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The State of Native 2019

verizon✓

The age of experience

Digital experiences keep getting better. From AI-driven content feeds to shopping enhanced by augmented reality, the ways in which consumers interact with technology have transformed the customer journey. With 5G on the horizon, consumers and advertisers are about to step into digital's new age of speed and capabilities.

To be successful, brands must deliver experiences that are helpful in the moment and that meet expectations along all phases of the path to purchase.

Thankfully, marketers are armed with a mountain of data and a new wave of intelligent ad tech to help them do it.

All this innovation hasn't done much to alter consumer perception of digital marketing, however. People relish new content experiences, but at best only tolerate ads. In fact, 87% of people find digital advertising intrusive.¹

Digital ads need to evolve right alongside today's technology. Impressions come in all shapes and sizes, but while digital experiences have evolved around customer value, digital advertising has remained largely unchanged, often appearing as static banners on a page, an afterthought in the user interface.

There is one ad experience that continues to break the mold: native.

Designed for change, native has the unique ability to evolve at the pace of the internet and redefine the ad experience while matching the look and feel of its surrounding content. As a pioneer of native, we want to show you why it truly is today's most powerful ad format.

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1. **Redefining native**
2. **State of the industry**
3. **Context is king**
4. **Value beyond the click**
5. **The next generation of native**

Redefining native

Native isn't a format. It's a philosophy.

A belief that ads shouldn't sit still. There's no single definition of native advertising, and that's what makes it so unique. Native is fluid, taking many forms from sponsored articles and videos to in-feed posts to more dynamic ad experiences. Native has the ability to transform your existing assets into thousands of unique ads – perfectly adapted for the way we experience content. Its versatility allows it to change and adapt over time to match what people want in specific moments of intention.

In other words, native ads aren't just part of the user experience, they're integrated into consumer passion points to solve real problems.

While native has the potential to be many things, the biggest differentiator between native ads and standard ads is the ability of native to follow the natural form and function of the environment in which it is placed.

The many faces of native



In-stream



In-article



Content recommendation



Commerce



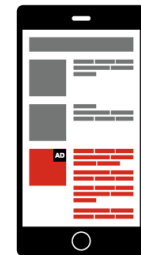
Native video



Custom formats



In-mail



Sponsored content

form &
function

The native revolution

State of the industry

Projected to be a \$85 billion global industry by 2020¹, native advertising is considered an essential solution by marketers looking to meet the needs of an ever-changing consumer. This growing demand has prompted more publishers to incorporate native inventory into mobile apps and sites, making the format more available than ever before.

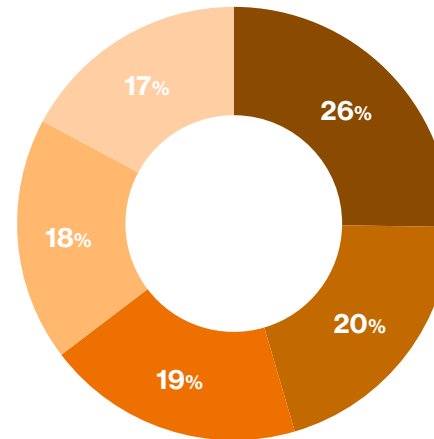
U.S. native spend continues to climb

\$44B

2019 projected native display ad spend

- ↑ **Up 25% YOY from \$35B in 2018**
- ↑ **62% of all display spend will be native in 2019**

2018 allocation of digital native advertising budget Average percent²



- Ads native to social media brands
- Programmatic native ads placed across network of sites
- Ads appearing in publisher content feed (direct buy)
- Custom content co-created with publisher (display or video)
- Native video ads

Adoption level using digital native advertising and branded content



8%

of advertisers are testing native.

26%

of advertisers are beginning to adopt and use native content.

66%

of advertisers are including native regularly and consider it a key part of their digital strategy.

¹ AdsYouLike, Native Ads Research 2018

² eMarketer, Native Display Advertising Spend - 2019

What's driving native growth?

