



Native Advertising Assessment

Analysis of Best Practices in
Disclosures, Delineation & Discoverability

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OVERVIEW

Content publishers and the interactive advertising industry face accelerating tension to drive and defend advertising revenues, while incurring added costs to provide compelling content and services to users. Fueling the challenges has been declining user experiences and increasing levels of online fraud and malicious activities targeting end-users. The result has been decreasing levels of user engagement, mounting levels of click fraud and new levels of consumer disdain and distrust.

While the ad-tech industry has evolved to dynamically serve tailored content and more relevant ads, users have become increasingly concerned about privacy, security and the overall online experience.¹ While publishers and marketers innovate, consumers today lack control over tracking and collection of their data. Root causes include the ad industry's reluctance to embrace Do Not Track while asserting that the opt-out cookie mechanism tied to interest based advertising addresses consumer and regulatory concerns.² Users are finding their online experience degraded with slower page loads and increased bandwidth consumption, driven largely by the ads being served on their devices.

The combined impact has led to a fierce backlash in the form of ad blocking. The arms race of ad blocking and blocking the blockers shows the problem in stark contrast: a consumer reaction against an ad environment that has gone too far, versus the deep and critical need for publishers to remain economically viable.

As the industry works to combat consumer blocking and address underlying consumer concerns, native display advertising has emerged as an increasingly important strategic revenue stream. According to Business Insider, native display ad spending is expected to reach \$21 billion, surpassing display advertising (all banner, rich media, sponsorship and video combined) in 2018.³ It is reported that native ads have upwards of a 50% higher click through than traditional display ads, fueling this growth.⁴ Native definitions vary and the term is used in several different contexts. While a native content unit is typically paid by a third party for placement on a publisher's site, others forms of compensation may include joint marketing and traffic generating agreements.⁵

In general, native refers to content that is funded and produced outside the publisher's editorial review or influence, yet is designed to appear similar or homogenous to editorial. This illustrates the tension – paid for and controlled separately, but presented in a way to appear as editorial. The potential for audience confusion or misinterpretation is obvious, and the rapid rise in the deployment of native has already prompted concerns from advocates, media and regulators. Reiterating their long-standing concerns on trust in advertising and disclosures, in December 2015 the U.S. Federal Trade Commission (FTC) reiterated disclosure recommendations and policies on deceptive advertising practices.^{6 7}

¹ The state of privacy in America: What we learned. Pew <http://www.pewresearch.org/fact-tank/2016/01/20/the-state-of-privacy-in-america/>

² Digital Advertising Alliance (DAA) Opt-Out <http://www.aboutads.info/choices/>

³ Business Insider native ad spending forecast <http://www.businessinsider.com/the-native-ad-report-forecasts-2016-5>

⁴ Advertisers Try New Tactics to Break Through to Consumers <http://www.wsj.com/articles/advertisers-try-new-tactics-to-break-through-to-consumers-1466328601>

⁵ NYT Native Becoming King http://www.nytimes.com/2016/07/25/business/sponsored-content-takes-larger-role-in-media-companies.html?_r=1

⁶ FTC Enforcement Policy Statement on Deceptively Formatted Advertisements: https://www.ftc.gov/system/files/documents/public_statements/896923/151222deceptiveenforcement.pdf

⁷ FTC Native Advertising: A Guide for Businesses <https://www.ftc.gov/tips-advice/business-center/guidance/native-advertising-guide-businesses>

OBJECTIVES & HIGHLIGHTS

This study examines native use and current transparency across the 100 top news/media sites frequented by consumers in North America, (see Appendix C). Focusing on the three “D’s”, this study focused on native ad unit Disclosures (terminology used), Discoverability (presentation, prominence and readability of the term) and Delineation (for the native ad unit from other page content). This study was initiated to assess the current status of native advertising, highlight best practices and provide prescriptive guidance to those involved in the ad supply chain including advertisers, ad tech vendors, ad networks and publishers. Goals include:

- Creating a baseline of today’s native practices
- Providing prescriptive advice to help publishers improve consumer transparency
- Helping foster industry self-regulation
- Developing a scoring model for self and third-party assessment of native ads
- Developing potential criteria for inclusion in OTA’s 2017 Online Trust Audit and Honor Roll program, tracking adoption of consumer protection best practices⁸

In total, native ad units were observed on 69% of the Top 100 news/media sites. Among these, only 9% of native units achieved top trust scores of 80% or better. Most concerning, over 70% of native units scored 55% or lower, resulting in a failing grade. The weighted scoring included:

- Use of clear and intuitive disclosure terminology
- Presentation of the terminology that was distinguishable from the other text and easily readable
- High degree of delineation from editorial content

Adding to the challenges in transparency is the wide range of unique and often confusing terms used for disclosure. Of the native units observed, 43 separate disclosure terms or phrases were used, with 33 (77%) of these being used in only a single instance. This lack of uniformity and inconsistent disclosure illustrate the concerns in today’s native landscape.

This study underscores the complexity in disclosures and presentations of native advertising, and the need for the establishment and support of best practices. OTA recommends the development and support of standard terms, and consistent presentation and placement. Left unchecked, the impact can adversely affect consumer trust and confidence in online advertising and the brand reputation of sites. While native is still in its early stages with publishers testing alternatives, the overriding principle for all native as well as all advertising must be transparency and clear disclosure.

The concept of native display advertising is not new, nor is its scrutiny by regulators and concern by consumer advocates. Through the many evolutions, however, consumer protection has hinged on avoiding confusion between editorial generated by journalists and paid messages inserted by advertisers and third parties. This avoidance of confusion is even more important today due to the added dynamics of consumer tracking and ad technologies related to online user behavior and devices used. It is the goal of the authors of this study to advance best practices, promote innovation and create long-term sustainable revenue streams to fund online content and related services in a marketplace that respects all stakeholders. Updates to this report and related resources are posted at <https://otalliance.org/Native>.

⁸ See OTA annual Online Trust Audit <https://otalliance.org/HonorRoll>

ANALYSIS & FINDINGS

Overall, native ad units were found on 69 publisher sites' homepages. The remaining 31 had no visible native (and 4 of these had no display advertising) observed on their homepage. OTA's native ad scoring methodology awarded up to 10 points for each native ad displayed, weighted between the disclosure terminologies used (60%), the visibility and readability of the text (30%) and how the ad unit was delineated from the rest of the page (10%). Based on this scoring, Figure 1 shows that only 6 of the 69 units (9%) received a top trust score of 80% or better. These native units serve as North Stars demonstrating clear transparency to consumers. Fourteen units (20%) fell in the middle, not failing overall, but falling short and needing improvement. More concerning is the over 2/3 of native observed (71%, or 47 units) that scored 55% or less, receiving failing grades.

