

THE EFFECTS OF NATIVE ADVERTISING DISCLOSURE FORMAT ON AUDIENCE PERCEPTIONS OF LEGACY AND ONLINE NEWS PUBLISHERS

ABSTRACT

This experimental study (N = 800) examines elements of native advertising disclosures that influence consumers' ability to recognize content as paid advertising and contrasts subsequent evaluations of legacy and digital-first publishers with those exposed to online display advertising. Although fewer than 1 in 10 participants were able to recognize native advertising, our study shows that effectively designed disclosure labels facilitate recognition. However, participants who did recognize native advertising had lessened opinions of the publisher and the institution of advertising, overall.

BACKGROUND

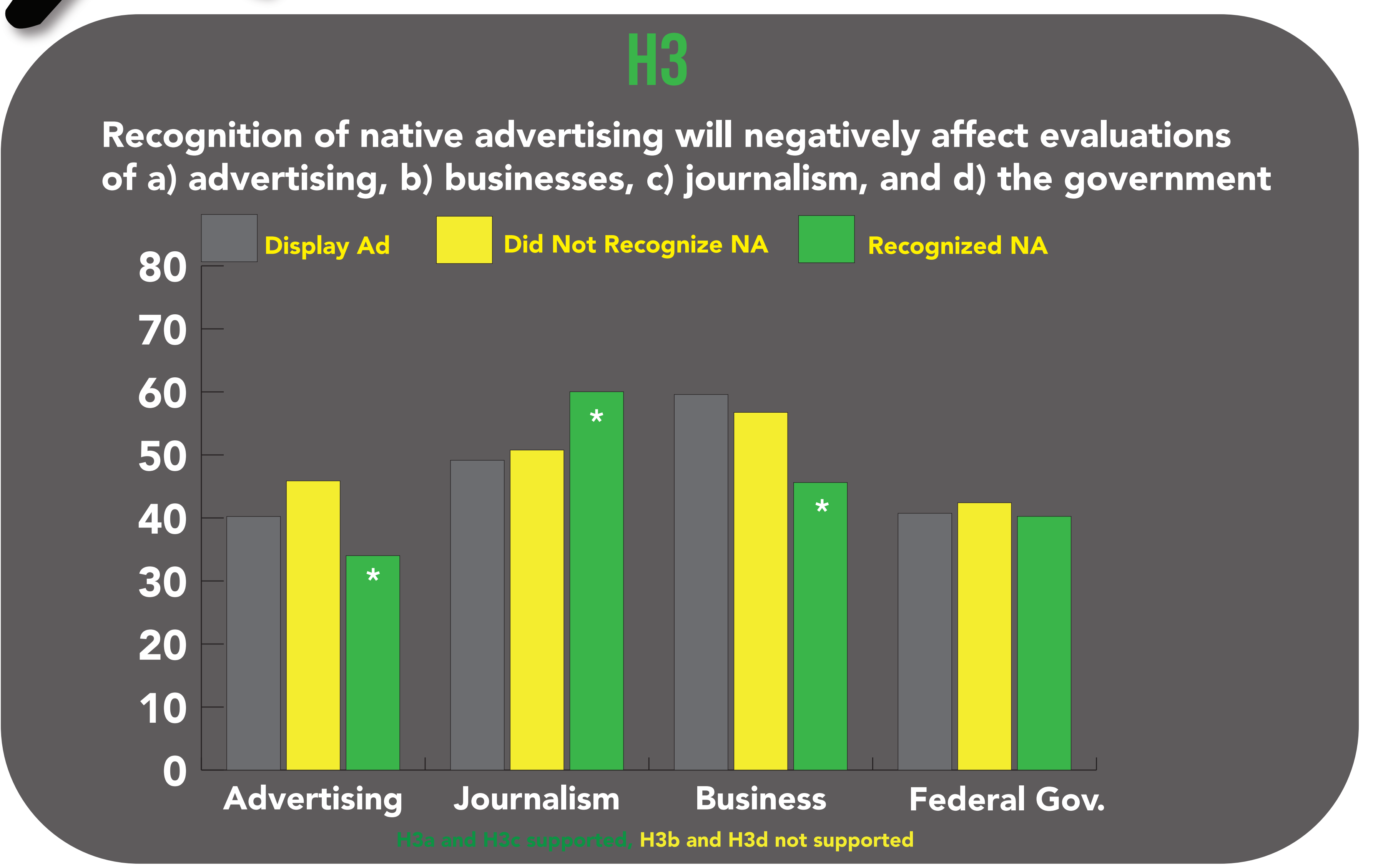
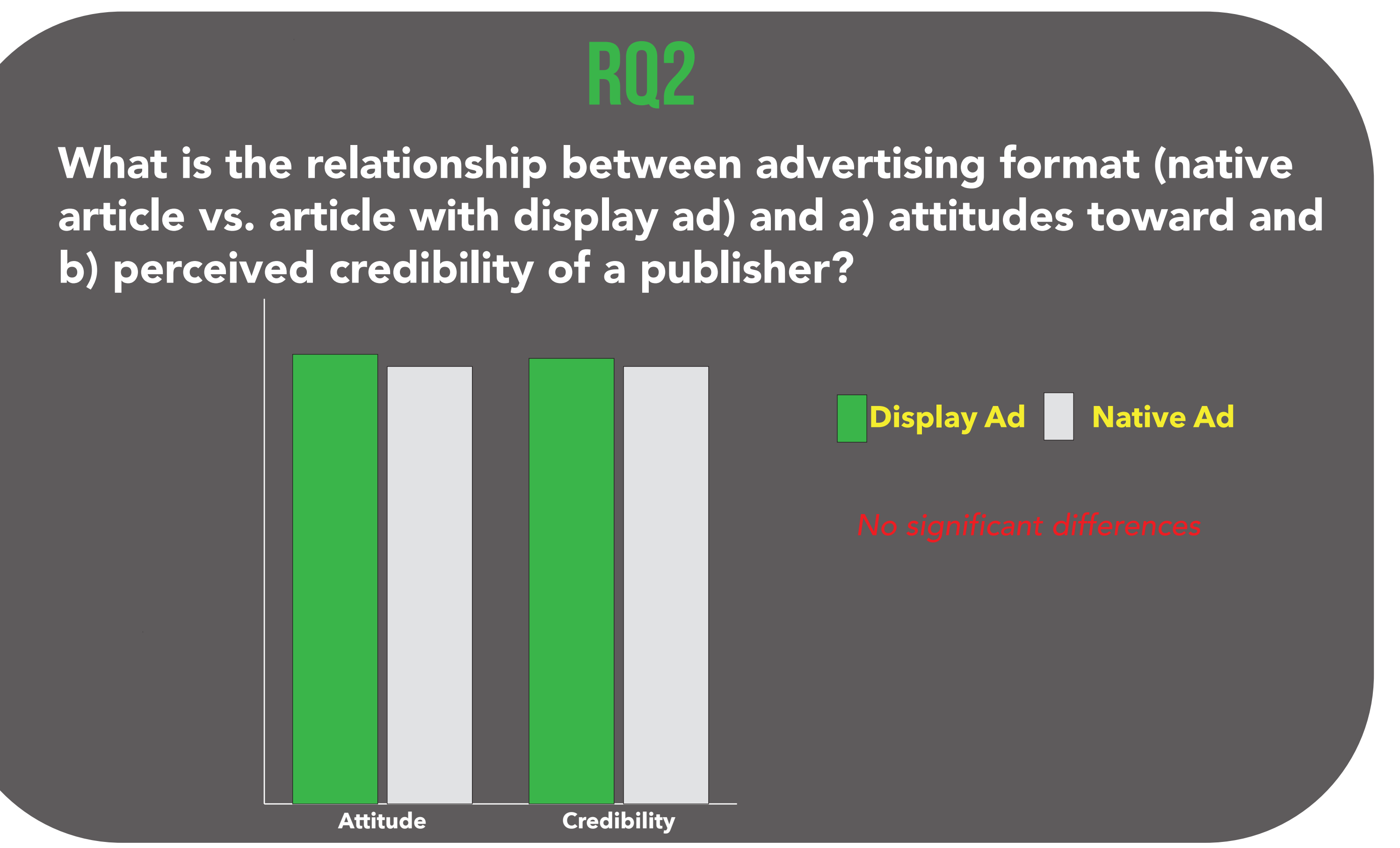