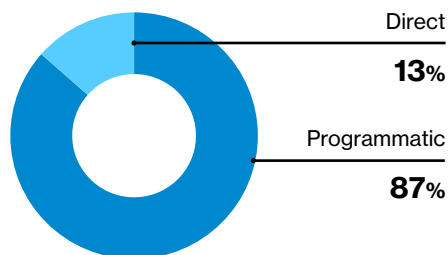
As more publishers see the value of offering native inventory, more ad dollars are flowing towards programmatic and native placements outside of social media (non-social native). In fact, in 2018 non-social native showed a staggering 81% YOY growth over 2017. That's 3x the overall growth rate of social native!²

Programmatic

Programmatic native display is gaining scale, fueled by the growing adoption of programmatic direct and non-social native.

In the chart below programmatic includes any native display bought via API or RTB technology.

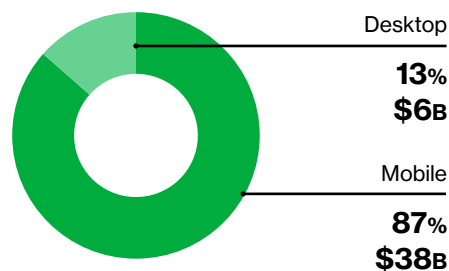
2019 projected native display spend¹



Mobile

Native continues to be one of the best ad formats for mobile, with native accounting for 80% of all mobile display.

2019 projected native ad spend by device

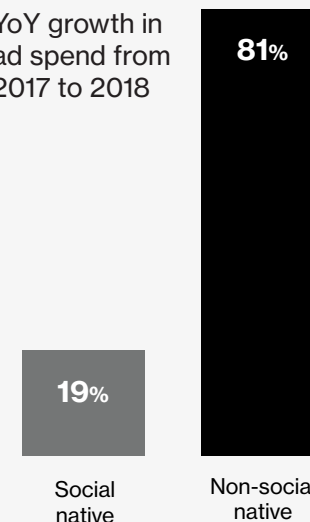


3x

greater growth rate for non-social native

A shift to non-social native

YoY growth in ad spend from 2017 to 2018



² eMarketer, Native Display Advertising Spend - 2019

Video takes center stage

Mobile is a primary driver for native display, and the rise of mobile video is helping to grow native video. Mobile video viewers reached 184B in 2018, prompting native video ad spend to grow 44% to just over \$11 billion.³ At Verizon Media, our native marketplace saw a huge jump in native video ad spend, with average growth reaching more than 13% quarter over quarter.

Combining video with the adaptive experience of native is compelling to both advertisers and consumers. People engage with native video ads more than traditional display ads, showing fixation rates up to 90% for native video on mobile.

We recently conducted an extensive study with over 8,700 participants to look at the effectiveness of mobile formats and found that, while pre-roll and native video both were highly regarded formats, native video consistently outperformed pre-roll in terms of driving awareness and time spent.

In the next year we predict native video innovation to take center stage in an effort to bring video formats that offer more entertainment, information and value to engage consumers.

Native video compared to pre-roll

6x
ROAS

3.7x
fixation rate

157%
higher brand awareness

For more on native video
[Click here >](#)

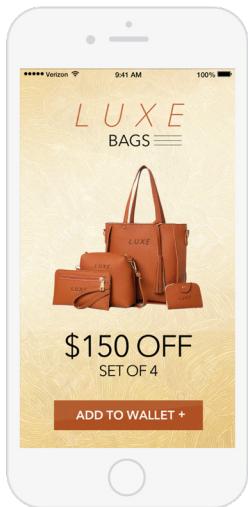
Source: Verizon Media - Maximizing Mobile, Mobile Format Analysis, October 2018
Creative Best Practices: Native Ads, Yahoo-Nielsen, October 2016
Verizon Media, Internal Metrics 2018

³ eMarketer, Q4 2018 Video Trends Report

Marketers invest in elevated native experiences⁴

As increasingly sophisticated customer experiences elevate consumer expectations, marketers are looking for new, innovative ways to go beyond traditional native impressions. Our Native marketplace saw double-digit

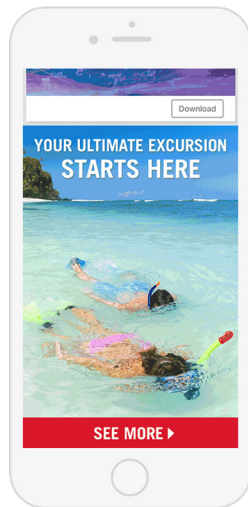
YOY growth in overall native ad spend. We also saw strong adoption across our suite of custom native formats. These ad experiences are built to offer true value across the consumer journey.