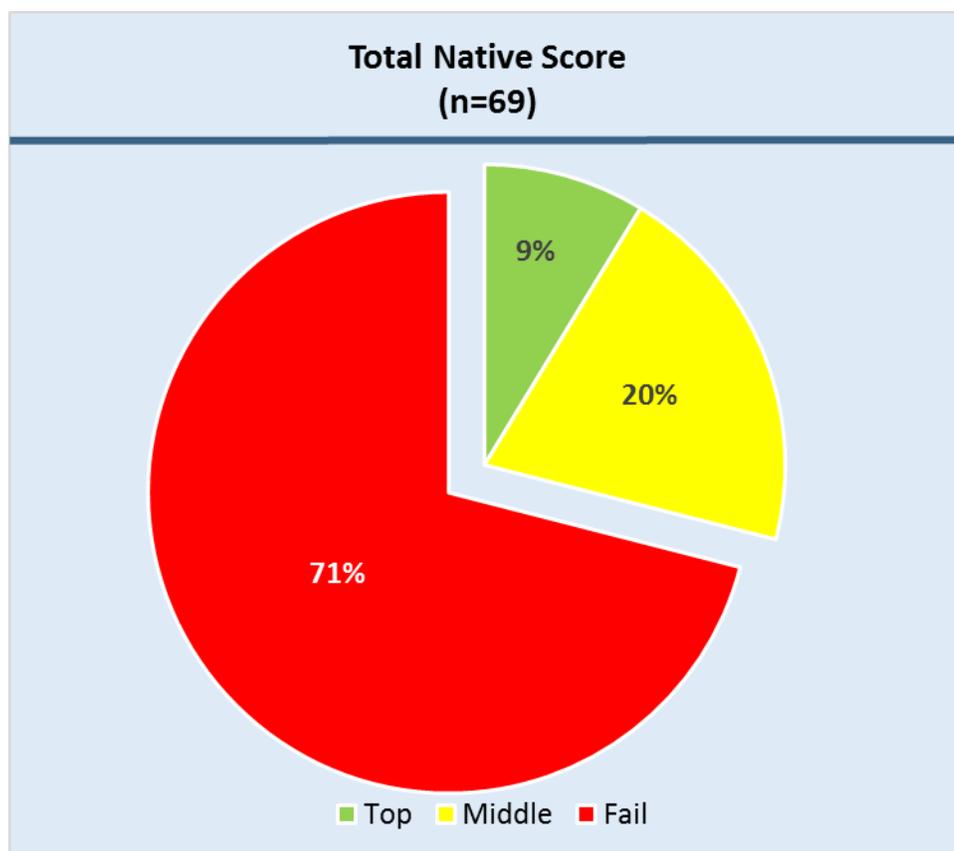


Figure 1

As this is the first study to apply such scoring to native ad units and public disclosure of the criteria, the names of the publishers have been omitted. Future assessments planned for the late fall of 2016 will attribute scores and disclose sites with top native ad trust scores. Such positive affirmation is designed as an incentive for sites to improve their respective native advertising disclosures, discoverability and ad unit delineation.⁹

⁹ Currently the scores do not reflect a site honoring of a user's Do Not Track request to not collect pertaining to the collection of their online data. Future models may incorporate such scoring.

TOP TRUST SCORES

The study's data gathering all took place the week of April 25 to help minimize variation of native disclosures, recognizing that many sites are testing different implementations. OTA has continued to monitor native practices and has observed a noteworthy example on the Wall Street Journal's homepage (WSJ.com). Captured after data collection, Figure 2 shows a native ad unit observed on WSJ.com on July 20, 2016:

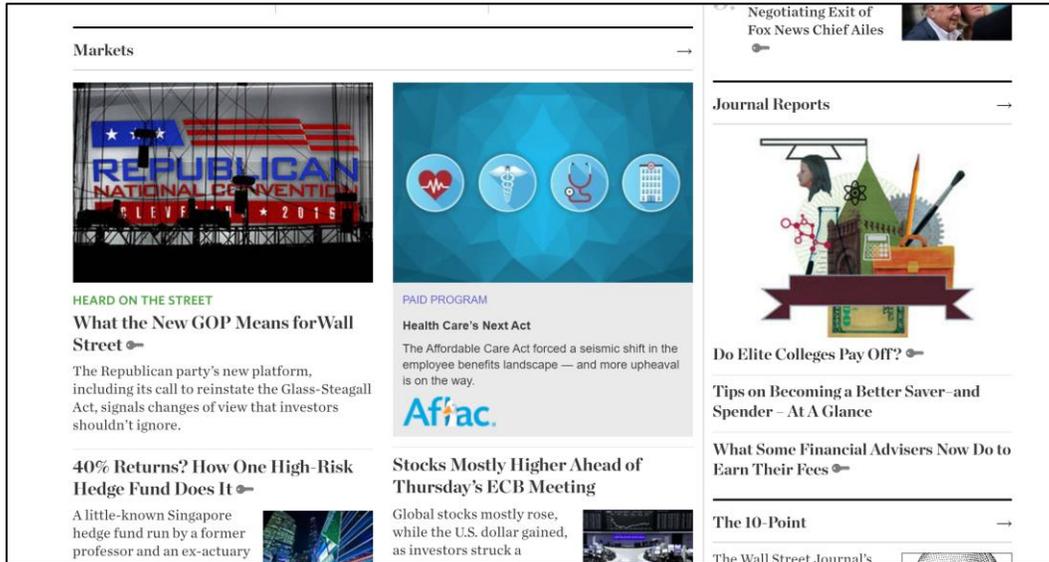


Figure 2

This unit includes all best practices recommended in this study: a highly visible, good contrast disclosure using recommended terminology; clear delineation from surrounding editorial; a very clear, color brand logo indicating the sponsor (in this case, Aflac). Noteworthy is that the WSJ included a second in-context disclosure when clicking on the native ad unit opening a new page (Figure 2, opens a new window, Figure 3). Combined this provides enhanced disclosure. OTA supports this shift toward full transparency and use of recommended disclosure terms.



Figure 3

OTA applauds all publishers that carried native units receiving top trust scores (achieving 80% or better). Several examples from the study period confirm how a combination of terminology, disclosure and ad unit

delineation can maximize consumer transparency. Figure 4 highlights many of the best practices advocated by OTA including clear disclosure language with typeface and contrast that maximize both readability and discoverability.

Further, the use of shading for the ad unit clearly delineates the content from surrounding editorial. Although the disclosure font size is slightly smaller than the surrounding text, the overall score met the 80% cutoff.



Figure 4

Figure 5 includes recommended disclosure language along with unit shading. Although the disclosure contrast was not as high as some, the text is readable and further delineated through the inclusion of a brand logo. Another top example is Figure 6 utilizing horizontal lines to delineate the ad unit.

