# NON-DUES REVENUE AND SPONSORED CONTENT:
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# YOUR

**W**hat association couldn't use a new source of non-dues revenue? Sponsored content, a.k.a. native advertising, is the latest trend in the advertising world, and it has evidently hit the association world as traditional advertisers seek new opportunities to reach buyers.

Sponsored content is a great way to add valuable content to your association's website or publication while earning money in the process, but there are trade-offs that need to be considered. The monetary benefit of any non-dues revenue program should always be weighed against the value it brings to members.

With sponsored content, advertisers write editorial content for your various forms of media (website, social, print, etc.) to show their expertise and build their brand. Marketers value this form of advertising because their products and services are introduced to an established, highly targeted audience of potential customers. It improves brand recognition and drives click-through traffic to their own media.

Associations can benefit doubly from sponsored content by generating revenue and introducing members to products and services specific to their industry that can improve members' daily work.

The Interactive Advertising Bureau defines native advertising as "paid ads that are so cohesive with the page content, assimilated into the design, and consistent with the platform behavior that the viewer simply feels that they belong." The purpose of sponsored content is to be helpful, entertaining, or both. It must not appear to be a sales pitch to the reader. This helps advertisers become not just suppliers of goods and services, but also sources of knowledge and new ideas.

But consumer receptiveness to sponsored content relies on preexisting trust and credibility of your association, and as you'll learn here, that's not as straightforward as it sounds.

### Why?

Native advertising has been found to be more effective than traditional display ads. The 2014 Native Advertising Roundup revealed 25 percent more consumers looked at sponsored articles than display ads such as banners. Furthermore, Shareaholic, an "all-in-one content amplification platform"(shareaholic.com), indicates that 70 percent of people want to learn about products and services through content rather than through traditional advertising—a

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statistic that stresses the importance of educating readers with quality content first and spreading brand awareness second.

PR and advertising firm BIA/Kelsey estimates that spending on native advertising will grow to $3.9 billion by 2016, and publishers stand to benefit as long as they can preserve the trust and interest of their readers.

For marketers, the appeal of sponsored content is simple—by wrapping ad messages in an editorial content format, they are able to adopt the credibility the publisher has already built with its audience. But since they also take for granted the commercial relationship between advertisers and the publisher, confusion is inherent in the appeal.

## Controversy

Sponsored content has been the source of much conversation and controversy. It has received pushback from some publishers, marketers, consumers, and even government regulators who are concerned because the articles resemble editorial content. Is it deceptive? Is it ethical? Whatever the answers, there's no denying that the approach is popular, and all the talk has associations wondering if they should attempt to tap into this potentially lucrative source of nondues revenue.

The intent may not be to deceive readers, but in a survey conducted by Contently, a content strategy firm (contently.com), two-thirds of the respondents said they felt deceived when they realized an article was sponsored by a brand. Just over half said they didn't trust branded content, and 59 percent said a site that runs sponsored content loses credibility.

Both publishers and marketers have a vested interest in not appearing to mislead consumers, which could damage the integrity of a publication and the brand's image.

The findings also show readers are confused about what "sponsored content" even means. When an article is labeled as "sponsored content," half of respondents

think a sponsor paid for and influenced the article, one-fifth think the content was produced by the publication using a sponsor's money, and 18 percent think a sponsor merely paid for its name to appear next to the article. Only 13 percent understand the sponsor actually wrote the article.

Adding to the confusion is wide variance between publications with regard to the look, feel, design, and language of sponsored content. That said, the Interactive Advertising Bureau has set two straightforward advertising guidelines:

- Use language that conveys 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 relative to the device the ad is being viewed on.

In the case of sponsored articles, a reasonable consumer should be able to distinguish between editorial content from the publisher and paid advertising.

## Best Practices

Native ads are a mystery to most marketers since "ads" are not "media" and are comprised of many different formats. Sponsored content works best when advertisers are telling a story and not overtly selling a product. It's important to understand this separation. The failure of marketers to follow established native advertising best practices has been giving native ads a bad rap. Articles that cause readers to feel deceived can damage both the brand and the publisher alike.

While developing your sponsored content program, take the following best practices into consideration.

## Content Is King

Sponsored content should be just as engaging and relevant as editorial content. Good sponsored content should only be recognizable by the "sponsored" label.

Your audience should value the content and learn something from it. It's the content that matters, not the link to the paying advertiser.