Mobile wallet ads

211%

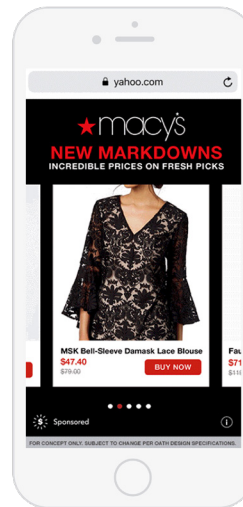
average QoQ growth



Moment ads

160%

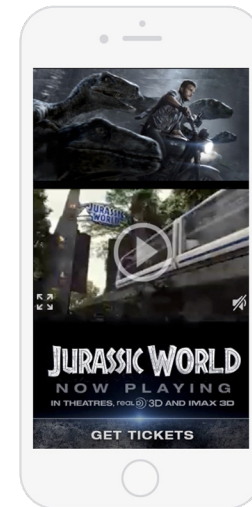
average QoQ growth



Dynamic Product ads (DPA)

85%

average QoQ growth



Tile ads

81%

average QoQ growth

⁴ Internal, Native marketplace Ad Metrics - 2018

Value beyond the click

Ad experiences built for customer value

Consumers have shown us that ads work best when they don't feel like something different. When they are relevant and of value to the person, their experience, and the content that surrounds the ad. And the better the context is around the ad, the more trusted it is, the better the ad performs.



Every publisher is asking

“How can I make users more engaged?”



Every advertiser is asking

“Where do my ads work best?”

Native experiences increase content and ad engagement

We recently conducted [a survey](#) of over 4,800 people and found the value of native goes well beyond the click. Native ads deliver a superior online experience that produces richer, more meaningful interactions and increased benefits for brands and publishers.⁵

Across device, user sentiment towards the overall browsing experience is more positive when native advertising is employed. Our research shows that 79% consumers want ads to blend with the page, and 4 out of 5 users say they accept native advertising as a form of content.

Native is about knowing the kind of experience consumers want and then building ads that add to their experience. When that happens, people become measurably more engaged.

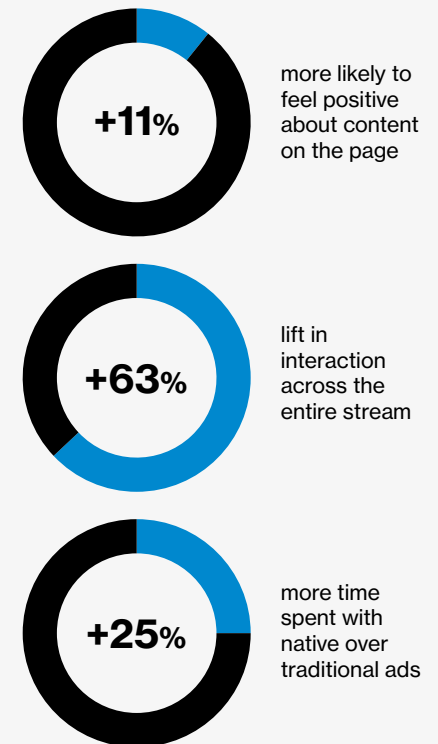
People have stated the experience they want. It's our job to create it.

 **79%**

want ads that blend with the page

Native is seen as a form of content

When people are exposed to native



⁵ Redefining Native, Verizon Media UK 2018

Value beyond the click

Native advertising drives much higher engagement – with native CTR being 11x higher than display.⁶ Even better, native ads also drive lasting value across brand metrics. Making it a must-buy for brand-centric campaigns.

Native increases overall sentiment towards brands...



and drives greater brand advocacy.



⁶ Verizon Media, Internal Metrics 2018

Context is king

The right environment

The whole point of native is that the ad content resembles the context around it. What context is your advertising presenting you in?

Now more than ever, marketers need to be masters of the customer journey. They need to unify digital experiences not only across a brand's site or app but across multiple advertising touchpoints. That means pairing the right ad environment with a better ad experience that works dynamically to solve real customer needs.

So what is the right environment?