Boston Real Estate [2]

5 things to know about living in Andover Real Estate [2]

Brookline estate was the most luxurious home sold this week Real Estate [2]

What \$1 million would buy you, all over Greater Boston

[REAL ESTATE]



7 unique destinations to check out on the South Shore

A tucked-away tavern with sunset views. A day spa with a French-inspired bistro and wine bar. A Chinese restaurant that serves up stir-fry with a side of stand-up comedy. These are just a few of the places that can make your day on the South Shore anything but ordinary.

The Pinehills SPONSORED BY The Pinehills

[SPORTS]



Bergeron defends Julien following Bruins' late-season collapse

New Red Sox ace David Price will start home opener

Figure 5

10 features that will make you fall in love with Windows 10
by Alina Bradford

Rogue One trailer. WTF was that!??
by Caitlin Petrakovitz

CNET MAGAZINE /



You Can't Afford Bad Customer Experience

With new revenue responsibilities, customer service orgs can't miss a beat. Get our guide to navigate modern customer service and plan for the future.

Paid Content promoted by Microsoft

Bright ideas for

Olivia Munn loves her story and more in CNET Magazine.

GRAB YOUR COPY




Figure 6

ROOM FOR IMPROVEMENT

Examples from middle-performing native units illustrate areas where moderate revisions can improve transparency and increase scores. In Figure 7, although the unit shows good disclosure readability (contrast, typeface, size, etc.) and delineation from editorial using shading, the neutral disclosure terminology limited this unit's overall score at the time.

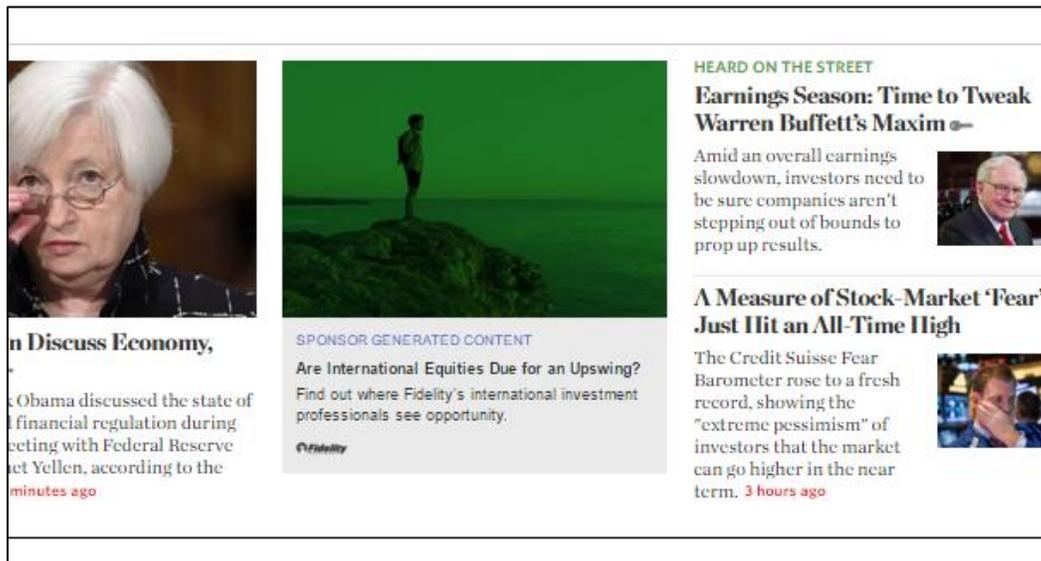


Figure 7

Increasingly sites have employed content carousels, rotating interest based editorial. This same functionality has now evolved to include third-party paid content. The example below (Figure 8) shows a content carousel provided by Outbrain, a third party content ad service.¹⁰ The shading of the carousel delineated it from editorial. In addition, the overall Outbrain disclosure at the top of the carousel includes the word "Ad". Further, recommended terminology with brands under each content item passed the bar for disclosure terminology. However, the relatively low contrast of relevant disclosures negatively impacted the total score. Had the text been high-contrast (such as black), it would have made the 80% cut-off.

Many other implementations of carousels performed poorly due to unacceptable disclosure terminology, low contrast, failure to adequately identify the sponsoring brands, etc. In such scenarios, publishers should evaluate the impact of introducing an additional third-party brand reference (such as the name/logo of the content provider) on the overall user experience, site performance and disclosure objectives. The variations show publishers who utilize carousels can provide high levels of consumer transparency including using recommended terminology and high levels of ad unit delineation. In cases where disclosure is pre-populated by a third-party, industry stakeholders including advertisers, ad networks and publishers need to work together and leverage the terminology and delineation recommendations outlined in this report.

¹⁰ Carousel refers to units with multiple content items together in a block, row or column; typically, content for these units is provided by a content service and the individual items may be sponsored by different marketers/brands. Leading brands include Outbrain, Taboola and others

While little empirical research has been published, the insertion of another third party brand within a native ad unit that has low consumer brand awareness risks negatively impacting the online experience. The benefit of such co-branding to the consumer is unclear, underscoring the need for added research.

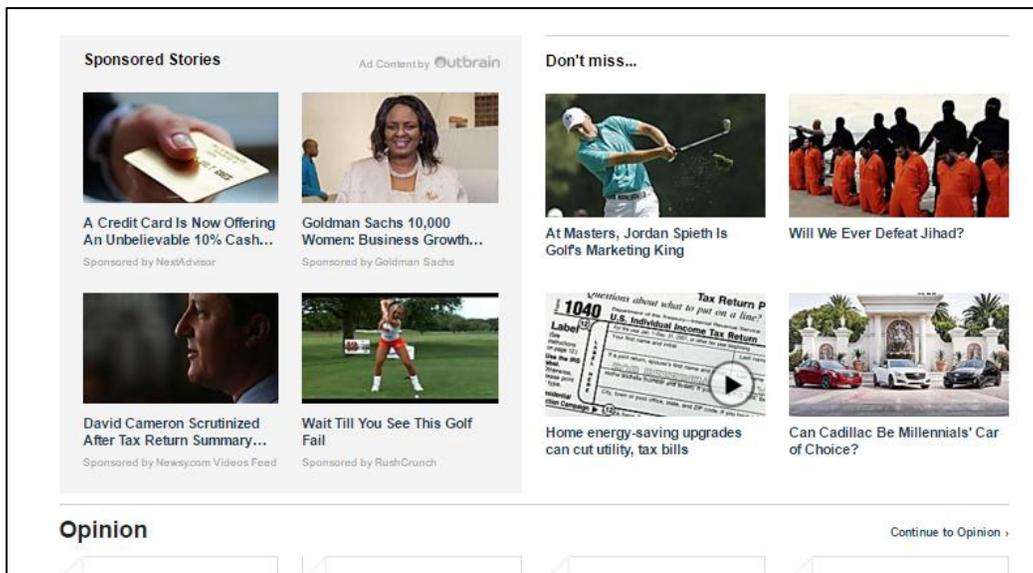


Figure 8

FAILING AD UNITS

Unfortunately, 49 native units (71%) failed to score above the 55% threshold of available points, resulting in a failing grade. Lack of disclosure terminology was the single biggest contributor to a unit's failure. No unit with unacceptable disclosure terminology was able to pass the 80% bar and only 3 with neutral disclosures scored enough in other metrics to avoid failure. Beyond unacceptable disclosure terminology, failing native content often showed poor visibility and, in some cases, had so little delineation as to appear camouflaged within the editorial. The example in Figure 9 illustrates both:

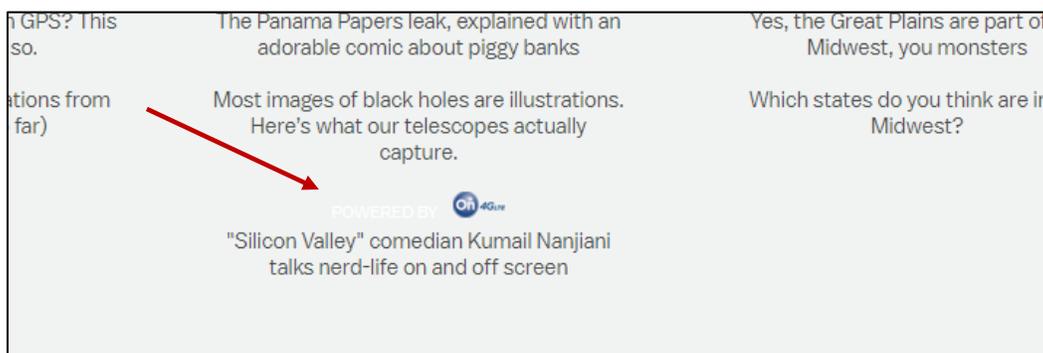


Figure 9

The disclosure terminology on this unit reads "Powered by" in white letters on a light shaded background. While evaluating this example, OTA discovered that the disclosure was barely distinguishable on some displays and indicative of some of past concerns observed by email marketers' practices in camouflaging of unsubscribe links. Further, the terminology does not clearly indicate to consumers that this content is

marketing. Finally, the style of the content matches the surrounding editorial so completely as to obscure the fact that this is a link off of the hosting page and is not actually part of the site. The use of a brand logo alone was not enough to counter the unacceptable terminology with poor visibility and delineation. Note, since the assessment the website referenced in Figure 9 has revised their native ad units to use black type, resulting in improved readability and discoverability. This and other examples illustrate the evolving state of native ad unit design.

Even so, the high overall level of failure underscores problems in today's native content environment. The high volume of different, often vague and sometimes misleading terminology observed undermines transparency and consumer confidence. Even if sites use relatively clear disclosure language, lack of visibility and delineation make the native difficult to discern, increasing the risk of consumers being confused, frustrated or misled.

In the short term, publishers and marketers may see "success" in increased click-through, but poor transparency (or, in some cases, apparent attempts to obfuscate ads) will backfire, driving calls for regulatory oversight. Left unchecked, OTA believes poor practices and a lack of restraint in native will add fuel to the already overheating fire of audience discontent and mistrust which is driving demand for ad-blocking technologies, hindering rather than helping publishers.

DISCLOSURE TERMINOLOGY DETAILS

Perhaps best illustrating the evolution and wild west of native advertising are the diverse approaches in terms and permutation of terms being used. Among all native units evaluated, 43 different terms or phrases were observed, with 33 using terms only observed on a single site.

Through a multi-stakeholder process including industry representatives, regulators, publishers and consumer advocates, a strategic framework was developed including three classifications; Recommended, Neutral and Unacceptable. While rough consensus was obtained in the current iteration of the framework, it is envisioned the framework will continually evolve. It is anticipated several terms may shift to neutral and unacceptable while new terms may be added to the recommend category.

Based on OTA's disclosure terminology framework in Appendix A, Figure 10 shows that 25% (17) of native units used recommended terminology, receiving maximum terminology scoring. 43% (30) received partial points for neutral disclosure terminology. 32% (22) used unacceptable disclosure terminology (including 3 units that had no disclosure at all). Unacceptable terms were more often unique – seen only in one instance on one site – including two cases where the disclosure was a publisher-specific slogan rather than transparent terminology.

Because clear disclosure is crucial to transparency, the high overall number of terms and phrases (sometimes differing on the same site on different days or for different units) clearly undermines transparency and fosters confusion. In the interest of consumer confidence and publishers' brand affinity, OTA believes the industry needs to reign in the phrase expansion and adopt standards for clear disclosure using recommended terminology.

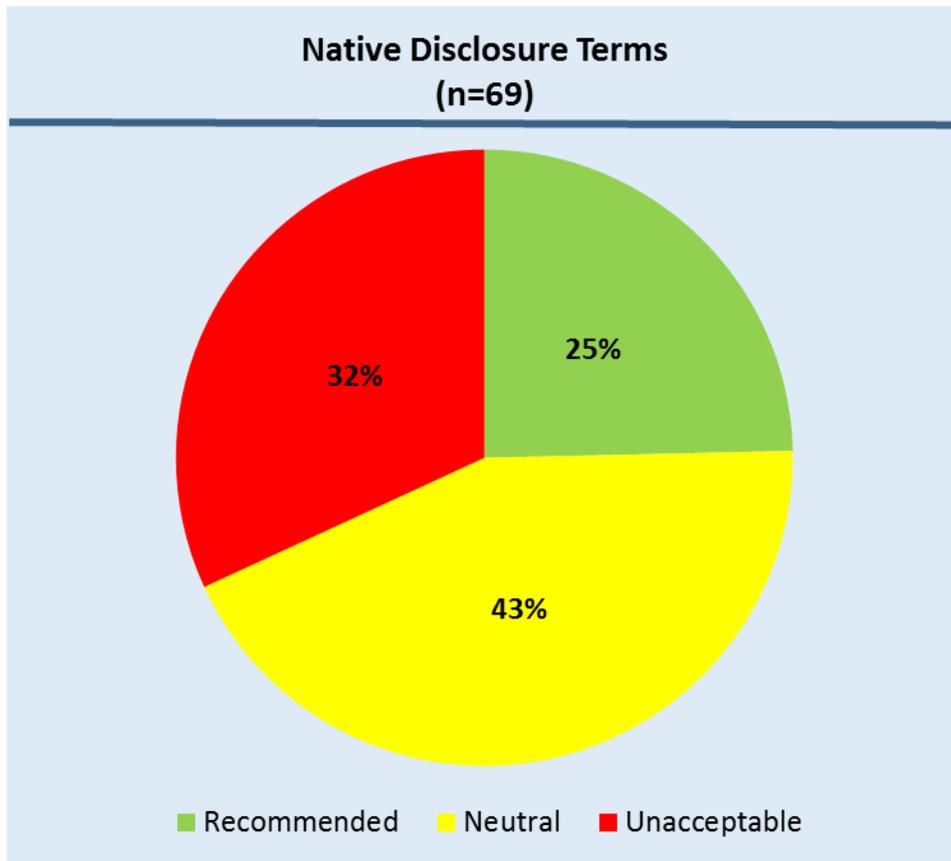


Figure 10

DISCLOSURE VISIBILITY & READABILITY

To assess native disclosure visibility OTA drew on its experience with other standards for clear and conspicuous disclosure, such as the best practices associated with unsubscribe notices in email. Aside from using recommended terminology, appropriate disclosures must be easily read. This includes typeface, font, size, color and contrast of disclosure content relative to the body copy of the unit and the surrounding editorial.

