

**DISCLOSURE AND TRANSPARENCY IN NATIVE ADVERTISING AND SPONSORED CONTENT**

*All PRSA members pledge adherence to the Society's [Member Code of Ethics](#). As ethical quandaries arise in the industry, the PRSA Board of Ethics and Professional Standards (BEPS), in accordance with Article XII of [PRSA's bylaws](#), provides guidance on such issues within the framework of the Code provisions. The PRSA Board of Directors then announces these guidelines through this series of Ethical Standards Advisories. These guidelines are for informational purposes only and not for the purpose of providing legal advice. Please consult an attorney to obtain legal advice regarding your specific situation. The [PRSA Member Code of Ethics](#) can be found online at <http://www.prsa.org/>.*

**ISSUE:**

The blurring of lines between editorial/news content and advertising/promotional messaging (both in print and online/social media platforms) potentially threatens the ability of consumers to develop informed opinions and to make rational decisions. It is critical that a clear distinction between editorial content and sponsored content be apparent to the consumer.

While the use of advertorials began in the 1940s, the practice has expanded to new platforms and is now commonly called native advertising – a paid placement that mimics the user experience of organic sharing of information via online, print, or broadcast media. The sponsor of the content should be clearly identified. However, in some instances, sponsorship is hidden or left off altogether.

**BACKGROUND:**

In 1917 when the Federal Trade Commission (FTC) first addressed a case against advertising disguised as content, both regulatory bodies and consumer advocates expressed concern about paid messages that may deceive consumers. The legal and ethical debate on the topic continues now, decades later. However, the pace of today's competitive media markets has driven the discussion of native advertising to the forefront. The Interactive Advertising Bureau (IAB) has described native advertising and content sponsoring as the fastest-growing advertising format.

Responding to the rapid growth of native advertising through digital and mobile media, the FTC held a workshop in late 2013, "Blurred Lines: Advertising or Content?" The agency has yet to release new guidelines. As a result, media and public relations professionals follow their own voluntary, self-regulating recommendations. For example, the third principle of the American Advertising Federation's Principles and Practices for Advertising Ethics states:

Advertisers should clearly distinguish advertising, public relations, and corporate communications from news and editorial content and entertainment, both online and offline.

Digitization and the need for new revenue streams to support media outlets have spurred growth in content sponsorship deals. According to the January 2014 edition of *Tactics*<sup>i</sup>, “73 percent of online publishers offered these kinds of advertising opportunities.” Advertisers are eager to infuse brand messages creatively into news and entertainment programming and publications. Mobile devices and gaming devices continue to surge in popularity. At the same time, space to make adequate disclosures becomes increasingly challenging for public relations professionals, publishers and other media-content producers. Some media platforms have length limitations to profiles and messages (e.g., Twitter’s 140-character limit).

### **RELEVANT SECTIONS OF THE PRSA CODE:**

At least five Code provisions and three professional values relate to this issue.

- *Code Provisions*
  - Disclosure of Information: Information sponsors should fully disclose paid placements to support informed opinions and rational decision making.
  - Free Flow of Information: We must maintain the integrity of our relationships with stakeholders, including the media, by ensuring stakeholders can readily discern between sponsored content, news reporting, and editorial content.
  - Competition: When information sponsors are transparent, we foster healthy and fair competition for a share of voice in the evolving media environment.
  - Conflicts of Interest: By clearly identifying native advertising and sponsored content, we can prevent and minimize conflicts of interest between clients/companies and the media covering them.
  - Enhancing the Profession: Public relations professionals build respect and credibility with the public when we disclose the sponsors of content and native advertising.
- *Professional Values*
  - Honesty: We adhere to the highest standards of accuracy and truth in advancing the interests of those we represent and in communicating with the public.
  - Advocacy: We serve the public interest by acting as responsible advocates for our clients/companies. We best support the marketplace of ideas, facts, and viewpoints and aid informed public debate and stakeholder decision making when information sponsors are fully disclosed and transparent.
  - Fairness: We support free expression and deal fairly with our clients, competitors, peers, the media, and the general public when we fully disclose sponsors of content and ensure transparency in native advertising,

### **EXAMPLES OF IMPROPER PRACTICES:**

While native advertising and sponsored content may appear to be a new issue, the practice has been in place for decades. John B. Oakes, New York Times editorial page editor from 1961 to 1976, recalled the challenges he faced maintaining the editorial integrity of the paper when corporate interests sought paid placements on the op-ed page using similar design and typography<sup>ii</sup>.