If the last couple year has shown us anything it's that the right context begins with brand safe premium environments. Nearly half of consumers believe that a brand's own values are represented in the content that appears near that brand's ad.⁷

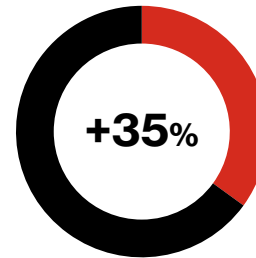
Make sure your brand shows up in places that align with what your brand believes in to create a quality customer experience across the path to purchase.

 **78%**⁸

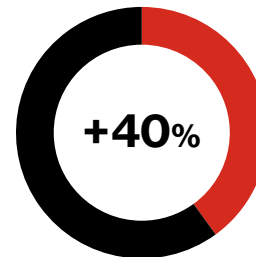
of users associate 'Trust' with top Verizon Media channels like Sports, Finance, News, Lifestyle

Premium native delivers

Our recent redefining native study found that native in premium environments deliver:



positive subconscious brand associations in premium environments



increase in brand love



⁷ 2018 Edelman Trust Barometer Study

⁸ 2018 Edelman Trust Barometer Study

Ads perform better in a premium editorial environment

A recent neuroscience study conducted by the Association for Online Publishing (AOP) and Newsworks examined how the brain responds to advertising in social versus premium editorial environments. The results showed that while social media is better at delivering ad attention, premium editorial environments deliver higher long-term brand value and 50% higher engagement.

Premium editorial contexts create stronger engagement, higher emotional connection and greater long-term memory encoding, which is proven to correlate with decision-making and purchase behavior.

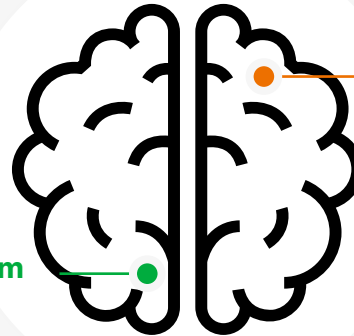
Engagement
(personal relevance)

50%
higher on premium editorial sites than during general free browsing

Left brain long-term memory encoding
(words and detail)

21%
stronger on premium sites than during general free browsing

42%
stronger on premium sites than on social media



Right brain long-term memory encoding
(emotional/global features)

13%
stronger on premium sites than during general free browsing

9%
stronger on premium sites than on social media

Emotional intensity
25%
higher on premium sites than during general free browsing

The right environment

Align with intention

There are two ways in which people engage with content.

The first is passive. Think of scrolling through a bottomless feed with an algorithm serving you user generated content it thinks you will like. This content competes for attention, and while it can be great for random accidents of discovery, it can be hard for brands to make a lasting connection.

People's minds—and attention—quickly wander to the next thing.

The second way is more active. People visit destinations that feature professionally generated content they care about to satisfy a daily need. Think of people checking email, looking at sports highlights, or seeking out stock advice.

These experiences allow brands to align with the intention of their audience, rather than try to fight for their attention.

We recently conducted a study with Kantar that showed when people are focused with intention on Verizon Media sites, they're more receptive to a brand's message, producing higher quality engagement.



Verizon Media's premium environment⁹

 **42%**

higher purchase intent
than premium social & commerce sites

 **90%**

higher online ad awareness
than premium social & commerce sites

 **71%**

higher message association
than premium social & commerce sites

⁹ Kantar Millward Brown, Performance Norms Study, Dec 2018

Next generation native

We are living in an era of instant.

Consumers today are hungry for engaging, well-executed experiences that are seamless, provide utility, enhance reality, and create community. Marketers have a scaled opportunity to capture consumer hearts and wallets, but it takes an understanding of what customers want and creating meaningful interactions across the path to purchase.

The best native combines the power of data with flexible, innovative ad formats that are native to the user experience, and deliver value based on where a person is in the customer journey.

The power of data
See the infographic >

Relevant customer experiences begin with diverse data that can see audience behavior across multiple dimensions.



 **79%**

of consumers worldwide say experiences are as important as a company's products and services.

 **64%**

say their standard for good experiences are higher than ever.

 **59%**

say companies need "cutting-edge digital experiences to keep my business."¹⁰

¹⁰ Salesforce, State of the Connected Consumer, 2018

The next generation of native

Customer behavior is evolving, and so should the ad experience. We saw an opportunity to help brands communicate and extend their digital environment seamlessly through a native ad experience that puts customer value at the core.