For the native observed, 70% (48) carried disclosures with smaller text size than the unit content. The remaining units carried disclosures which were the same size or, in 3 cases, larger. Use of other elements such as contrast, color and brand logos varied, with most using combinations of visibility elements. In total, 9 units received disclosure visibility scores of zero (including the one in Figure 11). In the ad below, the disclosure at the bottom reads “Powered by Newsmax” in a smaller typeface reducing discoverability. Even if the terminology were clear (which it is not), this disclosure fails in terms of visibility and it is unclear if all of the ten headlines are from Newsmax. Other concerning native ad disclosures incorporated all caps and condensed typefaces which are widely acknowledged by graphic designers to reduce readability and legibility.

To Punish



nt itself...'

y A Sucker
Steps



Just Revealed
otally Shocking

Conference
12:50 PM 04/09/2016

EXCLUSIVE: ICE Whistleblower Lawsuit
Scheduled For Trial
9:45 PM 03/31/2016

TAKE A LOOK

- Tinnitus: When the Ringing Won't Stop Do This for Instant Relief
- Dr. Oz Shocked After Barb Walters Reveals Her Anti-Wrinkle Secret
- How Men Are Shedding Chest Flab
- Melissa McCarthy Wows Dr Oz Fans- She Shed 55lbs in Just 40 Days
- Barb Walters Sits Down With Dr Oz and Leaves Viewers Speechless
- Ellen DeGeneres Reveals The Launch Of Breakthrough Skincare Line
- The #1 Way To Stop Sugar Cravings To Burn Fat Faster
- Kathie Lee Was Not Happy When Dr. Oz Shared Her Crazy Secret
- Cash Rebate Programs Hidden in the Tax Code
- Jennifer Aniston Reveals Closely Guarded Anti-Aging Beauty Secret

Powered by Newsmax.



Leaders with Ginni Thomas

Police Trooper Breaks Down Strategies On

Figure 11

In addition to visibility cues, the use of brand logos can help enhance disclosure transparency. Across native units observed, 30% (21 sites) had a brand logo at or near the disclosure. While this did not always prevent a failing total score, inclusion of a brand logo increases consumer recognition that the content comes from outside the regular editorial process. Depending on the device, display and browser magnification setting, in several cases the resulting logo placement floated between different articles and native ad units. As a result,

its intended usage in effect distracted from the disclosure intent, underscoring the need for device and display rendering testing and use of style sheets.

In general, disclosures should employ the recognized readability standards used in good website design. As a broad guideline, disclosure text should be no more than 2 points smaller than the surrounding copy. It should be easily read on a variety of devices including appropriate formats for mobile. The font color should be easily readable with adequate contrast from the background and sensitive to users with color distinction deficiencies (specifically those in the red/green spectrum). In addition, publishers should consider accessibility issues such as visually impaired users who may be using screen readers and other assistive technologies. Disclosures using images such as logos should be tagged with alt-text (a word or phrase to tell website viewers the nature or contents of an image) to provide transparency to audiences with visual limitations as well as users who may be blocking image downloads.

DISCLOSURE TERM LOCATION / POSITION

As part of this study, the disclosure term position or location was collected. Between the four corners of the ad unit, no single location was observed more than 35% of the time. The wide variety of positions adds to the challenge of being able to quickly recognize native ad content. Several units used multiple disclosure terms in different areas of the unit and others applied different locations to different native units on the same site. Currently the FTC recommends positioning above or in front of the unit. The “Top Left” was the single most common position observed. According to at least one academic study, however, disclosure at the top may not be well noticed by audiences; disclosures in the middle (none of these were observed) and at the bottom (20% were observed) had better recognition.^{11 12} The addition of branding by content providers within the ad unit further complicates optimal positioning. Due to the lack of consistency and consensus, position of the disclosure was omitted from this study’s scoring. This is an area requiring further research.

NATIVE UNIT DELINEATION

Two types of delineation were seen on the unit or carousel to separate native content from editorial – the use of borders and shading. Styles varied (color shading vs gray; squared vs radius corners on borders) but both forms set the native content apart from editorial. In all, 29% (20 units) had good delineation and only 2 native ad units included both shading and border. On the opposite end of the spectrum, some units analyzed were found to completely match the editorial which made the ad unit essentially indistinguishable from the site content. Although some of these technically followed best practices in other areas (recommended disclosure language, contrast and color, shading or borders) their overall delineation was problematic. In the example in Figure 12, a section for outside content is designed to exactly match the other editorial sections (including use of the same section header font and green background color). Even with disclosures (in low contrast gray) this content strongly resembles the editorial on the page.

¹¹ FTC Native Advertising, A Guide for Business: <https://www.ftc.gov/tips-advice/business-center/guidance/native-advertising-guide-businesses>

¹² Article in Journal of Advertising, March 2016, Wojdyski and Evans, University of Georgia: https://www.researchgate.net/publication/287109935_Going_Native_Effects_of_Disclosure_Position_and_Language_on_the_Recognition_and_Evaluation_of_Online_Native_Advertising

