Article or Ad? Readers’ Recognition and Evaluations of Native Advertisements on Online News Websites

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1 Introduction

The online media and advertising landscape has quickly changed in the past few years, and both media and advertisers are facing several major challenges. Consumers are more trained than ever to ignore traditional banner advertisements (Hill, 2013), and the amount of internet users with an ad blocker have been going up fast (Adobe, 2015). At the same time, from the media’s side, online news outlets increasingly rely on advertising to generate revenue, as most readers refuse to pay subscription fees to read online news (Newman, Fletcher, Levy, & Nielsen, 2016). Consequently, both media and advertisers are searching for alternative ways to deliver their messages to their target audiences. Following this, so-called ‘native advertisements’ are an emerging phenomenon on online news websites (Filloux, 2013). With native advertising, advertisers are trying to reach the ad-avoiding news readers by delivering advertisements that mimic the style and content of editorial news articles (Wojdynski & Evans, 2015). Currently, almost all major news media are offering native advertising as part of their digital advertising mix (Einstein, 2016).

It has been argued that native advertisements are positively evaluated due to their ‘editorial value’ and ‘non-intrusiveness’ (Campbell, 2015). Yet, critics are stressing the deceptiveness of native advertisements, and are warning news media for the long-term negative consequences of making the line between advertising and editorial content less clear (Carlson, 2014). Without a doubt, the preservation of news media’s credibility is important to both news media and advertisers, as credibility, autonomy and trustworthiness are the main reasons for readers to visit news platforms (Baker, 2001). Advertisers are also taking benefit of publishing on credible platforms, as this credibility could spill-over on readers’ evaluations of their advertisements (Bronner & Neijens, 2006; Van Reijmersdal, Neijens, & Smit, 2010). Therefore, native advertisements should be thoughtfully implemented.

Nevertheless, little research has been conducted on readers’ evaluations of the advertising technique, and direct consequences for the news media are yet understudied. Although some research showed that native advertisements are positively evaluated and do not harm the credibility of the news website, the authors were not sure whether this was because readers liked the advertising
technique, or because they simply did not recognize the native advertisement (Howe & Teufel, 2014). Furthermore, past studies on hybrid advertising techniques such as native advertising, have been mainly focused on the effectiveness of the accompanying disclosures (e.g. Boerman, Van Reijmersdal, & Neijens, 2014; Wojdynski & Evans, 2015), and less on other factors such as the content of the advertisement and personal characteristics of the public.

In this chapter, we will present an experimental study that will address these gaps in current literature. First, the study will try to replicate and expand the latest insights on readers’ recognition of native advertisements’ disclosures. The study will not only seek how disclosure recognition is related to readers’ evaluations of the advertisement and advertiser, which has been done in previous studies (e.g. Wojdynski & Evans, 2015), but also how this affects their evaluations of the advertising technique in general, and evaluations of the news website. As credibility is an important reason for advertisers to implement native advertisements on news websites (Carlson, 2014), we will specifically focus on the credibility of both the news website and advertisement. Second, due to the editorial value native advertisements can have, the role of readers’ involvement with the article’s subject will be investigated as a possible factor that could influence readers’ evaluations of native advertising. Past research has indicated that when consumers are highly involved with a subject, they are more focused on the information instead of the source, which can subsequently positively influence overall evaluations (Cole & Greer, 2013; Petty & Cacioppo, 1981; Van Reijmersdal, Rozendaal, & Buijzen, 2012). The results of the present study will further advance our understanding of how and when native advertisements should be implemented. Implications for practitioners and directions for future research will be discussed.

2 Conceptual Framework

2.1 Recognizing Native Advertisements

Due to their editorial format, native advertisements on news websites are often not identified as advertising by readers (Levi, 2015; Wojdynski & Evans, 2015). For this reason, additional guidelines have been issued by organizations and legislators, stating that native advertisements should be labelled as such (Federal Trade Commission, 2015; IAB, 2013). Recognizing and processing this label is important to readers, as this will increase the likelihood that they will be aware of the persuasion attempt (Boerman, Van Reijmersdal, & Neijens, 2012; Van Reijmersdal et al., 2015). Yet, it should be noted that although previous research showed that a disclosure can increase ad recognition, still a minority of respondents actually paid attention to the disclosure and subsequently recog-
nized the advertisement (Wojdynski & Evans, 2015). Additionally, as native advertising in online news media is a recent phenomenon and also mimic the style of an editorial article, readers may still be confused who is the actual author of the native advertisement is (i.e. whether journalists were involved in the production process of the advertisement) (Ferrer Conill, 2016; Lazauskas, 2015). Although some media provide an additional disclaimer stating that the editorial staff had no involvement in creating a native advertisement, this is not general practice (Ferrer Conill, 2016; Lazauskas, 2015). Due to their editorial format, readers may perhaps still think that journalists have created the native advertisements, even when the advertisement is labelled as such (Lazauskas, 2015; Wojdynski, 2016b). This is important to investigate, because if readers think that journalists are also involved in producing commercial content for the news website, they might become more distrustful towards all content on the news website (Einstein, 2016; Wojdynski, 2016b). We will further investigate this via the following hypothesis and research question:

**H1:** Disclosure recognition will increase ad recognition.

**RQ1:** Will disclosure recognition increase readers’ understanding of the author of the native advertisement?

### 2.2 Credibility of Native Advertisements

Consumers are weaponing themselves against persuasive messages by discriminating between advertising and publishing (Lord & Putrevu, 1993). The perceived role of advertisers is to sell products and / or services, whereas journalists are expected to report the facts (Deuze, 2005). Therefore, recognizing commercial content may possibly evoke counter-arguing, resistance against the message, and less positive evaluations of the sender. (Fransen, Verlegh, Kirmami, & Smit, 2015). Boerman et al. (2014) found that recognizing brand placements in television programs via a disclosure, before consuming the ad content elicited more critical processing of these hybrid advertisements. This critical processing can subsequently lead to a more negative response towards the advertisement (Boerman et al., 2014; Van Reijmersdal et al., 2015). Recent studies on native advertising on news platforms also shows a negative influence of ad recognition on ad credibility (Wojdynski, 2016b; Wojdynski & Evans, 2015). Therefore, we propose that:

**H2a:** Disclosure recognition will have a negative influence on ad credibility.
Although disclosure recognition might have a negative influence on readers’ trust, other factors may overrule these negative evaluations. For instance, research showed that when readers were highly involved with the subject of a print advertisement, the importance of source credibility decreased, as consumers were more focused on the relevance of the message (Cole & Greer, 2013; Petty & Cacioppo, 1981). Additional studies also showed that readers’ evaluations of an article depend less on the source, when they perceive the information in the advertisements as useful (M. C. Campbell, 1995; Sweetser, Ahn, Golan, & Hochman, 2016). We therefore propose the following hypotheses:

**H2b:** Involvement with the subject of the native advertisement will have a positive influence on ad credibility.

**H2c:** Involvement with the subject of the native advertisement will moderate the effect of disclosure recognition on ad credibility, such that high involvement will decrease the negative effect of disclosure recognition on ad credibility.

### 2.3 News Website Credibility

There has been much discussion going on about what factors can explain the effectiveness of native advertisements, and whether native advertising is a sustainable advertising strategy for news media (Carlson, 2014; Wojdynski, 2016b). Until now, only one experimental study specifically focused on the influence of native advertisements on news website credibility and this study did not find any effects (Howe & Teufel, 2014). Yet, the researchers suggested that this may possibly be explained by the lack of ad recognition among readers, which they had not measured. Some critics also argue that native advertisements only work well because readers do not recognize them as such, whereas supporters of native advertising are pointing out the editorial value of native advertisements. They suggest that native advertisements can fulﬁl readers’ needs for content, and add value to the news website (Carlson, 2014). As noted before, it has indeed been shown that adding a disclosure could decrease the trustworthiness and effectiveness of the advertisement (Boerman et al., 2012), yet several studies showed that disclosure recognition does not necessarily decrease readers’ evaluations of the platforms (Becker-Olsen, 2003; Tewksbury, Jensen, & Coe, 2011). Moreover, the disclosures could even increase readers’ perceptions of the credibility of the website, as they appreciate the openness and honesty of the platform (Carr & Hayes, 2014). In a recent survey news readers also indicated that acting in a transparent manner was the most important action for news media, in order to maintain their trust (van der Wurff & Schönbach, 2014). The limited amount of available literature is thus inconclusive, indicating that disclosures can poten-
tially have both positive and negative effects for news media’s credibility. Therefore, the following research question is formulated:

**RQ2a**: What is the influence of disclosure recognition on readers’ evaluations of the credibility of a news website?

With regards to readers’ involvement with the topic of the advertisement, it has been shown that when the information matches readers’ interests, readers respond more positive towards the advertisement, regardless of whether they recognize the persuasion attempt (Ducoffe, 1995; Speck & Elliott, 1997; Sweetser et al., 2016). Following Uses and Gratifications theory (Katz, Blumler, & Gurevitch, 1973) media users are choosing specific media content according to their needs. If the content of the native advertisement matches readers’ interests and information needs, they might respond more positively towards the platform on which it is published. Yet besides these limited amount of insights, there is currently little known about the relationship between both disclosure recognition and involvement and news website credibility, and we will therefore further explore the influence of both factors via the following research question:

**RQ2b**: What is the influence of involvement and its interaction with disclosure recognition on readers’ evaluations of the credibility of a news website?

### 2.4 Evaluations of the Advertising Technique

Positive or negative evaluations of a specific advertisement may not only directly influence readers’ evaluations of the news website, but also their evaluations of the advertising technique itself. Past research showed that negative advertising experiences can directly negatively influence consumers’ perceptions of future, similar advertisements (Darke & Ritchie, 2007). Both negative evaluations of the quality of content, and feelings of deception, could evoke these negative advertising experiences (Carlson, 2014). If the commercial intent of a native advertisement is afterwards revealed to consumers, they may subsequently evaluate the advertising technique in general as more- or less acceptable and misleading, based on the experience they just had with it. It can be expected that respondents who had noticed a disclosure will feel less deceived and consequently have more positive perceptions about native advertising (Carr & Hayes, 2014). With regards to readers’ involvement with the advertisement topic, it is expected that high involvement will positively influence their evaluations of the advertising technique, as several studies have shown that involvement often positively moderates readers’ responses towards advertisements (Rollins, King, Zinkhan, & Petri, 2010; Van Reijmersdal et al., 2012; Zuwerink Jacks &
Devine, 2000). If readers have just been exposed to an advertisement that was interesting to them, this positive experience may spill-over on their evaluations of native advertising in general (Darke & Ritchie, 2007). We therefore propose the following hypotheses:

**H3:** Readers who have recognized a disclosure will consider native advertising as (a) more acceptable and (b) less misleading, compared to readers who have not seen a disclosure.

**H4:** Readers who are highly involved with the subject of the advertisement will consider native advertising as (a) more acceptable, and (b) less misleading, compared to low-involved readers.

### 3 Method

We conducted a survey study using an existing native advertisement from the electronics brand Samsung on a real, national news website in Europe among readers of that website. Because we wanted to create variation in disclosure and ad recognition, we developed six versions of the native advertisement, varying in disclosure position and how often the sponsor was mentioned. A random selection of subscribers of the news website was invited to participate the study. All respondents indicated that they visit the news website on a regular basis. Respondents who indicated that they had seen the native advertising before (N = 17) were removed from the results. A total of 277 responses (32.9 % women, $M_{age} = 50.26$, $SD = 15.58$) were collected and analyzed.

#### 3.1 Procedures and Measurements

The survey started with questions measuring respondents’ demographics (gender, age, level of education), familiarity with the news website, and involvement with the subject of the article/native advertisement (virtual reality). In order to measure involvement, we used the personal involvement scale of Zaichkowsky (1994), which consisted of ten seven-point semantic differential items ($M = 4.15$, $SD = 1.27$; $\alpha = .92$). Next, respondents were exposed to one of the six versions of the native advertisement. We first measured whether respondents recognized the advertising attempt. Two statements measured whether readers considered the article as commercial content provided by advertisers. Respondents indicated on two two-item seven-point scales to what extent they thought that “the text was a commercial text” and that “the text was provided by an advertiser” (i.e. commercial scale: $M = 4.42$, $SD = 1.30$; $\alpha = .809$). (Tutaj & Van Reijmersdal, 2012; Wojdynski & Evans, 2015). Next we measured on two
two-item seven-point scales to what extent they thought that “the text was an editorial text” and “the text was written by a journalist”, i.e. editorial scale ($M = 4.65$, $SD = 1.15$; $\alpha = .690$). Readers’ evaluations of the credibility of the native advertisement were measured on a five-item, seven-point scale derived from Wojdynski (2015): ($M = 5.07$, $SD = 1.17$; $\alpha = .927$). Following this measurement, a short text revealed to respondents that the text they had just read was a native advertisement: “The text about virtual reality that has been displayed to you is a native advertisement. A native advertisement is an advertisement that is designed as a news article (...)”. This text was followed by the remaining measurements. Readers’ disclosure recognition was measured by asking them whether they had noticed the disclosure “sponsored by Samsung”. Respondents’ responses were checked and coded as 0 (no disclosure recognition), or 1 (disclosure recognition). A five-item scale from Kiousis (2001) was used to measure credibility of the news website. Respondents indicated on seven-point scales to what extent they agreed (1 = strongly disagree, 7 = strongly agree) that the news website: is factual, is concerned about making profits (R), invades people’s privacy (R), is concerned about the community’s well-being, and cannot be trusted (R): ($M = 4.84$, $SD = .94$; $\alpha = .734$). Last, readers indicated on two separate seven-point scales whether they considered native advertising in general as either acceptable ($M = 4.28$, $SD = 1.49$), or misleading ($M = 4.24$, $SD = 1.52$).

