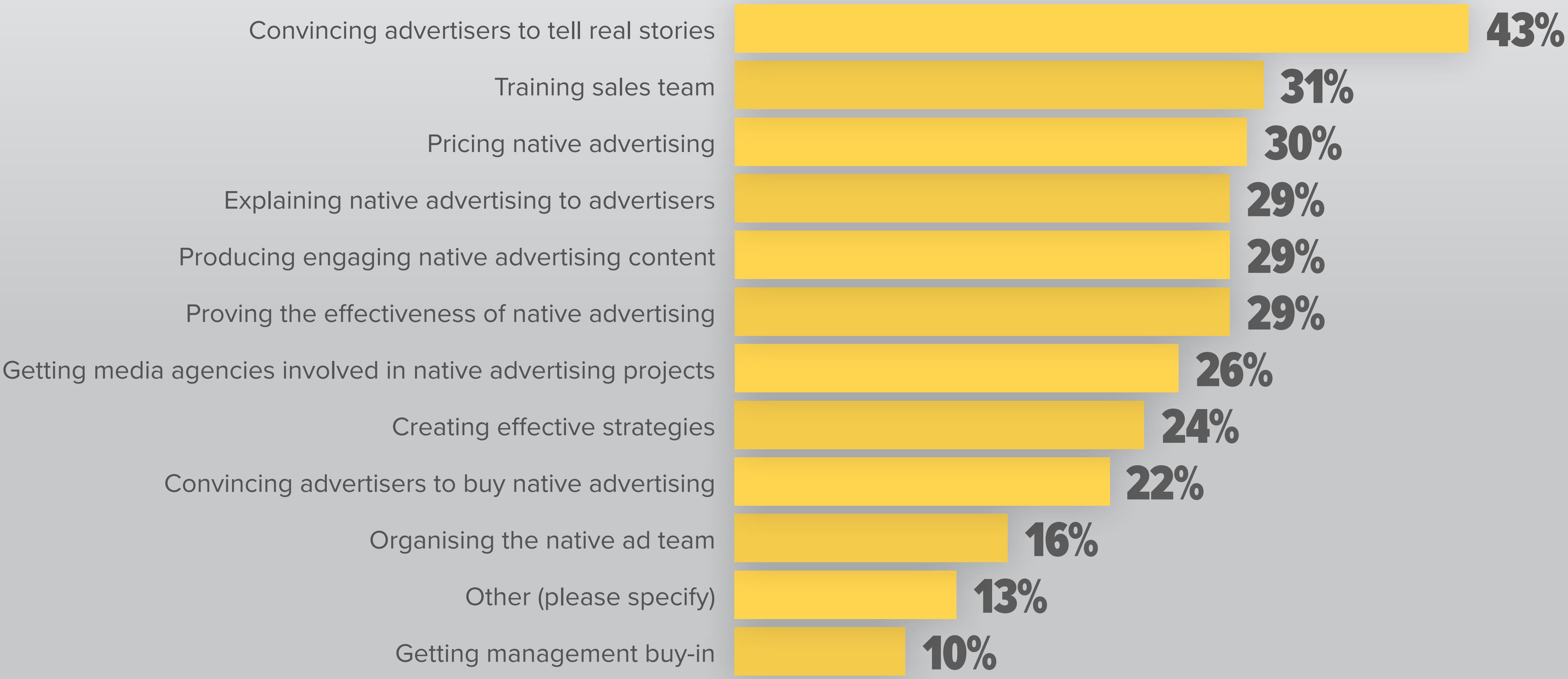
What are the biggest native advertising opportunities for your company?