This next generation of native innovation helps brands leverage the right data to create personalized experiences that show an understanding of an individual's past actions, product interest, and intent.

At Verizon Media, we are committed to helping brands extend their digital experience into our premium environments with native formats that offer true customer value. From shoppable catalogues to AR showrooms to interactive gaming previews - we are enabling people to do more directly within the native ad environment. The following formats and features are just a few ways we are bringing you the future of formats.



Drive deeper engagement with Moments

Verizon Media's Moments is a native format that opens into a premium takeover hosting interactive and commerce-centric features such as virtual reality, 360° interactive video, and countdown ads that work to increase urgency and conversion. See more about our new Moments features [here](#).

Our recent [mobile formats study](#) found this ad drove a 4x lift in brand awareness with 60% of respondents saying the ad was better than other experienced.

It's no surprise that a recent Macy's campaign using Moments saw a 40% lift in ROAS and a 7.7x increase in search activity for Macy's.

Verizon Media | Macy's
See the case study >



40%

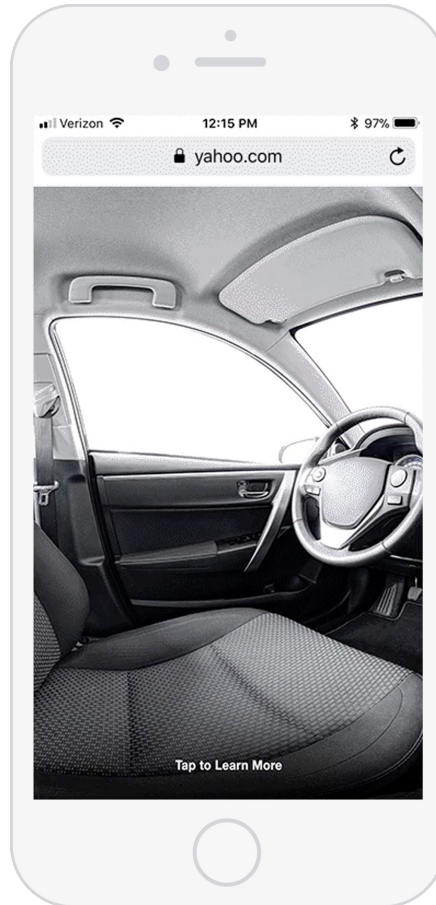
Return on ad spend for Macy's

74%

described this ad as useful

Panorama moments

Invite people into an immersive, interactive 360 degree experience showcasing your brand. Ads with this 360° functionality enjoy 2x higher interaction.¹¹



Playable Moments

Increase downloads by allowing users to launch an interactive preview of your mobile gaming app. An extremely effective app install solution, early results show that Playable Moments results in a 4x CTR lift vs standard Moments already high baseline. Across the industry, gaming developers are seeing 2-4x conversion rate on playable ads vs static fullscreen interstitials.¹²

