

NAD Addresses Disclosures in Native Ads

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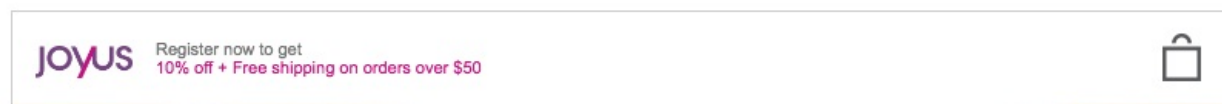
When the FTC issued its guidance on native advertising last year, the Commission emphasized the importance of ensuring that consumers are able to distinguish ads from editorial content. If the line between the two gets blurred, companies may need to label ads as such. Where the label is placed can be critical, because the FTC believes that consumers should know that something is an ad before they interact with it. Last week, the NAD issued a decision that addresses the placement issue.

Joyus is an e-commerce platform for various lifestyle products including fashion, beauty, personal care, fitness, and home products. Many of these products are featured in the “Stuff We Love” section of *People* magazine, which appears in the Style Watch section of the magazine’s website. Consumers can read a description of each product and watch a video – which is jointly produced by Joyus and *People* – that advertises the product. If consumers like what they see, they can easily purchase the product on the same screen.

Joyus and *People* took various steps to separate the magazine’s editorial content from Joyus’ advertising content. For example, the product videos all include the Joyus logo in the upper-left corner of the video player’s frame. This logo – along with a discount offer – can be seen before the video is played, as well as during the entire time the video is played. Joyous argued that these labels clearly let consumers know that the videos were ads, rather than editorial content.

Peoplestyle | STUFF WE LOVE

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Although the NAD agreed that the videos themselves were clearly labeled as ads, the NAD was concerned that the pages leading up to the videos were less clear. For example, the “Style” page link to “Stuff We Love” doesn’t disclose that the feature is a partnership with Joyus and promotes products for sales. As a result, the NAD opined that consumers could believe these pages represent selections by people’s editors, rather than paid ads. Thus, the NAD recommended that Joyus (in collaboration with *People*) revise the link so that it is clear that by clicking on the “Stuff We Love” link, a consumer will be taken to a list of items for sale by Joyus.

Although the FTC’s guidance on native ads is helpful, it’s often useful to see “real life” examples. We expect to see more of them from the NAD in the coming months.