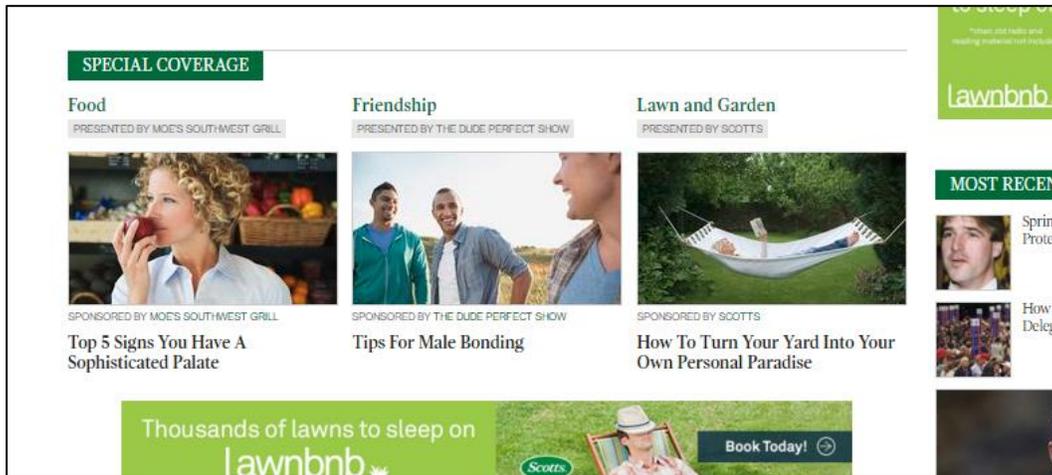


Figure 12

The main disclosure header – “Special Coverage” – is unacceptable terminology and, in fact, suggests the section actually is editorial. Another example (Figure 13) comes from a popular culture site with an extremely colorful and photo-heavy design. In this case, the external content not only lacks clear disclosure terminology, the entire unit matches most of the editorial on the page:

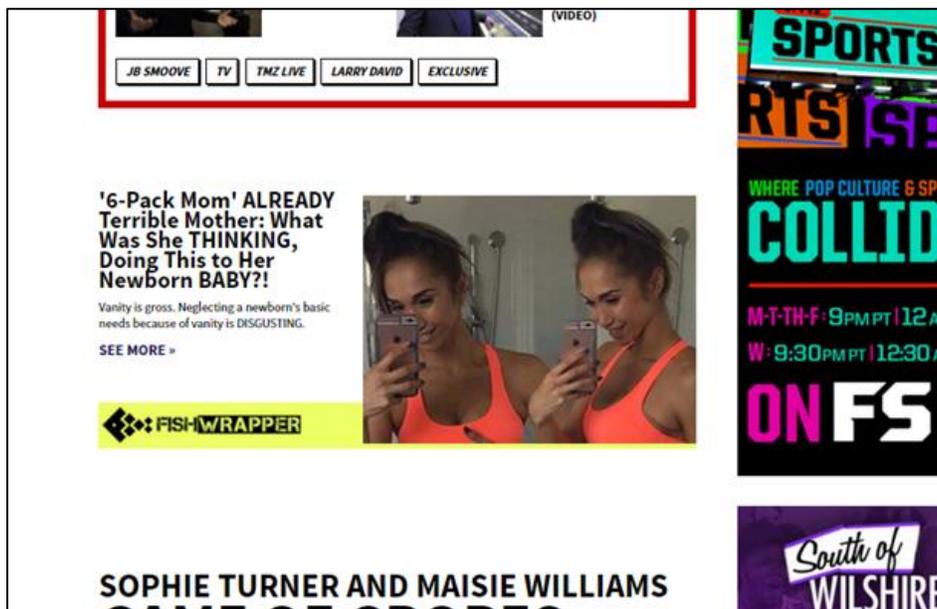


Figure 13

It is recognized native ads are designed to be harmonious with the editorial environment and not obtrusive to the online experience. But when this harmony extends to obfuscation, consumer trust is at risk. As shown by the top scoring (80%+) examples, native content can be harmonious and still clearly delineated. To avoid misleading audiences, publishers must be vigilant in providing clear separation from editorial.

CONCLUSION AND RECOMMENDATIONS

This study has provided insight into the current state of the native advertising landscape, confirming that disclosure is inconsistent, which can increase confusion for the typical site visitor. Left unchecked, the potential long-term impact is troubling. While current native disclosures may yield short term monetary gains, based on OTA's assessment the industry is heading down a path that will marginalize the long-term value of advertising and the brand reputation of publishers. The ad industry is experiencing increased consumer backlash, whether the reason is fear of malvertising, rising privacy concerns, or annoyance at the quantity, quality and content of ads. The core message to publishers is clear: consumers' interests and trust cannot be taken for granted. Consumers who experience annoyance, confusion and misinterpretation in advertising already have tools to push back, and escalating these conflicts will lead to losses for everyone. Inaction risks a meltdown of trust in advertising and online content.

Adopting native principles which maximize disclosures, discoverability and delineation are good for all parties, including the advertiser, publisher and most importantly the consumer. Sites who demonstrate a commitment to transparency, respect user privacy requests and adopt security enhancing practices should be recognized for their leadership.

The principles recommended allow for native display ads which are as engaging, relevant and contextually consistent as ever, but without undermining consumer trust. We call on the online ad industry to embrace these principles, adopting these best practices to drive innovation that benefits all stakeholders, helping ensure the long term vitality of the internet. OTA recommends marketers, publishers, agencies and providers incorporate the following best practices and collaborate to develop and embrace an code of conduct including but not limited to; (See Appendix B for added context and recommendations).

1. Use recommended terminology, refraining from creating unique and proprietary terms (See Appendix A)
2. If the disclosure term is pre-populated by third parties, require they comply with recommended terminology and site branding requirements
3. Make disclosures clear and conspicuous, maximizing discoverability and readability
4. Be consistent – use the same disclosures in the same positions on the same site and over time
5. Address readability across screens – use/adapt disclosures for different devices, including mobile
6. Keep disclosure size readable for all ages – it is recommended that the disclosure text be no more than 2 points smaller than surrounding copy
7. Use recognized design standards – type styles, colors and adequate contrast for visibility. Use of all-bold type and compressed letter spacing decrease readability
8. Identify consumer-facing sponsoring brands, not just the content service
9. Use color brand logos as applicable
10. Review the use of supplemental co-branding of content providers and the impact on the user experience. Data suggests the inclusion of added co-branding may distract from providing consumers clear and intuitive disclosures
11. Delineate native units from page content (rules, borders and/or shading)
12. Review accessibility requirements, including but not limited to alt-text descriptors for all images served

METHODOLOGY

OTA examined the Top 100 News/Media sites, based on unique monthly site visitors, (see Appendix C). OTA research focused on the presence of native display ad units on the homepage of each site. OTA's goal was to understand the current native landscape across these top publications in terms of transparency to consumer audiences. It is important to note that native units can vary widely and the context-specific nature of native makes strict measurement difficult. This project was championed by the OTA Advertising and Content Integrity Working Group. OTA solicited input from brand marketers, digital ad networks, agencies, ad technology providers, email marketers and technology companies, and digital security and privacy companies. In addition, informal focus groups were hosted to solicit input and feedback. In setting the evaluation criteria, OTA incorporated feedback from interviews with key stakeholders and trade organizations, including Digital Content Next, Interactive Advertising Bureau, leading publishers and the Federal Trade Commission.

Recognizing that each ad unit must be considered within its own setting, this study identifies several metrics and uses a scoring methodology to account for variations, recognizing best practices and defined criteria to minimize subjectivity where possible.