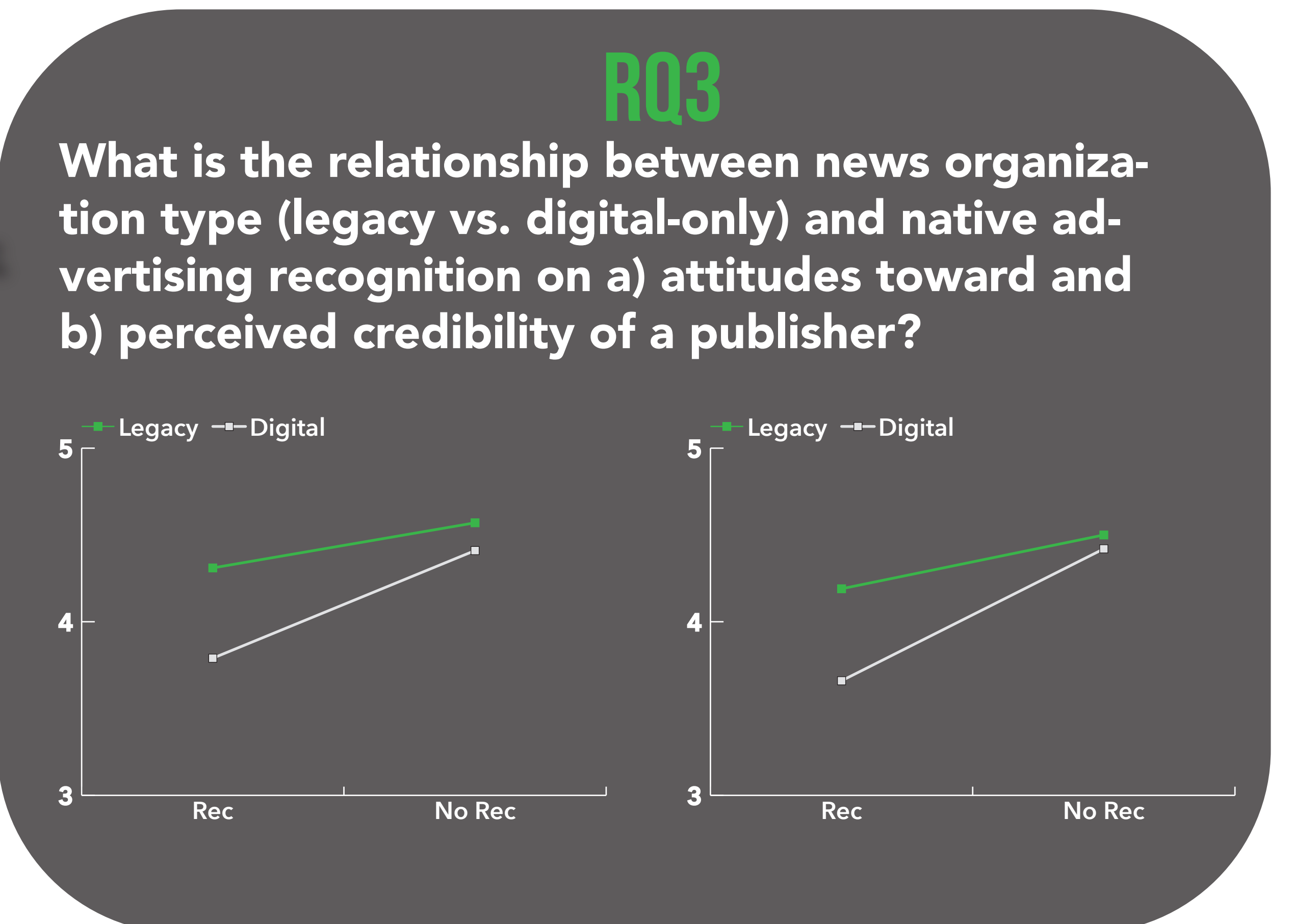
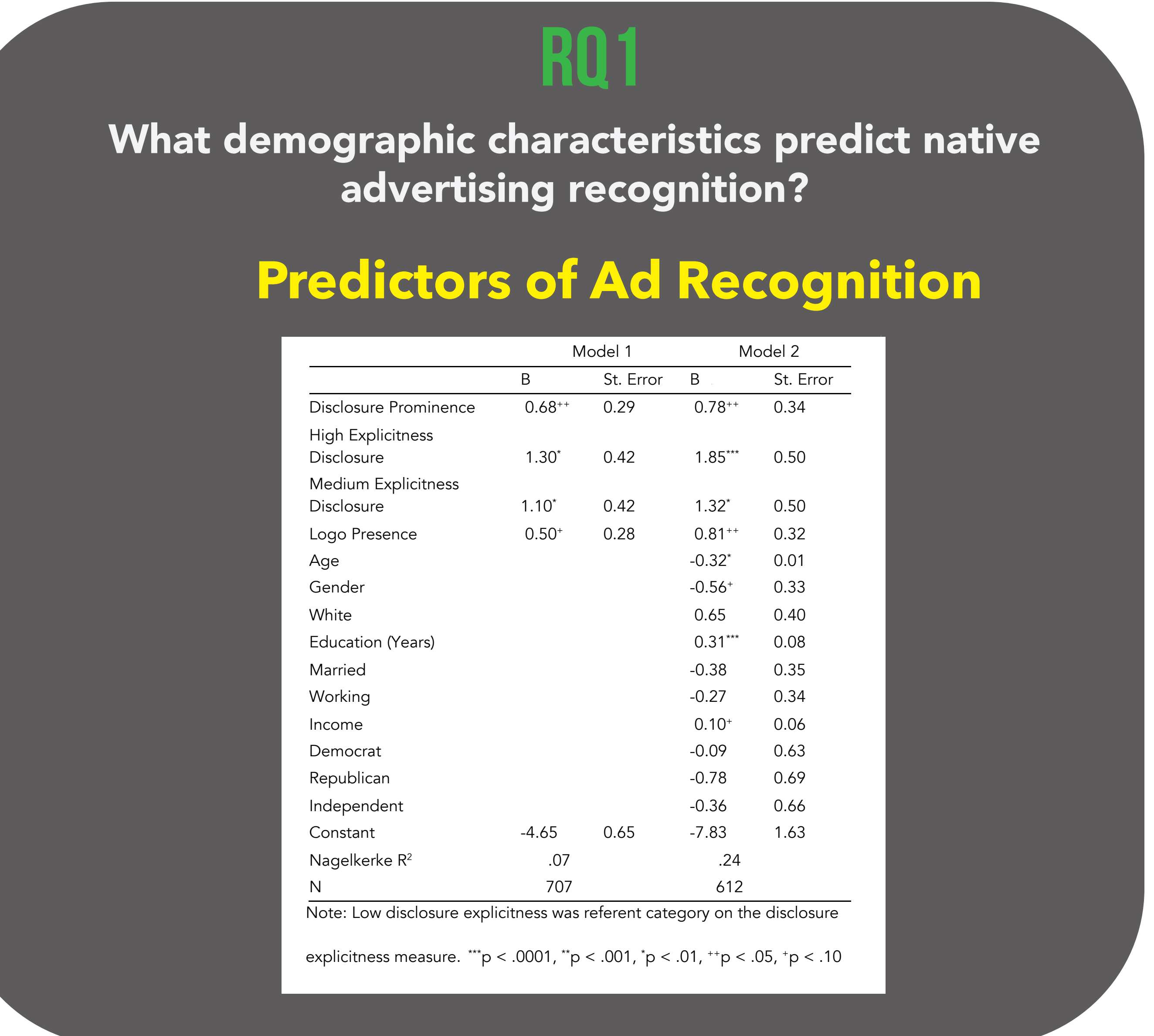
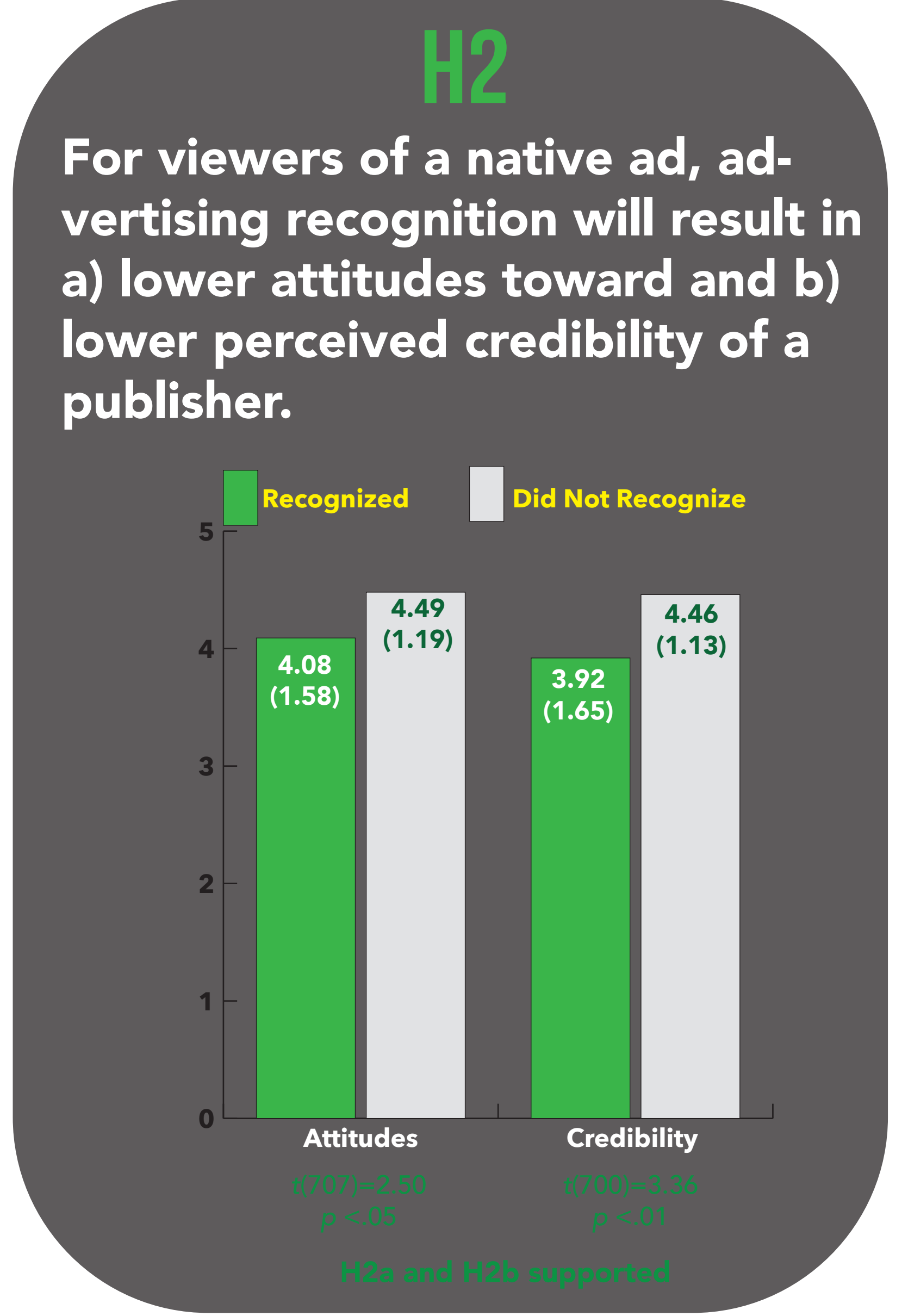
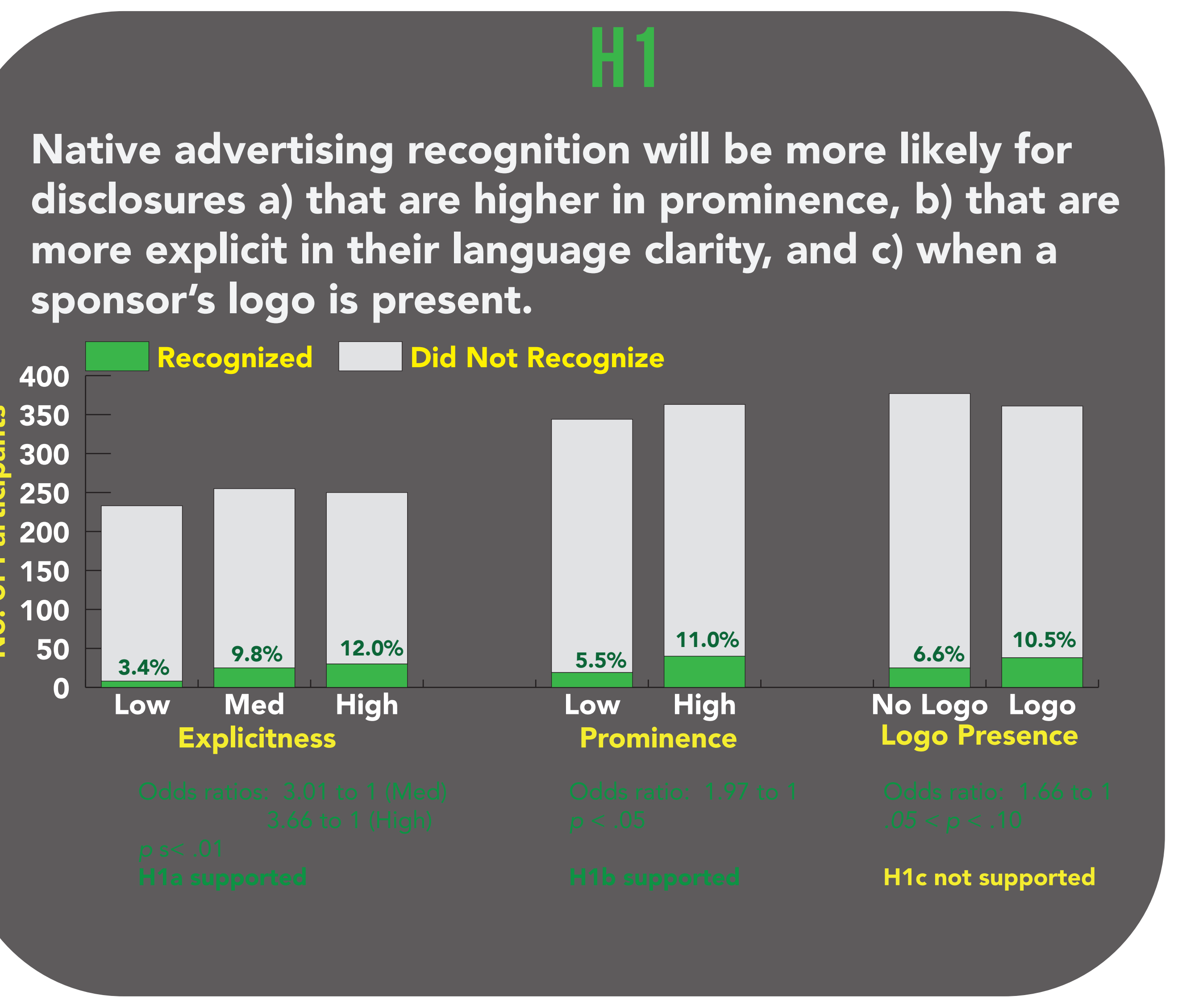
While native advertising is not new, the shift in news towards digital media has offered new territory in which it proliferates and can be seen by a growing number of audiences. According to a 2013 FTC report, nearly three out of four online publishers offer native advertising opportunities (Gilley 2013). Even local online news publishers are offering native advertising. According to a 2016 survey, over half of independent, local news sites are selling native ads, up from 20% a year earlier (McLellan 2016). As other traditional revenue sources face continued downward pressure, spending on native advertising is expected to grow (Adyoulike 2015).