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

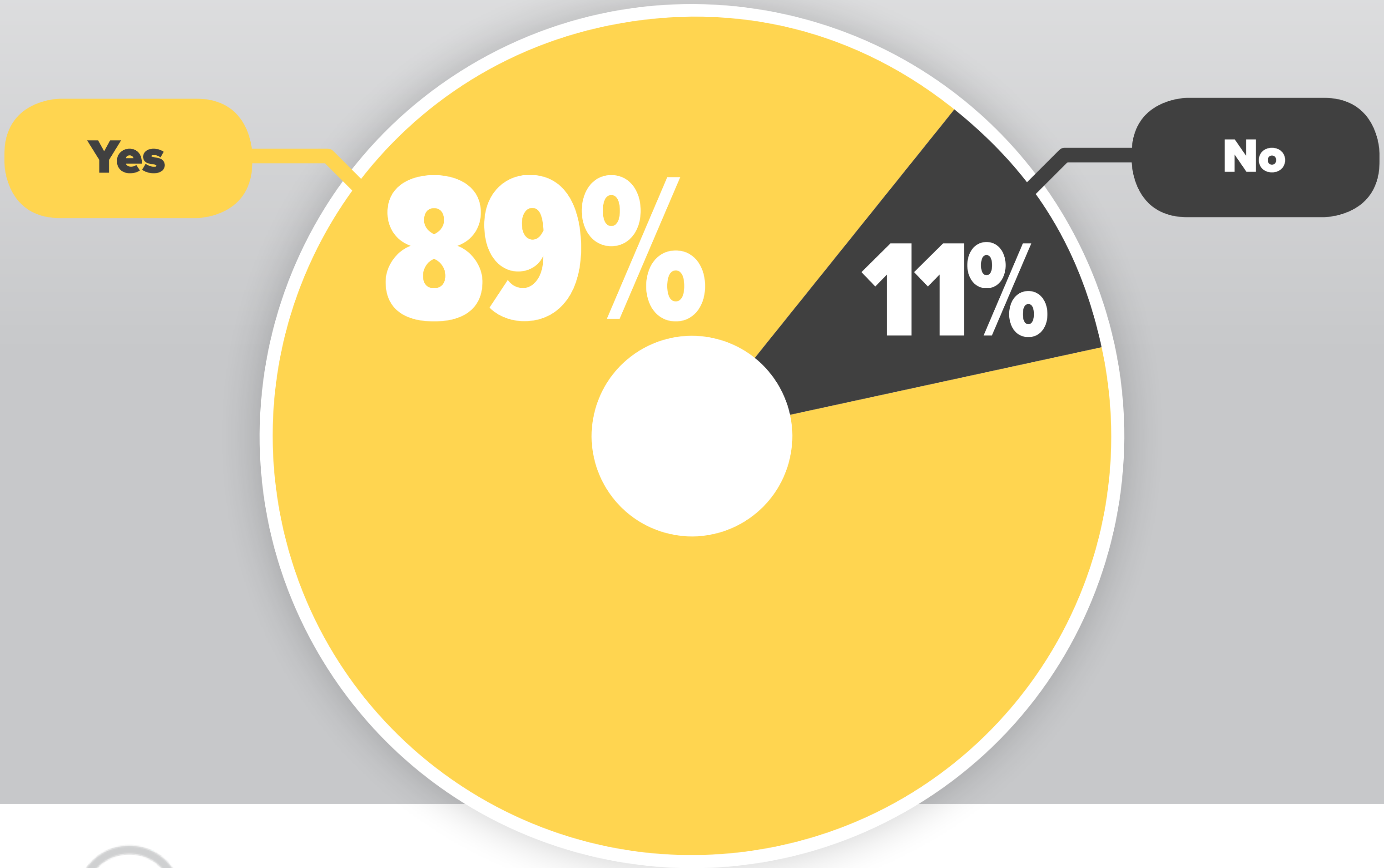


What is your biggest challenge regarding native advertising?

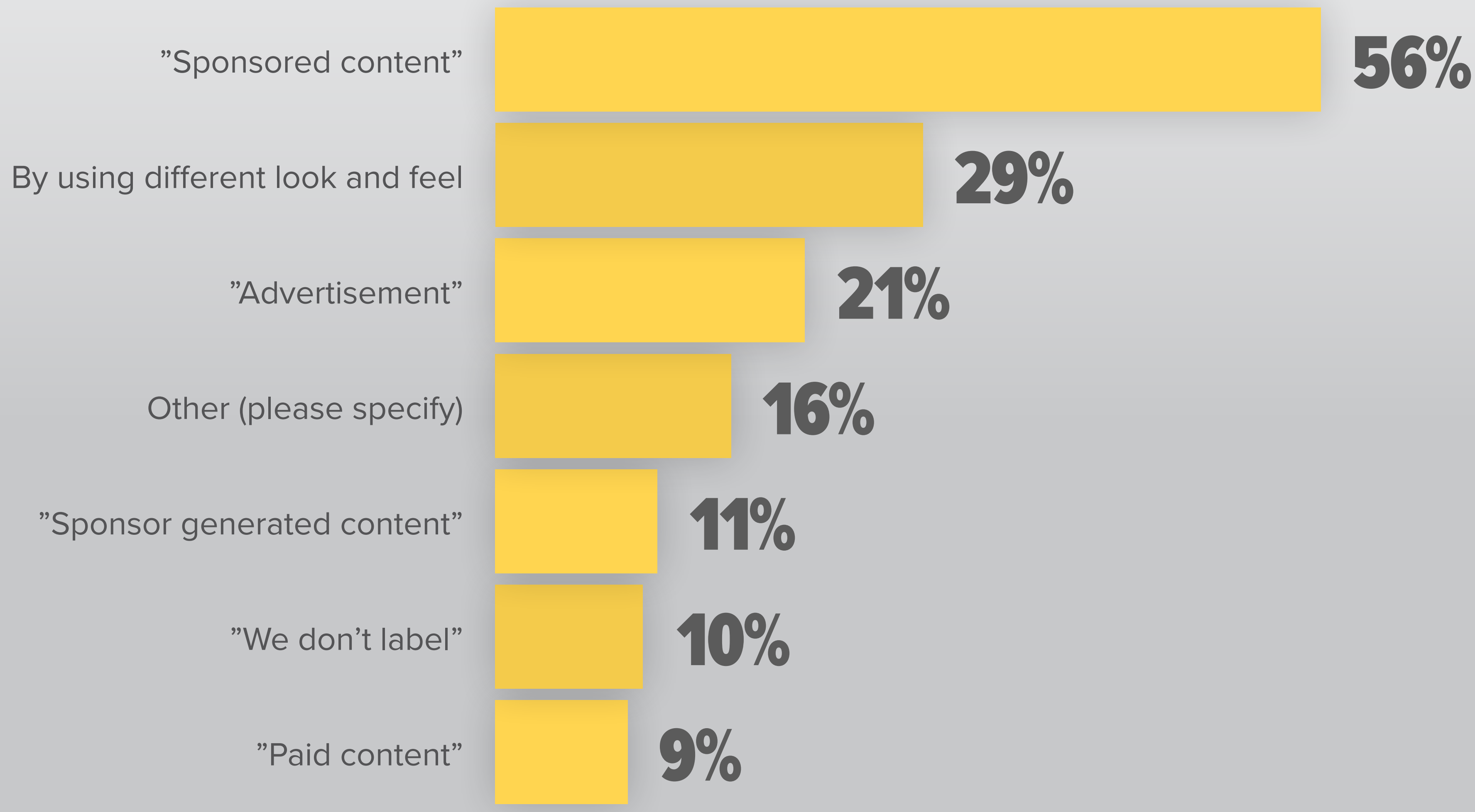


What do you consider the biggest threat to native advertising?

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.

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