4 Results

Simple regression analysis was conducted to predict ad recognition based on disclosure recognition. Among all respondents, 28.8% indicated that they had noticed a disclosure. In line with hypothesis 1a, there was a significant positive relationship between disclosure recognition and ad recognition. Readers who had noticed a disclosure, were more likely to rate the article as commercial content: $\beta = .28$, $t(275) = 4.85$, $p < .001$. The linear regression analysis showed that disclosure recognition accounted for 7.2% ($R^2 = .072$) of the total variance in ad recognition. $F(1,275) = 23.49$, $p < .001$. In order to answer our first research question, we conducted simple regression analysis with the editorial scale as dependent variable. The analysis showed that disclosure recognition did not increase readers’ understanding of who the author of the native advertisement was $F(1,275) < 1$, $p = .846$. Although readers who recognized a disclosure were more likely to recognize the article as an advertisement, they did not differ with readers who did not recognize the disclosure in their judgments that the text was produced by a journalist: $\beta = .01$, $t(275) < 1$, $p = .846$.

The remaining hypotheses and research questions were answered by conducting multiple regressions analyses, with disclosure recognition, involvement and the interaction term (interaction between disclosure recognition and involvement) as predicting variables. For ad credibility, the overall model accounted for
9.4% of the total variance $F(3,273) = 10.57, p < .001$. Disclosure recognition did not have a significant influence on ad credibility: $\beta = .09, t(273) = 1.60, p = .109$, rejecting hypothesis 2a. In line with hypothesis 2b, involvement was positively related to article credibility: $\beta = .30, t(273) = 5.21, p < .001$. Results did not confirm hypothesis 2c, as the interaction term was not significant: $\beta = .08, t(273) = 1.35, p = .180$.

With regards to readers’ evaluations of the news website, the three factors together explained 8% of the total variance: $F(3,273) = 8.95, p < .001$. Answering RQ2a, the model showed that disclosure recognition did not predict readers’ evaluations of the news website: $\beta = .08, t(273) = 1.46, p = .145$. As an answer to RQ2b, involvement significantly predicted the evaluations of the news website: $\beta = .26, t(273) = 4.54, p < .001$.

Furthermore, although there was not a significant main relationship between disclosure recognition and perceived news website credibility, the analysis did show an interaction effect between disclosure recognition and involvement: $\beta = .14, t(273) = 2.46, p = .014$. When readers’ involvement was high, disclosure recognition increased perceived credibility of the news website, whereas among low-involved readers disclosure recognition slightly decreased perceived news website credibility (figure 1).

![Figure 1: Influence of disclosure recognition on news website credibility by involvement](image-url)
When testing readers’ evaluations of native advertising in general, the multiple regression model accounted for 18.8% of the total variance in readers’ acceptance: \( F(3,273) = 21.12, p < .001 \), and for 10.3% of the total variance in perceived misleadingness of the advertising technique: \( F(3,273) = 10.47, p < .001 \). In line with hypothesis 3, readers who had noticed a disclosure perceived native advertisements as (a) more acceptable: \( \beta = .14, t(273) = 2.57, p < .011 \), and (b) less misleading: \( \beta = .17, t(273) = -2.94, p = .004 \). Hence, hypothesis 3 was fully confirmed. In line with hypothesis 4, involvement was also significantly related to readers’ evaluations of the advertisement technique, as high-involved readers considered native advertisements as (a) more acceptable \( \beta = .41, t(273) = 7.51, p < .001 \) and (b) less misleading \( \beta = -.27, t(273) = -4.71, p < .001 \).