Data collection was performed by visually examining the native units observed on the homepage of each respective web site and cataloging screen captures. Data collection was conducted during the week of April 11, 2016 to provide a compact snapshot-in-time and minimize variations across sites. The analysis focused on three common native ad units including¹³:

- In-Feed Units
- Recommendation Widgets
- Promoted Listings

CATEGORIES ASSESSED

The primary yardstick for assessing native was transparency to audiences that the native content is funded and controlled as marketing and is distinct from the publisher's editorial content on the site. Recognizing disclosure terminology alone does not fully assess transparency, OTA evaluated metrics in three categories:

1. Disclosure Terminology - The exact wording used for any disclosure language presented with the content
2. Discoverability and Visibility - How clear and conspicuous the disclosure was (color, size, style, contrast and borders/shading/highlighting of the text)
3. Delineation of the Native Ad Unit - Visual cues used to separate the external content unit from editorial (unit borders, shading for the unit, use of brand logo)

It is important to note that sites' presentation of native content is dynamic and evolving based on testing and user feedback. This assessment is based on the units, disclosures and relative delineation observed at the time of the analysis.

¹³ IAB Native Playbook: <http://www.iab.com/guidelines/native-advertising/>

DISCLOSURE TERMINOLOGY

This assessment confirmed what many already suspected, that the terminology includes a wide variety of word and phrase choices with little standardization and is in a state of flux. In order to assess transparency, a framework was established identifying Recommended, Neutral and Unacceptable classifications. The specific terms observed and their classification is shown in Appendix A.

- Recommended (or acceptable) includes all disclosure terms using forms of “paid” or “ad/advertising” along with terms using forms of “sponsored by” or “brought to you by” with clear identification of the sponsoring brand.
- Neutral native ads that stated sponsorship but did not clearly identify the sponsoring brand Includes terms such as “promoted” which may be less clear or intuitive to consumers.
- Unacceptable - Terms include those which are unclear, confusing or potentially misleading such as “suggested”, “recommended for you” and vague terms like “special coverage.”

DISCLOSURE DISCOVERABILITY & AD UNIT DELINEATION

Regulatory agencies require that necessary disclosures be presented clearly and prominently; this includes that they be large and visible enough for consumers to readily notice them and easily identify the content to which the disclosure applies. In this assessment, OTA found that (where present) disclosure terminology and text presentation showed a wide variety of fonts, typefaces and styles. The full spectrum was observed, from clear readability and legibility to minimal readability to what may be best described as obfuscation, rendering the disclosure term obscure, unclear, or unintelligible. To assess whether disclosures were clear and prominent, OTA applied widely acceptable readability principles including those identified by the OTA Email Integrity Working Group which has established approaches for assessing email unsubscribe and opt-out disclosures.¹⁴ As observed with email marketing practices regulated by CAN-SPAM, presentations of unsubscribe links vary widely, ranging from great readability and discoverability enabling users to opt-out of mail they do not want, to somewhat disingenuous tactics appearing to impede consumers’ ability to safely unsubscribe from unwanted email.¹⁵

Key elements in disclosure visibility included:

1. Shading/highlighting for the words, text color used.
2. Font choices (larger, smaller, capitalization, etc.).
3. Context in terms of size and relative contrast to the content unit and surrounding editorial.
Disclosures that were in noticeably smaller font size, low contrast and/or difficult to read fonts were considered to have low visibility.

Beyond providing disclosure statements, many publishers delineate native content with shading, borders and/or brand logos to set the native unit apart from editorial. Native units which included these separating elements have high delineation. During the assessment it became obvious that some native units have been designed to match the editorial so specifically that they appear intentionally camouflaged. These cases were noted for unclear delineation.

¹⁴ See OTA Unsubscribe Audit <https://otalliance.org/best-practices/unsubscribe>

¹⁵ FTC CANSPAM Guidelines <https://www.ftc.gov/tips-advice/business-center/guidance/can-spam-act-compliance-guide-business>

SCORING

Sites evaluated were scored on the elements above allowing for the many different approaches to native. To reduce the risk of user bias, each native ad unit was reviewed twice by separate analysts. Overall, disclosure terminology was given highest weighting, disclosure visibility second highest and delineation of the content unit lowest. This weighting allows for application across different executions, emphasizes consumer transparency via the disclosure and recognizes how native is integrated within page context. Consistent with OTA's established Honor Roll methodology, sites achieving 80% or better overall were considered exemplary while sites scoring 55% or less failed.

ADDITIONAL NOTES

This analysis presents an initial assessment focused on the 100 top ranked news and media sites based on traffic and analyzed using a desktop display and/or laptop screen. It should be noted this research highlighted several additional areas of consideration:

Mobile – Rapid increases in mobile use make consideration of the mobile experience important, identifying the need for further research. Meanwhile, the transparency factors assessed here apply to mobile as well. As mobile continues to expand, issues of clear disclosure and adequate delineation on small screens brings additional concerns. Based on the limitation of screen display size, the need for clear delineation for mobile users is significantly more important.

Context – Even when native formats are relatively similar, there are a variety of context-specific factors which can influence how relatively discoverable a given unit will be. All units evaluated for this study were viewed on a desktop display and seen in context. While the emphasis was on objectivity, certain elements such as the level of contrast seen or how closely a unit matches surrounding editorial have subjective components.

Position – Initial data capture for this analysis included identification of disclosure position (e.g., above or below the content unit; to the right or left of the unit; etc.). Native disclosures historically have appeared above the content; a few academic studies have begun to explore positioning. Still, clear best practices on position are not yet evident. The position data gathered for this study provided little additional insight beyond factors such as contrast and readability, and was not included in the score calculation for this report.

Language – The sites evaluated in this study were all in English and all disclosure terminology assessed was in English. The scope of this initiative did not include attempts to view site translations or alternative language versions of sites. Still, multi-lingual disclosure capability may be a valuable area for publishers to explore to enhance audience transparency and trust.