See more Moment features in action
Click here >

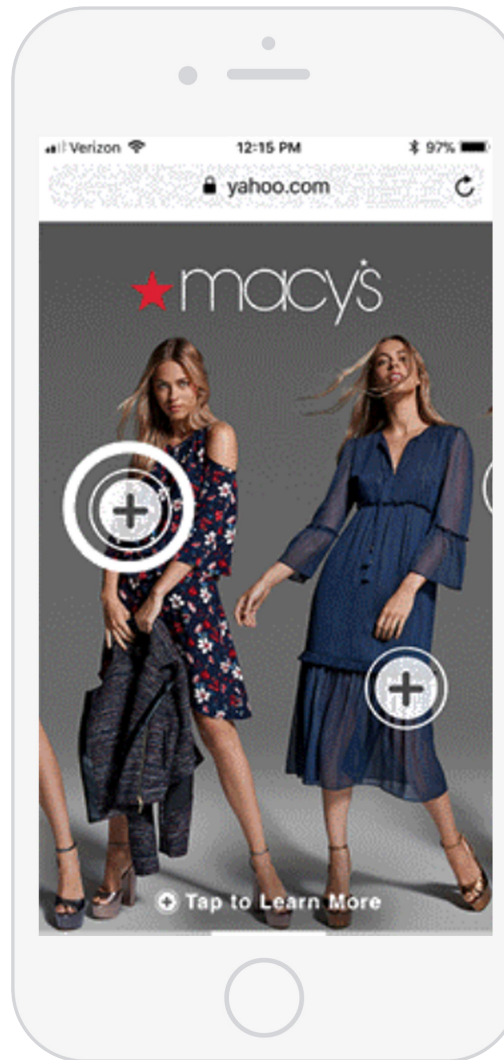
¹¹ Verizon Media, Act Study - 2018

¹² Chartboost & Leadbolt, Playable Ads 2018

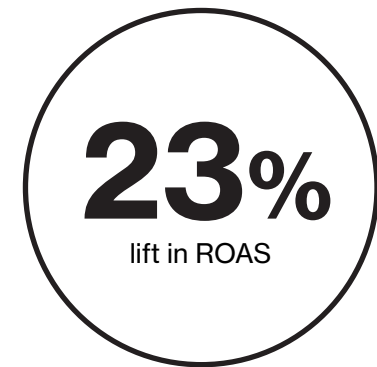
Add customer value through commercial experiences

When it comes time to buy, today's customers want easy-accessible product information, a quick and easy check out, and seamless interaction between digital and offline channels.

The next-generation of commerce ads bring the store shopping experience to the ad. These format work to eliminate steps to conversion, allows for better product exploration, and leverages data to personalize the experience to each user's unique shopping history.



[See the demo >](#)



Touchpoint moments

This format invites users into a catalog-like experience where they can shop directly within the ad environment. These ads show 5X more average engagement, with a recent Macy's campaign showing a 23% lift in ROAS.

Dynamic Product ads

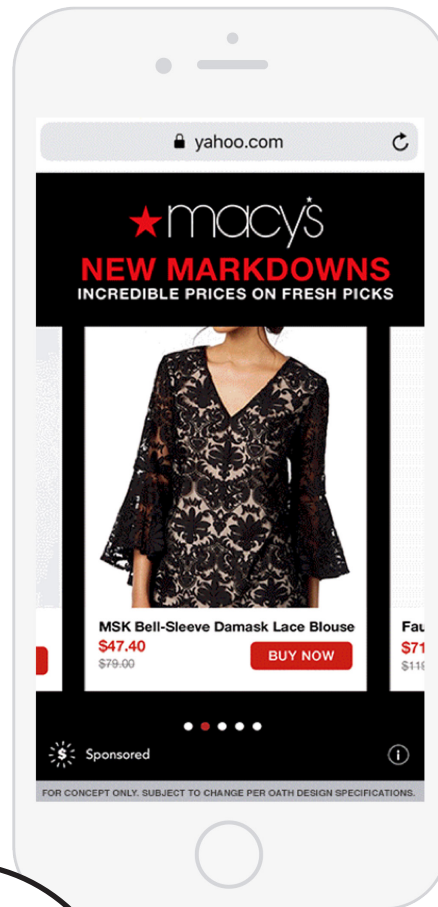
Dynamic Product ads allow a brand to retarget high-intent users based on past shopping behavior or abandoned carts. Verizon Media can also transform a brand's promotion calendar into a deals feed that dynamically prospects users. Incredibly effective, Dynamic Product ads generate over 100k orders every quarter.

22%

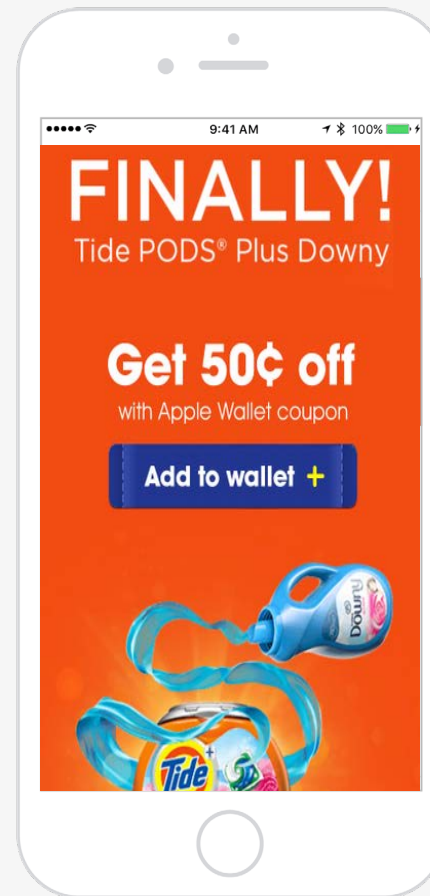
lower CPA
for a national
retailer

230k

orders generated
across 4 top
advertisers



[See the demo >](#)



