

# *Brands Bringing the News?*

## Implementing native advertising on news websites

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**IMPLEMENTING NATIVE ADVERTISING ON NEWS WEBSITES**

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# Introduction

**Imagine the following scenario:**

You are scrolling through your favorite news website. Suddenly, you notice an interesting headline in the technology section: *“Sharp rise in cyber-criminality: 4 expert tips to avoid getting hacked”*. Being curious about the advice, you click on the headline and start reading the article. The article reads nicely and the advice is very useful. When you finish reading the article, you scroll back to the top of the page. Then your eyes notice a small grey square at the top of the page with the wordings: *Sponsored by Tele2*. Suddenly, you recognize that this article was not written by a journalist, but instead was authored by a telecommunications company. You realize that you read a so-called “native advertisement”: paid content from an advertiser that is delivered in the same form as the editorial content from the news website.

How would you feel? Would you be happy with the expert advice from the company? Or would you feel disappointed that the content did not really come from a journalist? Would you still trust the article?

The situation I describe above may not seem odd to you because you may already have experienced it. Indeed, in 2015, the annual Digital News Report stated that many news websites from all over the world had started to incorporate native advertising on their news websites (Newman, Levy, & Nielsen, 2015). Since then, native advertising on news websites has been growing at a significant rate (Perrin, 2019). In 2017, news publishers reported that already 20 percent of their advertising revenue came from native advertising (Laursen & Jacob, 2018). What has caused this rise of native advertising on news websites?

***Why advertisers create ads that do not look like ads***

In the changing online landscape, it has become increasingly difficult for advertisers to reach consumers online (Hill, 2013). Feeling overwhelmed and irritated by the intrusiveness and clutter of banner advertisements, pop-up advertisements, and pre-roll video ads, consumers are now using different means to avoid online advertisements. Center among those is ad-blocking technology that automatically filters out all advertising that can be identified by the software (Cho & Cheon, 2004; Newman, Fletcher, Kalogeropoulos, Levy, & Nielsen, 2018). According to the 2018 Digital News Report, already one-fourth of the internet users use an

advertising blocker (see Figure 1) and the vast majority of users are under thirty years old. In their work on the use of ad-blocking technology, Redondo and Aznar (2018) state that although only a minority of web users uses an ad-blocker, this is mainly because they lack knowledge about the technology. Therefore, they predict that ad-blocking technology will be adopted by the masses, once the knowledge about ad-blockers and the potential benefits they provide become more widely understood.

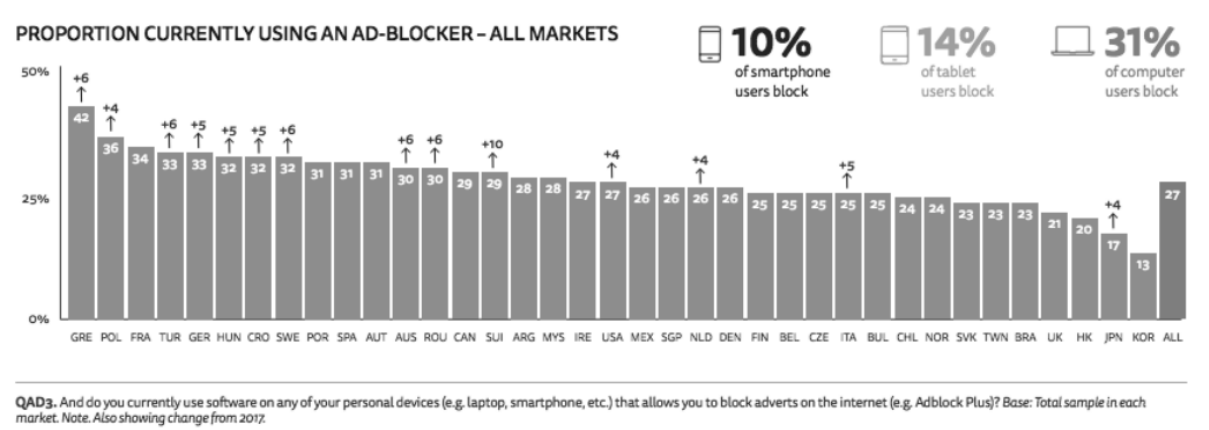


Figure 1. Proportion of Internet users that uses an advertising blocker. Source: Digital News Report - Newman et al. (2018)

By creating advertisements in the same form and appearance as editorial media content, advertisers aim to bypass the ad-blocking technology and to reach consumers online in a less intrusive way (Wojdynski, 2016). While banner and pop-up advertisements are built upon the logic of interruption and distraction, native advertisements aim to do the opposite by trying to reach consumers through editorialized news articles (Cho & Cheon, 2004; Sirrah, 2019). These advertisements seamlessly blend content into a page by using the same format and appearance as the editorial news content (Siegert, Förster, Chan-Olmsted, & Ots, 2015). Advertisers reason that readers are happy to engage with native advertising, as long as they consider the content of the native advertisement interesting (Carlson, 2014; Harms, Bijmolt, & Hoekstra, 2017). Harms et al. (2017, p. 5) cite a native advertising executive who puts it as follows: *“If the audience likes the content and it is designed properly, then it doesn’t matter where it came from (...)”*. Advertisers are thus hoping that by designing their advertisements in a similar way as the

editorial news content, they will again be able to capture the valuable attention of the ad-avoiding news readers.

The growth of article-style native advertising formats on news websites has been further accelerated by the rise of ‘content marketing’; advertisers aim to build relationships with their [potential] customers by acting like ‘brand publishers’ (Pulizzi, 2012) in creating and distributing content (articles, video’s, etc.). Of course, advertisers could publish this content on their own platforms, yet publishing articles on news websites may provide advertisers with two key benefits: they can increase attention for their content, and this content might additionally leverage the high credibility that news websites generally have (Lahav & Zimand-Sheiner, 2016; Wojdyski, 2016).