The range of improper practices includes:

- Failure to clearly identify the source or sponsorship of content or advertising in whatever the medium where such material is ultimately displayed, including print, broadcast, online, and/or social media.
- Blending sponsored content or advertising into editorial, news, or entertainment content so as to obscure the identification of the paid or in-kind transactional relationship between the media outlet and a brand/organization.
- Hiding disclosures in small font size.
- Intentionally displaying disclosure information at the end of the document or conclusion of the story.

### **RECOMMENDED BEST PRACTICES:**

In the absence of new Federal Trade Commission regulations, the PRSA Board of Ethics and Professional Standards has recommended the following best practices for the use of sponsored content and native advertising:

1. Full disclosure: Public relations professionals must work to ensure that the sponsorship of news (traditional and online), blog posts, and other social media platforms for advertising is fully disclosed within the context of the content and made consistently clear to readers/viewers/users.
2. Disclosure strategy: Such disclosures should be clear and appropriate to the medium. Sponsored content and native advertising should be clearly discernible from editorial content and must not attempt to deceive the reader into believing that the content comes from an independent point of view.
3. Clear disclosure throughout a paid placement facilitates transparency and is strongly recommended. Such disclosure may be accomplished by using contrasting fonts, bars, rules, and other graphic arts techniques, as well as traditional disclaimers, to ensure paid content is clearly differentiated.
4. In social media, sponsored content should be made transparent within the requirements of the platform. For example, on Twitter, if a media outlet is promoting a series sponsored by brand, the tweet should disclose the sponsorship (e.g., “Top Ten Summer Travel Tips”- sponsored by @ACUtravel).
5. Public relations professionals can take advantage of the opportunity to promote their client and support media partners through sponsored content advertising while preserving, protecting, and enhancing the media partners’ objectivity and credibility . By clearly and readily disclosing sponsorship to the audience/consumer public relations professionals provide a beneficial service for both their clients and the resources being used.

Native advertising and placement and sponsored content opportunities should be tasteful and support PRSA and the Society of Professional Journalists’ pursuit of truth and accuracy in the media as well as the avoidance of conflicts of interest.

### **FOR FURTHER REFERENCE:**

- Edelman Insights. (July 2013). “Sponsored Content: A Broader Relationship with the U.S. News Media.” <http://www.edelman.com/insights/intellectual-property/sponsored-content-report/>
- Federal Trade Commission. (Dec. 4, 2013). “Blurred Lines: Advertising or Content? – An FTC Workshop on Native Advertising.” <http://www.ftc.gov/news-events/events-calendar/2013/12/blurred-lines-advertising-or-content-ftc-workshop-native>
- Institute for Advertising Ethics (American Advertising Federation). (2011). “Principles and Practices for Advertising Ethics.” [http://www.aaf.org/images/public/aaf\\_content/images/ad%20ethics/IAE\\_Principles\\_Practices.pdf](http://www.aaf.org/images/public/aaf_content/images/ad%20ethics/IAE_Principles_Practices.pdf)
- Interactive Advertising Bureau. (Dec. 4, 2013). “Native Advertising Playbook.” <http://www.spj.org/ethicscode.asp>
- PRSA. “PR Blotter” *Tactics*. January 2014.
- Society of Professional Journalists. (1996). “SPJ Code of Ethics.” <http://www.spj.org/ethicscode.asp>

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<sup>i</sup> PRSA. (January 2014). “PR Blotter: The Federal Trade Commission is warning advertisers that it intends to vigorously enforce its rules against misleading advertising.” *Tactics*. Available at [http://www.prsa.org/Intelligence/Tactics/Articles/view/10486/1087/PR\\_Blotter#.UyiPjfmzFb4](http://www.prsa.org/Intelligence/Tactics/Articles/view/10486/1087/PR_Blotter#.UyiPjfmzFb4)

<sup>ii</sup> Reminiscences of John B. Oakes. (1978), Part 3. Session 4. Pages 294-298 in the Oral History Research Office Collection of the Columbia University Libraries (OHRO/CUL).