Accessibility – Presentation must address needs for those with visual impairments including clear alt-tag meta-data for use with screen readers and hovering over the image.¹⁶ Further, the use of red and green was observed on some sites to delineating native content – this is discouraged for as upwards of 8 percent of adult males have color blindness or color deficiencies.¹⁷

¹⁶ W3C Web Accessibility Initiative <http://www.w3.org/WAI/>

¹⁷ Usability.gov blog on color blindness <https://www.usability.gov/get-involved/blog/2010/02/color-blindness.html>

APPENDIX A – TERMINOLOGY FRAMEWORK

Disclosure Terminology and Frequency Observed in Top 100 News/Media

Recommended		Neutral		Unacceptable	
Term includes clear indication of advertising and/or name of consumer brand		Term may omit brand or is less clear about the paid/advertising nature of the content		Term missing, unclear and/or misleading; names content service (Taboola, Outbrain) without listing consumer brand	
Term(s) Used	# Uses	Term(s) Used	#Uses	Term(s) Used	#Uses
Ad Content by *	1	Presented by (brand)	4	Around The Web + Sponsored links by *	3
Ads by (brand)	2	Promoted by (brand)	4	Branded Content	1
Advertisement	1	Sponsor Content	1	by *	1
Advertiser Content	1	Sponsor Content + Promoted by (brand)	2	Forbes BrandVoice, Connecting marketers...	1
Brought to you by (brand)	1	Sponsor Generated Content	1	From Our Partners	1
From our Advertisers	1	Sponsor Story	1	In Partnership with (brand)	1
From Our Sponsors	1	Sponsored	9	Listed by *	1
Paid Content	1	Sponsored + In association with (brand)	1	No Term Used	3
Paid Content promoted by (brand)	1	Sponsored Content	3	Partner Content	1
Paid Partner Content	1	Sponsored Content + Presented by (brand)	1	Partner Message	1
Sponsor Content Provided By (brand)	1	Sponsored Post	1	Powered by (brand or *)	2
Sponsored by (brand)	4	Sponsored Story + Presented by (brand)	1	Promoted Stories + Recommended by *	1
Sponsored Stories + Ad Content by *	1	USNews BrandFuse + Sponsor Content Presented by (b	1	Recommended For You + Sponsored Links by *	1
				Special Coverage	1
				Sponsored Links by *	1
				Sponsored on (site) + promoted by (brand) **	1
				We Recommend	1
Total Terms/Phrases	13	Total Terms/Phrases	13	Total Terms/Phrases	17
% Terms/Phrases Observed (43)	30%	% Terms/Phrases Observed (43)	30%	% Terms/Phrases Observed (43)	40%
Frequency	17	Uses Observed	30	Uses Observed	22
% Native Observed (69)	25%	% Native Observed (69)	43%	% Native Observed (69)	32%
* Name of content service (Taboola, Outbrain, etc.)					
** Disclosure header included site name, but brand appeared only inside copy within content unit, not in the main disclosure					

APPENDIX B – NATIVE ADVERTISING CHECKLIST

Maximizing Transparency & Consumer Trust

Recommended Evaluation Criteria	
<input type="checkbox"/>	Use industry recommended disclosure terminology to maximize consumer transparency of native ads including refraining from creating unique and proprietary terms.
<input type="checkbox"/>	If the disclosure term is pre-populated by third parties, require they comply with recommended terminology and site branding requirements.
<input type="checkbox"/>	Be consistent – use the same disclosure terms and post them in the same position on all native ad units throughout your site.
<input type="checkbox"/>	Maximize discoverability and readability across screens – utilize and test adaptive design for different devices and display magnifications.
<input type="checkbox"/>	Keep disclosure term’s text size readable for all ages – it is recommended text be no more than 2 points smaller than the headline and or native ad copy.
<input type="checkbox"/>	<p>Make disclosures clear and conspicuous, maximizing readability and discoverability</p> <ul style="list-style-type: none"> <input type="checkbox"/> Use recognized design standards to help maximize readability <input type="checkbox"/> Avoid all capitalized letters <input type="checkbox"/> Insure text color is easily distinguishable and contrasts from the ad unit background <input type="checkbox"/> Refrain from using compressed or 'narrow' letter spacing <input type="checkbox"/> Use different typefaces to help distinguish native ad unit copy from disclosure term (e.g., san-serif vs serif fonts) <input type="checkbox"/> Avoid common colors combinations which are difficult to distinguish native vs non-native content for users with vision deficiencies (e.g., red-green)
<input type="checkbox"/>	Prominently identify the consumer-facing sponsoring brand(s), not just the content service.
<input type="checkbox"/>	Use color brand logos where possible, enhancing transparency and advertiser brand value.
<input type="checkbox"/>	Review the use of supplemental co-branding of content providers and the impact on the user experience. Inclusion of added co-branding terms and logos may distract from providing consumers clear and intuitive disclosure.
<input type="checkbox"/>	Maximize the delineation of native ad units from page content through the use of rules, borders, and/or shading.
<input type="checkbox"/>	Review compliance with accessibility requirements including but not limited to adding alt-text descriptors for all images served (Publishers, Agencies, Ad Networks, etc.).

For updates visit - <https://otalliance.org/native>

APPENDIX C – NEWS AND MEDIA SITES

abcnews.go.com	dallasnews.com	latimes.com	theguardian.com
about.com	deadspin.com	dailymail.co.uk	hollywoodreporter.com
accuweather.com	freep.com	mashable.com	weather.gov
al.com	discovery.com	mic.com	nypost.com
bizjournals.com	disney.com	mirror.co.uk	theonion.com
aol.com/news	drudgereport.com	mlive.com	thestreet.com
ap.org	edmunds.com	msn.com	telegraph.co.uk
bankrate.com	elitedaily.com	nationalgeographic.com	theblaze.com
bbc.com/news	engadget.com	nbcnews.com	thedailybeast.com
bleacherreport.com	espn.go.com	nymag.com	time.com
bloomberg.com	everydayhealth.com	nytimes.com	tmz.com
boston.com	examiner.com	nj.com	topix.com
bostonglobe.com	ft.com	npr.org	upworthy.com
businessinsider.com	forbes.com	nydailynews.com	usnews.com
bloomberg.com/businessweek	fortune.com	pbs.org	usatoday.com
buzzfeed.com	foxnews.com	perezhilton.com	vice.com
cbsnews.com	fusion.net	politico.com	vox.com
cheezburger.com	gawker.com	reddit.com	wsj.com
chicagotribune.com	gizmodo.com	refinery29.com	washingtonpost.com
chron.com	news.google.com	reuters.com	wunderground.com
cnbc.com	huffingtonpost.com	salon.com	weather.com
cnet.com	independent.co.uk	sfgate.com	webmd.com
cnn.com	jezebel.com	slate.com	wired.com
consumerreports.org	kotaku.com	techcrunch.com	yahoo.com/news
dailycaller.com	lifehacker.com	theatlantic.com	znet.com

Source: OTA analysis of average monthly unique site visitors January – April 2016 used for the 2016 Online Trust Audit, <https://otalliance.org/initiatives/2016-methodology>.

ABOUT THE OTA

The Online Trust Alliance (OTA) is a 501c3 charitable non-profit with the mission to enhance online trust and user empowerment while promoting innovation and the vitality of the Internet. Its goal is to help educate businesses, policy makers and stakeholders while developing and advancing best practices and tools to enhance the protection of users' security, privacy and identity.

OTA supports collaborative public-private partnerships, benchmark reporting, and meaningful self-regulation and data stewardship. Its sponsors and supporters include leaders spanning public policy, consumer protection, technology, e-commerce, social networking, mobile, email and interactive marketing, financial services, government, NGOs and industry organizations. To get involved please visit <https://otalliance.org/membership>

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