In sum, given readers’ aversion to banner ads and other more obtrusive online advertisements (Cho & Cheon, 2004; Newman et al., 2015), and the increased competition to gain attention for their content by advertisers (Lahav & Zimand-Sheiner, 2016), a shift toward a more integrated native advertising format is a logical development.

### ***Why news media are blurring the church-state divide***

Remarkably, news publishers (both digital-only and legacy) are willing to allow native advertising on their news websites (Coddington, 2015). For a long time, publishers considered it a golden rule to maintain a clear divide between editorial and advertising content. This divide was often referred to as the ‘Chinese wall’ or ‘the separation of church and state’ (Bærug & Harro-Loit, 2012; Glasser, Varma, & Zou, 2018). Although some print newspapers have contained advertorials since the 1960s – which are also presented in an article-style format – these offline advertorials are generally sales-focused and clearly separated from editorial content (Taiminen, Luoma-aho, & Tolvanen, 2015; Wang & Li, 2017). Conversely, online native ads on news websites are generally much more integrated within content and stylized nearly indistinguishable from editorial content (Wang & Li, 2017). Publishers are offering special services to help advertisers create ads that have the exact same tone of voice and style as the editorial content (Lynch, 2018; Sirrah, 2019). Studies suggest that readers are unable to



distinguish native ads from editorial news articles anymore (Amazeen & Muddiman, 2017; Wojdyski & Evans, 2015), prompting critics to warn publishers that their credibility and autonomy is at risk by incorporating such advertisements (Einstein, 2016).

Despite this criticism, beginning in 2008, digital newcomers and start-ups forewent the tradition of clearly separating editorial and commercial content by incorporating native advertising formats on their websites (Lynch, 2018). Observing their success, legacy news media such as *The New York Times*, the *Washington Post* and the *BBC* quickly followed. Today, most legacy news publishers have also opened up their online platforms for native advertisements (IAB, 2018; Lynch, 2018). How do publishers justify this sudden openness to native advertising? They require the new revenue native advertising brings in order to sustain their journalism (Ferrer Conill, 2016).

The online media landscape has not only brought challenges to advertisers, it has also put a lot of pressure on the business models of media organizations. First, the majority of the news readers now consume their news online, which has caused a drop in offline newspaper circulation (Desilver, 2013). Additionally, news media initially provided all online content for free, which has caused a low willingness among readers to pay for online news (Lynch, 2018; Newman, Fletcher, Kalogeropoulos, & Nielsen, 2019). Some news media are experimenting with different types of paywalls on their online platforms, yet the numbers suggest that it is unlikely all news outlets will be able to sustain their businesses with online subscriptions and donations (Newman et al., 2019). Third, advertisers have shifted a large chunk of their advertising budgets to large technology companies such as Google, Facebook and Amazon (which take up over half of the total digital advertising market) and on top of that, news media also miss out on revenue from banner advertising, due to the rise in ad-blocking users (the amount of ad-blocking users has gone up from 21 million to over 600 million between 2011 – 2016) (Cortland, Ryan, & Shaw, 2017; Levi, 2015; Newman et al., 2018). Advertisers seem, however, to be willing to pay a premium price for a guaranteed amount of attention for content within a credible context (Lynch, 2018). With increasing pressures on their business models, publishers are now welcoming this substantial new revenue stream (Lynch, 2018).

All things considered, both advertisers and news media have legitimate reasons for using native

advertising formats (Harms et al., 2017). What is missing, however, is the perspective of a third stakeholder that is of crucial importance to the success of native advertising: the news reader. What do readers think of the rise of native advertising on their news platforms? This dissertation will dive deeper into readers' perceptions of native advertising. The following section addresses the importance of research focusing on online news readers.

### ***Native advertising: opportunity or threat?***

At the time this research project started (2016), many publishers in Europe and the USA (the geographical area on which this dissertation is mainly focused) had implemented native advertising on their news websites (Newman et al., 2015). However, case studies of native advertising practices showed that both the way in which native ads were implemented and readers' responses toward native ads widely varied (Carlson, 2014; Ferrer Conill, 2016). There had been cases in which native ads were praised by readers; for instance, the well-known '*Orange is the new black*' native advertisement on the website of *The New York Times* was one of the top five most-viewed articles (including editorial news!) of the year it was published and received significant praise from readers (Moses, 2014). However, there have also been cases in which readers responded with disappointment or even outrage towards native ads (Campbell & Marks, 2015; Carlson, 2014). The explanations for these differences in readers' responses towards native advertising were, however, mostly speculative. Proponents of native advertising reason that native ads are simply more engaging to readers, and that readers are happy to engage with native advertisements as long as they provide informational or entertainment value (Campbell & Marks, 2015; Carlson, 2014; Pophal, 2014). Critics, on the other hand, warned that readers may engage with native ads not because they consider the advertising formats to be interesting, but because they are deceived into thinking they are reading genuine editorial news content (Coddington, 2015; Einstein, 2016). Following this criticism, the limited available research on readers' perceptions of native advertising has been focused on readers' (lack of) advertising recognition. In these studies, the majority of readers did not recognize native advertisements as such (Lazauskas, 2015; Wojdyski & Evans, 2015). These findings are concerning; if native advertising works only because readers are not aware that they are viewing advertising, native advertising cannot be a sustainable advertising

technique as deception may eventually erode readers' trust in the integrity of news media outlets and in advertisers (Darke & Ritchie, 2007; Ferrer Conill, 2016; Jiang, McKay, Richards, & Snyder, 2017; Newman et al., 2015).