The heritage of legacy publishers presents both advantages and disadvantages as they attempt to keep pace with their digital-only competitors. On one hand, many traditional publishers have built up brand reputations over the years providing their journalism a great deal of credibility and authority. On the other hand, with these reputations comes increased risk when adaptations are made to journalistic conventions.

According to the Persuasion Knowledge Model (PKM), before consumers can react to a persuasive attempt in a manner that serves their own goals, they must first recognize the attempt to influence them. However, the ability to recognize a persuasive attempt is contingent upon prior experience with similar content (Friestad and Wright 1994). Because contemporary covert advertising practices are continually evolving in presentation format, consumers may be unfamiliar with the new cues (if present) that traditionally signified the presence of sponsored material (Evans and Park 2015; Wojdyski 2016).

Experimental studies have frequently shown that less than 20 percent of readers of sponsored articles correctly identified them as advertising (Amazeen and Muddiman 2017; Wojdyski 2016; Wojdyski and Evans 2016). Lack of disclosure standardization within the industry further complicates the ability of consumers to recognize a persuasive attempt as labels can vary widely, from "partner content," "in association with," "brought to you by" to "sponsored by" and other language (Conill 2016; Einstein 2016; Garfield 2016). Even if a disclosure is noticed, many people do not understand that "sponsored" indicates the content is paid advertising (Austin and Newman 2015; Gilley 2013; Lazauskas 2014, Wojdyski 2016).

Past research has shown that the effectiveness of a disclosure in fostering advertising recognition can be influenced by the language used, visual prominence, the disclosure's position with respect to the content, and the use of a sponsor's logo (Kim and Hancock 2016; Wojdyski 2016; Wojdyski and Evans 2016). The clarity of language used for a disclosure can affect a consumer's ability to recognize a native advertisement, but the results have been mixed.



METHOD HIGHLIGHTS

Our study was carried out using an online survey among a representative sample of the U.S. population. The survey was administered January 26 - February 9, 2017 by an internet-based research firm, YouGov.

The overall study design was a 2 (media organization: legacy vs. digital) x 3 (disclosure explicitness: low/med/high) x 2 (disclosure prominence: low/high) x 2 (logo presence: yes/no) plus control design.

Participants were randomly assigned to read one of 26 versions of a native advertisement in the form of a sponsored online news story. After reading the story, they were taken to a questionnaire containing dependent measures.

Independent Variables:
Organization Type: Vox (digital) vs. New York Times or Wall St. Journal (legacy)

Disclosure Explicitness: partner content (low) vs. sponsored content (medium) vs. paid content from Bank of America (high)

Disclosure Prominence:
 low vs. high

DISCUSSION

The results of this study strongly indicate the potentially negative consequences for publishers who participate in native advertising. When audience members recognized that the content they were reading was advertising rather than the editorial story it resembled, attitudes toward and credibility of publishers declined.

However, publishers may be both relieved and concerned about our finding that general exposure to native advertising does not adversely affect evaluations of publishers because only 1 in 10 consumers recognized the ad. We found no differences between those who were exposed to native advertising and didn't recognize it as such and those exposed to online display advertising; it was recognition that triggered the negative reactions.

Thus, consistent with the PKM, an observable feature of a persuasive attempt - such as a disclosure - will take on meaning as a persuasive cue only if people perceive it as connected to how they should interpret a message.

Our study also showed that effectively designed disclosure labels facilitate the recognition of native advertising. Rather than using typeface that blends in with the content and ambiguous language, best practices for disclosures include the use of visually striking features that highlight the label (such as enclosing it in a contrasting colored box) along with easily understandable words like "paid advertisement from [name of sponsor]" with their logo.

People who were able to recognize the native advertisement as advertising had more positive evaluations of journalism, media institutions, and federal regulators, writ large. Thus, it appears that facilitating recognition of native advertising may have positive consequences for journalistic media. The spillover effects of native advertising recognition on the institution of advertising were less promising, as expected.