

New Native Ad Guidelines and What Steps You Need to Take

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Executive Summary

In December the Federal Trade Commission (FTC) published two documents that outline their policies around transparency of Native Advertising:

- [Commission Enforcement Policy Statement on Deceptively Formatted Advertisements](#)
- [Native Advertising: A Guide for Businesses](#)

In certain instances, the FTC's disclosure recommendations contradict those widely adopted and previously published by the Interactive Advertising Bureau (IAB). It is imperative that both advertisers and publishers understand these new guidelines to minimize risk of violating the FTC Act that prohibits "unfair or deceptive acts or practices in or affecting commerce." CMI/Compas recommends taking immediate inventory of all native ad content, identifying assets that fall outside these guidelines, and working with publishers and ad agencies to update them moving in to 2016.

Native Ad Overview

Native ads are those that mirror the editorial content of a page through design, placement, or language. The goal of native ads is to provide relevant content to the user with minimal disruption to their online viewing experience.

However, this often results in minimal distinction between advertiser and publisher content (example below). These ads are most common across social networks but can now be found within most major websites, including healthcare endemic and professional sites.

The IAB has defined six types of native ads:

- In-Feed Units
- Paid Search Units
- Recommendation Widgets
- Promoted Listings
- In-Ad Units (IAB Standard) with Native Elements
- Custom/"Can't Be Contained" ([Native Advertising Playbook](#))

Search engine ad disclosures are regulated by a FTC letter from 2002 and in-ad units follow the same specific labeling requirements as all IAB standard units, including a clearly defined border. However, disclosure language varies for the remaining ad types and is inconsistent across publishers.

Deep Dive on In-Feed Ad Units

Inconsistencies are most apparent for In-Feed Ad Units, due to the number of ways advertising content can be served up and accessed within publisher content. Some examples include clickable headlines within editorial, paid social posts, and integration in video libraries.

Disclosure language used by leading publishers also varies, including: “Advertisement” (YouTube), “Promoted” (Twitter), “Sponsored by” (LinkedIn), “Presented by” (BuzzFeed), and “Suggested Post” (Facebook). HCP publishers favor programs that feature clickable headlines driving to brand alerts hosted within the third party environment. Disclosure language includes, “Information from Industry” (Medscape) or “Content Provided by” (MedPage Today).

Recommended Disclosure Principles

IAB Guidelines

The IAB has historically taken the stance that all of the above are acceptable forms of disclosure. The official guidelines as published in the Native Advertising Playbook are as follows:

Regardless of native advertising type, the IAB advocates that, for paid native ad units, clarity and prominence of the disclosure is paramount.

The disclosure must:

- *Use language that conveys that the advertising has been paid for, thus making it an advertising unit, even if that unit does not contain traditional promotional advertising messages.*
- *Be large and visible enough for a consumer to notice it in the context of a given page and/or relative to the device that the ad is being viewed on.*

Simply put: Regardless of context, a reasonable consumer should be able to distinguish between what is paid advertising vs. what is publisher editorial content.

FTC Guidelines

The FTC’s 1983 Policy Statement on Deception defined a deceptive practice as one that “is likely to mislead consumers acting reasonably [and] would likely affect the consumer’s conduct or decisions in regards to a product or service.” The recent Enforcement Policy states that the FTC will look at the overall “net impression” of an ad – essentially the entire ad and its effects on consumers – in determining whether it is deceptive. It also clarifies that disclosures apply to all types of advertisements, including those appearing in news or story formats, “door openers” or subject lines, and endorsements.

This ruling aligns with those handed down for previous channels such as print ([Ads in News Format](#)) and email ([CAN-SPAM](#)).

In general, disclosures should be:

- *In a clear and unambiguous language*
- *As close as possible to the native ads to which they relate*
- *In a font and color that's easy to read*
- *In a shade that stands out against the background*
- *For video ads, on the screen long enough to be noticed, read, and understood; and*
- *For audio disclosures, read at a cadence that's easy for consumers to follow and in words consumers will understand (Native Advertising Guide)*

Discrepancies

The FTC's Native Advertising Guide includes nine recommendations around disclosure proximity and placement, prominence, and clarity of meaning. While all of these recommendations should be considered when creating a native ad, two should be particularly noted as they provide more specific guidance than what has been covered by the IAB.

A) Proximity and Placement: Under their proximity guidelines, the FTC recommends disclosures are placed in front of or above native ad headlines, as users traditionally read top-to-bottom and left-to-right. It is currently common practice to include a disclosure below or at the end of a message.

B) Clarity of Meaning: The clarity of meaning guidelines summarize language the FTC feels is and isn't likely to be understood by consumers. It notes that while terms such as "Ad," or "Paid Advertisement" are likely to be understood, terms including "promoted" or "promoted stories" are "ambiguous and potentially could misleads consumers that advertising content is endorsed by a publisher site." Additionally, "Presented by [x]," or "Sponsored by [x]," may be interpreted to mean that an advertiser funded a placement but did not create the content.

"These are common practice," MediaRadar, an ad investment and website tracking system, calculated that only 30% of publishers are in compliance with the new guidelines. ([DigiDay](#))

The IAB has raised concerns that the "section on 'clarity of meaning' in native advertising disclosures is overly prescriptive, especially absent any compelling evidence to justify some terms over others," ([IAB](#)). Its Native Advertising Task Force met on January 5, 2016 to discuss the FTC's rulings and provide additional response, which we are awaiting at the time of this writing.

CMI/Compas Recommendations to Clients and Publishers

In order to ensure native ads are not in violation of the FTC Act, CMI/Compas recommends that all future creatives adhere to the principles outlined in the Native Advertising Guide. Specifically, ads should include the word “Advertisement” above the headline, in a color and font that stands out against the background, and should be outlined in a border so as to differentiate from other content on the page.

For current assets, CMI/Compas recommends taking inventory of all native ads and identifying those that do not meet the new requirements. CMI/Compas feels it is the responsibility of the publisher selling native ads to offer a standard, compliant format. Media agencies should notify publishers where their specs are non-compliant. Identifying at-risk areas will allow both creative agencies and publishers to prioritize asset updates as the industry begins to accommodate these changes in 2016. CMI/Compas will continue to monitor and provide notification if more drastic actions need to be immediately implemented. No FTC enforcement action has been outlined at this time.

In the world of ad blocking and “banner blindness”, native advertising formats are becoming the preferred mode of engaging with brand and disease information. CMI/Compas recommends evaluating content consumption through SEO data or social listening to define content users are most likely to engage with. Transparency around native ads allows this interaction to become more meaningful and deliberate as users choose to engage with the sponsored content.



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