In sum, at the time this research project started, there was a lack of knowledge about which factors influence readers' perceptions of native advertising, which presents a danger for both parties (Campbell & Marks, 2015; Levi, 2015; Taiminen, Luoma-aho, & Tolvanen, 2015). This dissertation develops a theoretical and practical framework that will help both advertising scholars and practitioners to understand readers' processing and evaluations of native advertisements on news websites. The main question this research seeks to answer is:

***Which factors contribute to an effective and sustainable implementation of native advertising on news websites?***

What does "an effective and sustainable implementation" mean? The implementation of native advertising may be considered *effective* when advertisers achieve their goals for native advertising. Advertisers measure the effectiveness of native ads by looking at readers' evaluations of the native ads (i.e. credibility perceptions and attitudes toward the ad), readers' brand memory, and readers' evaluations of the brand (Harms et al., 2017). An effective implementation of native ads entails a positive change in these metrics. To achieve a *sustainable implementation* of native advertising, it is important that readers are not deceived and that native advertising does not erode readers' credibility perceptions of the news outlets and advertisers (Darke & Ritchie, 2007; Wojdyski, 2016).

The following section further elaborates: (1) the concept of native advertising on news websites, (2) the available relevant literature, and (3) the specific knowledge gaps that this dissertation will address. It should be noted that the field of native advertising has developed rapidly over the past several years. The literature review of this dissertation was written at the end of this research project. This means that some of the research gaps highlighted in different chapters may have also been (partially) addressed by other research in the meantime. The discussion section will further reflect on this.

## State of the art and research gaps

### *Defining in-feed native advertisements on news websites: old wine in new bottles?*

The native advertisements that have been discussed in the introduction – integrated advertisements that mimic the look, feel, and function of editorial news content – are only one example of native advertising in the broader spectrum of different native advertising formats (Campbell & Marks, 2015; IAB, 2013). Native advertisements are generally called *native* when they mimic the style, tone, and format that is typical for the online platform on which they appear, and when they are seamlessly integrated within the normal content of that platform (IAB, 2013; Wojdyski, 2016). The Interactive Advertising Bureau (2013) lists six types of categories for native advertising. This categorization shows that native ads can appear in a wide variety of formats on many different websites. For example, native ads can take the form of a sponsored post between normal posts on social media news feeds, sponsored search results on Google, a sponsored article, or suggested products on Amazon (IAB, 2013; Wojdyski, 2016).

The studies in this dissertation focus on so-called ‘in-feed native advertisements’ on news websites. Following the proposed definition by Wojdyski (2016), in-feed native ads on news websites can be defined as advertisements that take the same form as the editorial content of the news website (which is often an article), and they can be consumed on the website of the news publisher itself. This last characteristic distinguishes in-feed native ads from the native ads in the form of so-called ‘content recommendation widgets’ from programmatic native advertising companies such as Taboola and Adyoulike, which also often appear on news websites (IAB, 2013). Content widgets automatically show ‘recommended content’ in the form of headlines that could be the same as editorial news on the news website. Yet, these widgets actually drive readers to content on *external websites* that pay to promote their content on the news website (IAB, 2013; Wojdyski, 2016). In-feed native ads, on the other hand, only appear on the website of that particular news publisher, between the editorial content, and the ads are customized for the advertiser and the specific news website, often by an in-house content creation studio of the news publisher (IAB, 2018; Wojdyski, 2016).

In-feed native advertisements on news websites have evoked considerable discussion. Critics

have pointed out that advertisements that are created in-house and strongly integrated within the editorial space are a threat to the traditionally boundary between advertising and editorial functions (Einstein, 2016; Levi, 2015). It should be noted, however, that the phenomenon of integrating advertising messages with media content – so-called ‘hybrid advertising techniques’ – is not a completely new development (Balasubramanian, 1994; Taiminen et al., 2015). Hybrid advertising formats such as brand placement in television programs, sponsored radio programs, TV infomercials, and advertorials in offline magazines and print newspapers have been around for decades (Levi, 2015; Lynch, 2018; Wojdyski, 2016). Offline advertorials in print newspapers have many similarities with native advertisements (Coddington, 2015). Some consider native advertising simply as the online version of the offline advertorials in print magazines and newspapers, as both advertisements are often designed in the form of an article (Bachmann, Hunziker, & Rüedy, 2019; Campbell, Cohen, & Junzhao, 2014; Einstein, 2016). Yet, there are a few characteristics that make native advertisements different from their offline siblings (Coddington, 2015; Lynch, 2018; Wojdyski, 2016).

First, while advertorials often have a clear focus on products or services and generally are explicit in referring to a company (Stout, Wilcox, & Greer, 1989; Van Reijmersdal, Neijens, & Smit, 2005; Wang & Li, 2017), native advertisements often take a more journalistic approach (Lynch, 2018; Siegert et al., 2015; Wang & Li, 2017). Native ads can still be used to write about the advertisers’ products or services, yet the commercial intent is generally less explicit, and native ads can also address broader issues without referring to the company’s products or services (Lynch, 2018; Wang & Li, 2017). For example, a native ad from a hotel company that provides tips on how to travel more sustainably, or a native ad from a phone company that explains the impact of artificial intelligence on society. Besides the fact that native ads are sometimes almost indistinguishable from news articles, native advertising has also disrupted traditionally news publishing in that many studios have introduced in-house studios (which often hire former journalists) to create native advertisements for advertisers (IAB, 2018; Lynch, 2018). This brings native advertising closer to the newsroom. Third, native ads are even more integrated within the online editorial space and they often appear within the editorial area (while the offline advertorials are often positioned in a separate box or on a separate page)

## Native advertising on news websites

(Lynch, 2018). Fourth, because each native ad aims to fully adapt to the specific news platform on which it appears, there are many different native advertising formats, which makes it more challenging for readers to develop the knowledge and skills to identify native ads as such (Newman et al., 2015; Wojdynski & Golan, 2016).