5 Discussion and Implications

The present study examined readers’ evaluations of native advertisements on online news websites, and how both involvement and disclosure recognition affected their evaluations of the advertisement and news website. For ad recognition and understanding of authorship, results were fully in line with our expectations, showing that disclosure recognition indeed increased readers’ ad recognition and decreased feelings of deceptiveness, but that readers also still thought that journalists were involved producing the text. This implies that even when readers did understand that the article was actually an advertisement for which an advertiser had paid, they still were not sure who was involved in the production process (i.e. whether the native advertisement was written by journalists, a commercial department, or the advertiser…). This could be dangerous for news websites, as it can potentially undermine perceived editorial independence of the news website, and harm readers’ trust (Levi, 2015). In this study we did not find a relationship between disclosure recognition and credibility of the news website. Yet disclosure recognition did interact with involvement, showing that under high involvement disclosure recognition led to higher perceived news credibility, whereas under low involvement the opposite effect occurred. This means that adding a clear disclosure is even more important when readers are highly involved. Disclosure recognition was furthermore positively related to readers’ perceptions of native advertising in general. Readers who had seen a disclosure perceived native advertising as more acceptable, and less misleading. Moreover, disclosure recognition did in this study not harm readers’ perceived credibility of the native advertisement, in contrast to other studies on disclosures (e.g. Boerman et al., 2012; Wojdynski, 2016a)). This may be explained by the difference in wordings of the disclosures.

Readers’ involvement with the article’s subject was positively related to their evaluations of native advertising in many ways. Higher involvement with the
subject was related to more positive perceptions of the article’s credibility, news website and advertising technique in general. This follows the reasoning that readers evaluate advertisements more positively when they consider the advertisement as useful, fulfilling their needs for information and / or entertainment (Sweetser et al., 2016; Van Reijmersdal, Neijens, & Smit, 2005).

The results of the study presented here offer several implications for practitioners. In light of the importance of implementing native advertising in a manner that makes it a sustainable advertising technique that does not harm readers’ trust and evaluations of the news website, it is recommended to add disclosures to all native advertisements, helping readers to identify these features as commercial content. Results of this study showed that disclosure recognition is positively related to readers’ evaluations of the advertising technique and that it does not harm credibility of the article. However, it should be noted that simply adding a disclosure stating that an article is commercial content, is insufficient to increase readers’ understanding of how native advertisements are produced (i.e. they still think that the content is provided by a journalist). In order to maintain the line between editorial and commercial content, it might be helpful to add an extra byline stating that ‘journalists have not been involved creating the native advertisement’. Some news websites already started to experiment with these bylines (Einstein, 2016). Furthermore, as involvement turned out to be positively related to many aspects of readers’ evaluations, it is recommended to implement native advertisements especially in special-interest categories of news websites, such as cars, healthy living and travel. Although it may be the case that less readers visit these special interest categories compared to the home page, it is more likely that the content matches the readers’ interest, and highly involved readers are likely to respond more positively towards the native advertisements.

6 Limitations and Future Research

The study has several limitations that should be considered when interpreting the results. First, we only measured self-reported disclosure recognition, which may differ from actual disclosure recognition. Future research can, in line with previous studies (Wojdynski & Evans, 2015), make use of eye-tracking technology to directly measure readers’ focus on disclosures. Furthermore, in order to increase external validity, we have conducted the study on a real news website, among readers that were already highly familiar with the news website. Previous experiences with native advertising on this news website might have influenced their evaluations. Last, in this study we used only one, existing native advertisement, about one subject, that was sponsored by a well-known electronics brand (Samsung). Hence, we should be careful when generalizing the findings to other types of brands and products.
The results imply several directions for future research. First, it would be interesting to replicate the study using different types of advertisers and news websites, among readers who are both familiar and unfamiliar with the news website. Second, future research can further investigate the long-term consequences for news websites that are implementing native advertisements. As this study shows that readers are likely to think that native advertisements are written by journalists, their perceptions of news media as ‘independent, objective’ reporters of news may change. Third, there are many other content characteristics that may influence readers’ evaluations of native advertisements, such as the amount of positive information (Eisend, 2007) and the subject of the advertisement. Future research can focus on these characteristics. Furthermore, as the advertiser is often less prominently mentioned in native advertisements, future research could measure whether readers actually remember the name of the advertiser. In conclusion, the number of native advertisements and the possible large influence on many stakeholders being involved (news media, readers, advertisers, legislators) makes native advertising an important subject that should be further monitored and investigated.

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8 References


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