### Transparency

If you want your association's authority and credibility to remain intact, there must be transparency that the content is sponsored. Labeling native ads with terms like "sponsored content" or "paid by" is an insufficient minimal approach according to Contently. Be specific about who wrote the article. It's not just a question of ethics, either. The FTC mandates that sponsored content is clearly distinguished from news or editorial content.

### Ownership

Ownership of sponsored content is currently an unaddressed issue, but it does beg some attention. Does your publication own the content? Does the advertiser own it? Ownership needs to be established prior to publishing. Get the ownership agreement in writing.

### Relevancy

Native advertising studies report the most important success factor is contextual relevancy. Native ads must serve the consumer first and the brand second, a fundamentally different approach compared to more direct forms of advertising. The content cannot be a simple sales pitch or a regurgitation of brand messaging—consumers expect to receive content they actually care about.

### Content Review Committee

Consider forming a content review committee that is separate from your editorial committee to help in establishing ground rules for vetting articles and reserving the right to reject any content deemed too promotional.

### Subtlety

According to a report from Polar ("Solutions built to help publishers monetize and thrive," polar.me), native campaigns that

are subtle and visually cohesive with the publisher perform far better. A subtle label font color performs 79 percent better than a strong color. Fonts that blend with the publisher's style perform 64 percent better than those that don't. Native ads with light shading perform 57 percent better than ads with high-contrast backgrounds.

**Design Changes**

There's nothing wrong with tweaking your website design to work better with sponsored content. A slight layout change may be all you need to ensure sponsored content is true to your association's voice.

### Sponsored Article Pricing

The use of sponsored content as a marketing channel will undoubtedly continue to grow. Besides, it's a proven revenue stream for publishers. However, there are no real standards for pricing sponsored content. Depending on your traffic, you can charge anywhere from $50 to thousands of dollars per post.

Finding the perfect price point for sponsored content can be tricky. There are all sorts of metrics to justify pricing, but when choosing your pricing method, your priorities should address the type of sponsor you want appeal to, the price level that creates a favorable ROI for both the advertiser and your association, and the frequency with which you sell sponsored content. Since a piece of sponsored content isn't just a banner, your pricing strategy must account for these priorities.

Precise focus on your site's demographic is invaluable to sponsors. You can make decisions about how best to market to that particular demographic, and you can use this information when pursuing content sponsors. It's also important to clarify how you'll measure sponsored content campaigns so sponsors understand their potential impact and audience reach, and you *MUST* track results. Your analytics will tell you what works and what doesn't so you can adjust your pricing strategy as needed.

**Useful information to consider while developing a pricing strategy:**

- Average number of reads or views for a piece of content on your site.

- The duration the piece of sponsored content remains on the site.

- Typical engagement metrics with your content such as likes, tweets, comments, etc.

Once you have that information, you can price sponsored content campaigns based on engagements, reads, impressions, or a combination. If the sponsored content has a temporary duration, simply using an impressions or average reads benchmark may be the easier strategy to start with, but with permanent durations, you may want to consider using a combination of reads and engagements. Remember, you can try one of these methods, get feedback and change your price accordingly.

### What Now?

Sponsored content is a growing strategy used by advertisers and publishers alike to drive sales and improve website revenue. Sponsored content is designed to maximize sharing on social networks, giving it powerful reach and better audience engagement.

Not all publishers offer sponsored article opportunities to marketers. Some publishers say protecting editorial integrity and preserving audience trust are higher priorities than generating revenue. On the other hand, many big name publishers like Forbes, The New York Times, and The Wall Street Journal have all embraced sponsored articles as a revenue source.

Sponsored content is here, and pursuing it as a non-dues revenue program is worth a conversation with your committees about whether or not it makes sense for your association. Just be sure to approach it systematically with best practices in mind to maintain the reliability and independence of your publication. Editorial integrity must not be compromised by the influence of advertisers. Otherwise, sponsored content will become the new pop-up ad—an irritating incentive to disengage.

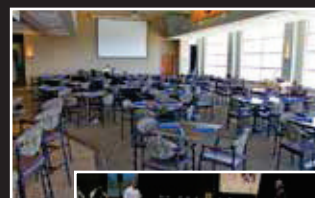*Molly is a long-time CSAE member with 15 years of non-profit association and small-business management expertise. She has served on CSAE's Editorial Committee since 2009.*