Considering that native ads do not contain typical advertising characteristics and because they are fully adapted to each news website, readers may not be able anymore to distinguish native advertisements from editorial news articles (Lazauskas, 2015; Wojdynski, 2016; Wojdynski & Evans, 2015). In order to protect readers from deception, several legislators and organizations such as the international Federal Trade Commission and the Interactive Advertising Bureau and de Raad voor de Reclame in Belgium, have issued guidelines for ethically implementing native advertisements. These guidelines prescribe that each native advertisement that is unrecognizable to a reasonable consumer should contain a disclosure label that clearly communicates to the reader the persuasive nature of the native ad (De Raad voor de Reclame, 2019; FTC, 2015; IAB, 2013). However, these disclosure guidelines can still be widely interpreted; consequently, many different disclosure labels are used for native advertising (e.g. 'brandvoice', 'partner content', 'paid content', 'advertisement', and 'sponsored feature', just to name a few).

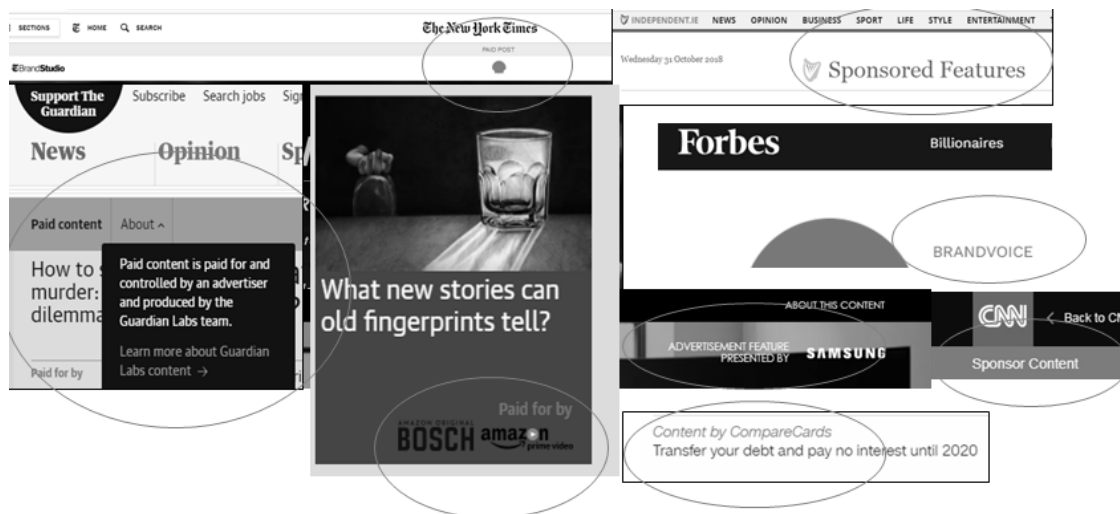


Figure 2. disclosure labels on different international news websites

The characteristics of in-feed native advertisements on news websites make native advertising

potentially a double-edged sword. On the one hand, the more editorial format of the ads might lead to higher levels of engagement. Yet, on the other hand, native advertising might also lead to (feelings of) deception and a decrease in trust because readers may experience difficulties to recognize native ads as such, or they may perceive that native advertising interferes too much with the editorial content. In order to determine if native ads can be implemented in a sustainable manner, it is of critical importance to investigate to what extent the effectiveness of native advertisements relies on deceiving readers, and if there are other factors that can help to maintain the effectiveness of native advertising without deceiving the readers. This research project aims to address this knowledge gap. By drawing on research on related hybrid advertising formats (e.g. sponsored blog posts, advertorials, infomercials), but also by looking at the key characteristics of native advertisements on news websites, the next paragraphs will discuss theories and several factors that could potentially influence readers' processing and evaluations of native advertising.

### ***The Persuasion Knowledge Model (PKM)***

Studies on hybrid advertising techniques often revolve around the Persuasion Knowledge Model (PKM). Persuasion Knowledge (PK) refers to the knowledge consumers use to recognize and cope with persuasion attempts (Friestad & Wright, 1994). Consumers partly develop PK throughout life by experiencing different types of persuasive attempts (referred to as: dispositional PK), but their PK can also be activated by situational factors, such as overt advertising characteristics (referred to as 'situational PK') (Friestad & Wright, 1994). Because hybrid advertising techniques mix brand messages with media content, they sometimes lack these overt advertising characteristics that help to activate consumers' situational PK, which can subsequently influence consumers' processing and evaluations of the advertisements (Evans & Park, 2015; Van Reijmersdal et al., 2005). Besides distinguishing between dispositional and situational PK, one can also separate between consumers' mere recognition of a persuasion attempt, and the extent to which this recognition evokes critical responses (Ham, Nelson, & Das, 2015). In line with several scholars such as Boerman et al. (2012) and Rozendaal, Lapierre, van Reijmersdal and Buijzen (2011), we argue that it is important to divide consumers' PK into two dimensions: a cognitive dimension that indicates consumer recognition and understanding

of persuasion attempts (also called ‘conceptual Persuasion Knowledge’), and an attitudinal dimension, which refers to consumers’ critical feelings toward persuasion attempts, also called ‘attitudinal Persuasion Knowledge’. There are many ways to measure both conceptual and attitudinal PK (Ham et al., 2015). In our research, we will mostly focus on ‘Inferences of Manipulative Intent’ (IMI) when we look at the attitudinal part of consumer PK, which indicates the extent to which consumers consider an advertisement to be inappropriate, unfair, or manipulative, (Campbell, 1995; Ham et al., 2015).