[See the demo >](#)

Mobile Wallet ads

Mobile Wallet ads bridge the online-to-offline divide with a dynamic native ad by sending digital coupons with time and location push notifications to smartphone wallets. Consumers appreciate this ad unit, with 70% of people in our study finding the ad useful and 63% of people more likely purchase.

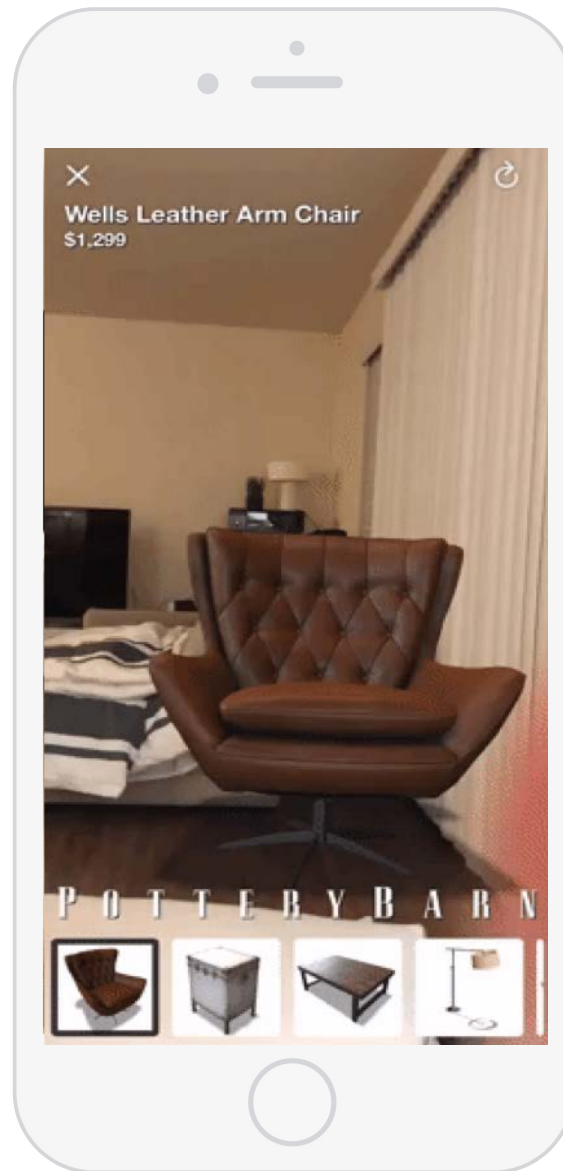
63%

more likely to
purchase

Inspire with extended reality

How can a brand create an emotive experiences within a digital ad? Virtual reality (VR) and Augmented reality (AR) allow brands to offer engaging mobile experiences that integrate into a physical environment to produce retail experiences.

Pottery Barn used our native AR format in a recent campaign to help create a seamless path from inspiration to purchase, allowing users to view a variety of home furnishings within their actual home environment. The experience drove an average time spent of 2.4 minutes within the ad, as well as an 8.9% CTR.



[See the Case study >](#)

2.4min

average engagement
time

78%

of people found the
ad to be useful

Conclusion

In the age of experience marketers need to create more meaningful connections between brands and their intended audiences. Native is successful because it evolves at the pace of people. It started with a small square static image, and has become a future-first format that adapts to the way users experience content across premium contexts. It's designed to change and help advertisers think beyond traditional impressions and more about the quality of each interaction.

Verizon Media is leading this change. As a publisher with over 1 billion monthly users, we know the kind of experiences that people want, and offer advertisers a way to be a part of it. Unique ad experiences native to the customer experience. Go beyond expectation with ads perfectly adapted for the way we experience content now and tomorrow.



For more information on how you can start leveraging the next generation of native advertising, [contact us](#) and let's start a conversation.

Contributors

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