Due to concerns about readers’ inability to recognize native ads as such, research on readers’ perceptions of native ads and other hybrid advertising formats has almost exclusively revolved around the effectiveness of disclosures and the relationship between readers’ PK and evaluations (e.g. Amazeen & Muddiman, 2017; Becker-Olsen, 2003; Jiang et al., 2017; Jung & Heo, 2019; Kim, Pasadeos, & Barban, 2001; Sweetser, Ahn, Golan, & Hochman, 2016; Wojdyski, Bang, et al., 2017; Wojdyski & Evans, 2015). The majority of these studies showed that readers often have difficulties to recognize the ads, yet when they do recognize them, their evaluations of the advertiser, advertisements and news websites often become more critical and negative (Van Reijmersdal et al., 2016; Wojdyski, 2016; Wojdyski, Bang, et al., 2017). To explain this process, several scholars refer to Brehm’s Reactance Theory (1966) which posits that consumers are motivated to maintain their freedom, and therefore become more critical and resistant when they feel that an external party (in this case, an advertiser) tries to influence them. Strategies that consumers use to resist being influenced include avoiding the advertisement, questioning the credibility of the source and its message, and counter-arguing against the message (Fransen, Verlegh, Kirmani, & Smit, 2015; Kirmani & Zhu, 2007). These negative coping responses often result into negative evaluations of the native advertisements, advertisers and news platforms (Fransen, Smit, & Verlegh, 2015).

The results of previous studies on the negative relationship between advertising recognition and evaluations are concerning, because they suggest that the effectiveness of native advertisements indeed relies on whether readers are being deceived into thinking that they are reading a news article. Is it the case that readers only respond positively towards native



advertisements when they are not aware that they are viewing an advertisement? This would make native advertising an advertising technique that is not sustainable in the long run. After all, if readers do find out that they were unknowingly looking at a hidden advertisement, it is likely that they will feel deceived, and these feelings of deception may lead to an erosion of trust in news publishers (Darke & Ritchie, 2007; Einstein, 2016; Newman et al., 2015). However, in contrast to these studies, other studies did not find a direct negative relationship between readers' disclosure and advertising recognition and evaluations (Becker-Olsen, 2003; Boerman & Van Reijmersdal, 2016; Campbell, Mohr, & Verlegh, 2012; Nelson, Wood, & Paek, 2009; Wei, Fischer, & Main, 2008). Although most of these studies have not been conducted in the specific context of native advertising on news websites, but instead focused on related hybrid advertising formats in other media contexts, they still suggest that there may be factors that can mitigate the extent to which the activation of conceptual PK (advertising recognition) leads to either more or less attitudinal PK and negative evaluations.

Even though many studies assume that there is a negative relationship between consumers' advertising recognition and evaluations of ads, advertisers and media outlets, the PKM actually poses that the activation of conceptual PK does not necessarily have to result in resistance against the persuasion attempt. Friestad and Wright (1994) describe in their original work on PK that when consumers' PK is activated, their coping behavior can be negative, but also neutral or even positive. Following this line of thinking, Evans and Park (2015) suggested that the extent to which conceptual PK leads to more critical processing and negative evaluations might be a product of consumers' overall advertising experience. They argued that because hybrid advertisements can also provide high informational or entertainment value to readers, readers may still respond positively toward the hybrid ad when their PK is being activated. For instance, the positive experience of playing a fun advergame might outweigh the fact that this game has been provided by an advertiser. This is an important suggestion in view of a sustainable implementation of native advertising. Still, when this research project started, the scarce amount of available scholarly research on native advertising was exclusively focused on the relationship between readers' (lack of) disclosure recognition, conceptual (and sometimes attitudinal) PK, and their evaluations (Howe & Teufel, 2014; Wojdyski & Evans, 2014, 2015).

There were few, if any empirical studies conducted on factors that could potentially moderate the extent to which conceptual PK leads to more or less critical processing and result in more or less critical evaluations. If, however, we want to understand if and how we can implement native advertising in an effective and sustainable manner, without damaging readers' trust by deceiving them, it is of crucial importance to explore these factors. Therefore, each of the studies in this dissertation do not solely focus on readers' lack of disclosure- and advertising recognition (i.e. conceptual PK), but instead explores other factors that could potentially minimize the negative effects of advertising recognition on readers' critical processing and evaluations.

While still taking the influence of conceptual PK / advertising recognition into account, the studies in this dissertation specifically focus on three other types of factors that could potentially influence conceptual and attitudinal PK, and evaluations of the advertisements, advertisers and news websites:

- (1) disclosure characteristics and perceptions of transparency
- (2) factors related to the content of native ads
- (3) factors related to the context around native ads

The remaining paragraphs will discuss these three different types of factors in relation to native advertising on news websites.

### ***Disclosures: transparency versus deception***

Advertising and media practitioners mention in interviews that they consider it important to be transparent to readers about native advertising, by providing clear disclosure labels that convey the commercial nature of the ads (Harms et al., 2017; Taiminen et al., 2015). Yet in practice the disclosures are often not transparent, as they are often not compliant with the guidelines that regulators have provided (Campbell & Evans, 2018). News platforms use disclosure wordings such as '*brandvoice*' and '*partner content*', which do not provide any information about the source of the article, or about the paid nature of native ads. Research has shown that these disclosures do not help readers to recognize native advertisements (Amazeen & Muddiman, 2017; Wojdynski, 2016; Wojdynski & Evans, 2015). In response to these findings and due to the

rise of new types of covert online hybrid advertising techniques, Wojdyski, Evans, and Hoy (2017) have developed a scale to measure the perceived 'Sponsorship Transparency (ST)' among consumers. ST measures to what extent consumers perceive that an advertisement clearly communicates its paid nature and the identity of the sponsor. While a more implicit disclosure might initially decrease readers' conceptual PK and critical processing, the fact that it is difficult for readers to recognize native ads as such and that many disclosures do not clearly convey the paid nature of native advertisements might also influence evaluations once readers do become aware that they are viewing advertisements. Indeed, previous research in other media contexts showed that deceptive advertising practices can have a negative impact on consumers' evaluations (Carr & Hayes, 2014; Darke & Ritchie, 2007). Transparency, on the other hand, is one of the key elements that determines readers' trust in news media (Karlsson, 2010; Levi, 2015). Increasing the transparency and recognizability of native ads, for instance through more explicit disclosure language or via visual cues, might therefore positively influence readers' attitudes once they become aware that they are viewing native advertising. Yet, when this research project started, there was a lack of research on the relationship between disclosure characteristics, disclosure recognition, perceived transparency and readers' evaluations of native ads on news websites. We have investigated the influence of disclosures in several studies. The (potential) effects of the disclosure characteristics and perceived transparency will be further discussed in chapter 3 and chapter 5. The (potential) effects of disclosure recognition on readers' evaluations will be discussed in chapters 2, 4 and 5.

### ***Factors related to the content of native advertisements***

While native advertisements are generally designed in the form of editorial content, the content of the ads and the way in which the content has been written may still vary. This could potentially influence both advertising recognition and evaluations. Due to their editorial format, native advertisements are less likely to be interpreted and processed as advertising (Wojdyski & Evans, 2015). However, this may change when the native advertisements still contain some characteristics that consumers link to the concept of advertising (Evans & Park, 2015; Wojdyski, 2016). For instance, native ads could vary in the degree to which they refer to the

advertising brand, in tone or style, and in the way they provide information (Wojdyski, 2016). It could be possible that readers recognize a native ad not through the disclosure, but instead because they link certain content characteristics to the concept of advertising (Evans & Park, 2015). For instance, in an early study on recognition of offline advertorials, the majority of readers did not recall noticing a label, yet they still recognized the advertorials due to the 'commercial nature of the content' (Kim et al., 2001).

Additionally, content characteristics might also influence the extent to which advertising recognition leads to negative evaluations. It has been suggested by Evans and Park (2015) that the extent to which conceptual PK leads to more negative attitudes might partially depend on how much readers enjoy the hybrid advertisement. This had, however, not been empirically tested. In previous research on related hybrid advertising techniques, readers considered hybrid advertisements to have more informational and/or entertaining value than traditional online banner advertisements, which in turn positively influenced evaluations (Tutaj & Van Reijmersdal, 2012; Van Reijmersdal et al., 2005). In another study conducted by Becker-Olsen (2004), 92 percent of the participants recognized sponsored web content, yet they still responded more positively toward the sponsored web page than to display ads due to the higher perceived value of the content. The suggestion from Evans and Park (2015) and the results from these studies in other media contexts follow Ducoffe's (1995) advertising value framework, which poses that consumers may respond positively toward advertising when they perceive they have gained high informational value (i.e. information utility) or entertainment value out of the advertisement. In contrast, when the advertiser uses the content only in its own benefit, when the content is of low quality, or when the content is perceived as not credible, readers may feel more manipulated and become more negative towards the advertising practice, as they may feel that there is an unfair balance in how much value they get from the advertisement, and how much value the advertiser gets out of the advertisement (Campbell, 1995; Wentzel, Tomczak, & Herrmann, 2010).

Following these insights and theories, several studies in this dissertation will investigate if there are indeed any content factors that could possibly increase or decrease readers' perceived

value of a native advertisement, such as brand presence (discussed in chapter 2) and message sidedness (discussed in chapter 6), and whether this influences the extent to which readers' conceptual PK leads to more attitudinal PK and more negative evaluations.

### ***Factors related to native advertisements' context***

Several studies in this work have investigated whether readers' recognition, processing, and evaluations of native advertising also depend on *contextual factors*. The studies in this dissertation focus on three important contextual factors that are related to all native advertisements: the news website, the type of advertiser and the news readers.

#### ***The type of news website***

Native ads appear on different types of news websites (e.g. free news websites, news websites that have incorporated a paywall, websites from legacy news organizations, digital news apps, entertainment-oriented news websites) (Amazeen & Muddiman, 2017; Lynch, 2018). When this research project started, little was known about whether this could influence readers' perceptions of native advertising. Studies in other media and advertising contexts suggested, however, that consumers' perceptions of the media context can indeed 'spill over' to the advertisements (Bronner & Neijens, 2006; Greer, 2003; Hovland & Weiss, 1951; Malthouse, Calder, & Tamhane, 2007; Van Reijmersdal, Neijens, & Smit, 2010). For instance, a study on hybrid advertising in magazines showed that when readers ascribed more informational value to a magazine, they also evaluated the hybrid ads more positively (Van Reijmersdal et al., 2005). For news websites, there might therefore also be a spill-over effect of the trustworthiness or perceived informational value on readers' perceptions of the native ads. On the flipside, as legacy news publishers traditionally defended a strong separation between advertising and editorial news content, readers might also be more critical of these websites when they incorporate native ads (Amazeen & Muddiman, 2017; Ferrer Conill, 2016). A news website's interface, whether the news website has implemented a paywall, and whether the news website is transparent about its internal processes (i.e. production processes, decision making processes) are other characteristics differing on news websites that could potentially have an influence on readers' recognition, evaluations, and acceptance of native ads (Karlsson, 2010;

Taiminen et al., 2015). In order to get a comprehensive understanding of the factors that influence readers' perceptions of native advertisements, these different media characteristics should be further investigated. The studies in chapter 1 and 3 will shed light on the influence of different characteristics of the news context, such as the credibility of the news outlet.

### *Advertisers*

Not only the type of media outlet, but also the type of advertiser that sponsors the native ad could potentially have an effect on readers' evaluations of native ads. Carlson (2014) describes in a case study how readers from *The Atlantic* responded with outrage toward a native ad from "the Church of Scientology", mainly because this church is a rather controversial religious organization. It was not the native advertising format itself that evoked critical responses, but rather the fact that a controversial organization could use the format to spread its message. Lynch (2018) also referred to a situation in which a native ad from BP about the future of energy was described by readers as hypocritical and not credible. On the other hand, native advertisements are also being used by governmental, health and other non-profit organizations. These types of organizations may be perceived as more credible providers of information, which might also influence readers' responses once they recognize the native ad as such (Lynch, 2018; Szykman, Bloom, & Blazing, 2004). Past research in a traditional advertising context showed that depending on consumers' perceptions of the expertise and trustworthiness of organizations, advertisers may be perceived as either more or less credible sources (Goldsmith, Lafferty, & Newell, 2000). Thus, when readers recognize the advertiser as the source of a native advertisement, they might subsequently evaluate the content either more or less critically, depending on their perceptions of the advertiser (Goldsmith et al., 2000; Wilson & Sherrell, 1993). However, when this research project started, no studies had been focused on the relation between the type of advertiser and its credibility, and readers' evaluations of the native advertisements. The studies in chapter 3 and 6 will therefore dive into this potential relationship.

### *Reader traits*

Third, individual traits of the reader who is exposed to the native advertisement may influence recognition and evaluations of native advertisements. As PK is partially developed through life and experience with different advertisements, each reader may have a different level of dispositional PK, depending on age, education and experience with visiting news websites and being exposed to native advertising, which may influence advertising recognition, processing and evaluations (Friestad & Wright, 1994; Ham et al., 2015). Furthermore, each reader has their own interests and needs for information and entertainment (Katz, Blumler, & Gurevitch, 1973). This might subsequently influence the value that readers ascribe to a native advertisement (Cole & Greer, 2013; Ducoffe, 1995), and following the advertising value framework (Ducoffe, 1995), this in turn could influence whether they respond more or less positively toward the native advertisement once they recognize it as such. However, no empirical studies had been conducted on the relationship between readers' involvement with the subject of a native ad, perceived value of the ad, and readers' perceptions of native advertising on news websites. In this dissertation, readers' involvement with the subject will be taken into account in several studies, both as a main factor (chapter 4), as well as a control factor in the other studies. While the studies will not specifically focus on demographic characteristics of the readers, the experimental studies will take demographic characteristics of readers (such as age, level of education and gender) as control factors into account.

### **Thesis outline and contributions**

In sum, there is a debate in both professional and academic literature on whether and how native advertising can be implemented in an effective and sustainable manner on news websites (Carlson, 2014; Einstein, 2016; Ferrer Conill, 2016). Studies on the effectiveness of native advertising have been mainly focused on readers' (lack of) conceptual PK (i.e. their recognition and understanding of native advertising) (Amazeen & Muddiman, 2017; Wojdyski, Bang, et al., 2017; Wojdyski & Evans, 2015). However, if a lack of advertising recognition is the only reason native advertising works, it may not be a sustainable advertising technique, as deceptive advertising practices could erode trust in the native ads, as well as in advertisers and news media (Darke & Ritchie, 2007). The central aim of this research project is therefore to

investigate, besides readers' advertising recognition, different other factors that might potentially influence readers' processing and evaluation of native advertisements on news websites. By combining insights on the influence of content characteristics, context characteristics and disclosure characteristics (and their theoretical underpinnings), and by distinguishing between the conceptual and attitudinal dimensions of readers' PK, the studies of this dissertation will lead to a more comprehensive understanding of when and why native advertisements work, and whether they can be implemented in an effective and sustainable manner.

The findings in these studies not only advance our theoretical understanding of readers' processing of native advertisements, but also directly contribute to practice. As stated before, maintaining trust is of critical importance for the future of both news media and the effectiveness of native advertising in the long run (Levi, 2015). Each negative experience that readers have with native advertising can potentially jeopardize this future (Darke & Ritchie, 2007). The insights of this dissertation will therefore be directly translated into practical recommendations for advertisers, news media and policy makers.



## Overview of the empirical chapters

The core of this dissertation consists of six empirical chapters, which can be read as individual papers. Each of the performed studies focus on one or more of the three distinctive types of factors that were discussed in the literature review, namely (1) Content Characteristics, (2) Disclosure Characteristics, and (3) Context Characteristics. The specific variables that are discussed in the different chapters and are presented in the model below, followed by a short outline of each chapter.

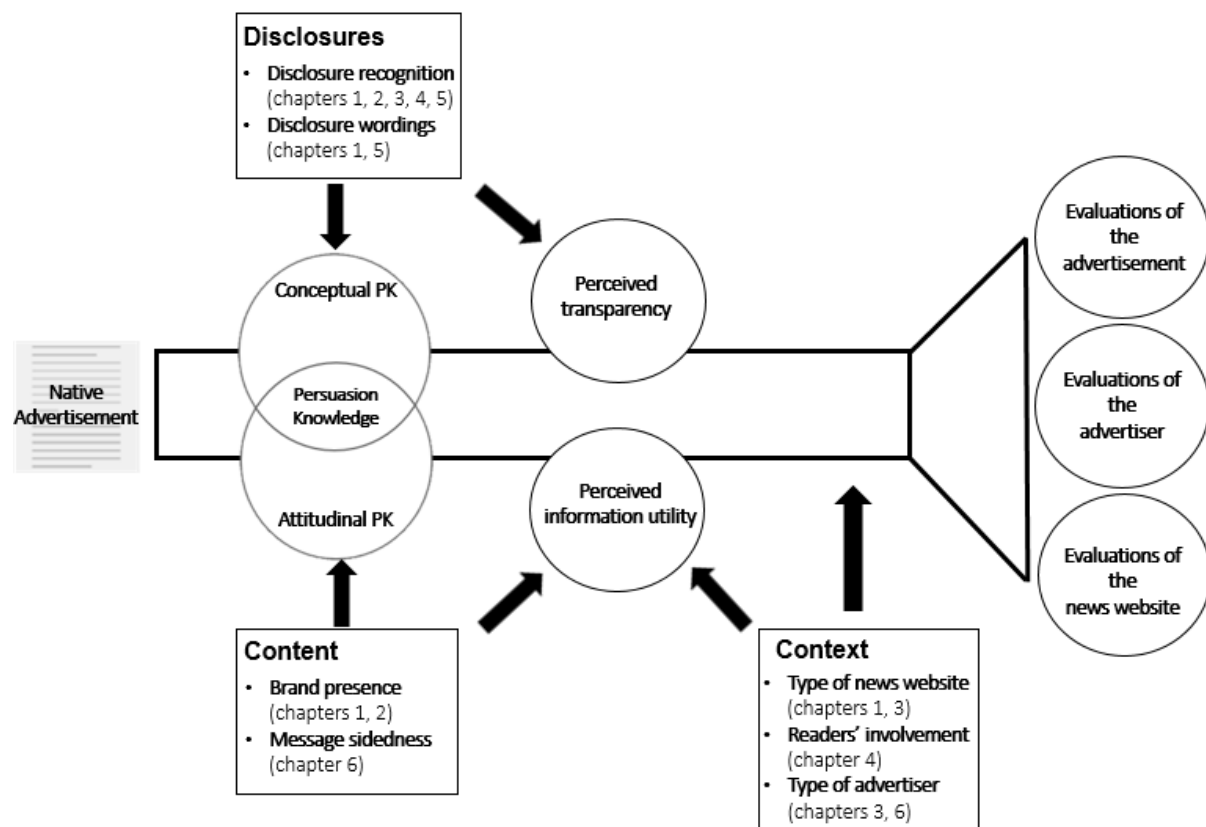


Figure 3 – Schematic overview of the dissertation

### *Chapter 1: Readers' evaluations of native advertisements and advertorials on news websites*

The first chapter describes the results of a between-subjects online experimental study that compares evaluations of a more editorial native advertising format with evaluations of a more commercial advertorial format, integrated on either a high-credibility or low-credibility news platform. This first study (conducted in 2015) not only looks at readers' initial conceptual PK

and evaluations of both advertising formats, but also at potential feelings of deception when all readers have become aware that they are viewing advertising. This had not been taken into account in previous research. In line with the PKM, this study shows that readers evaluate native advertisements more positively, due to lower conceptual Persuasion Knowledge. Interestingly, after being informed that they were viewing advertising, readers still considered the more editorial native advertisements to be less misleading and more acceptable than advertorials, and they also indicated that they were still less inclined to avoid native advertisements. This first study suggests that besides readers' (lack of) advertising recognition, other factors may influence the extent to which readers evaluate native advertisements positively, which calls for more research into other factors. A major limitation of this study was, however, that in order to create both a native advertising and advertorial format, two characteristics (the type of disclosure and brand presence) were simultaneously manipulated. Chapter 2 addresses this limitation by focusing on the distinct effects of readers' disclosure- and advertising recognition.

### ***Chapter 2: The influence of disclosure recognition and brand presence***

Chapter 1 suggests that besides a lack of advertising recognition, there may be other factors that influence the extent to which readers evaluate native advertisements positively. In the first study, both the disclosure label and brand prominence were simultaneously manipulated and the effects of both factors could not be isolated. The second study therefore investigates the distinctive effects of disclosure characteristics and brand presence characteristics within a native advertising format. Chapter 2 describes the results of a 2 (disclosure recognition: yes / no) x 2 (brand presence: high, low) between-subjects experimental study, which was conducted in 2016. This study furthermore takes both conceptual PK and attitudinal PK into account and looks at how these two dimensions of PK affect readers' evaluations of the advertisement, advertiser, and news website. The results show that readers who had recognized a disclosure had higher conceptual PK (related to their advertising recognition), but this did not directly lead to an increase in their attitudinal PK (in this case: IMI). There was also no relation between readers' disclosure recognition, conceptual PK, and evaluations. Mentioning the brand often (high brand presence), on the other hand, did not increase conceptual PK, but it did increase

attitudinal PK. This increase in attitudinal PK subsequently resulted in negative evaluations of the advertisement, advertiser and news website among readers. This second study confirms that there are indeed factors that can moderate the extent to which advertising recognition leads to critical processing and negative evaluations. The question remains which other factors, besides brand presence, can potentially play a role.

### ***Chapter 3: Exploring perceptions of mobile native advertisements***

The aim of the third study was to explore and map different factors that can potentially influence readers' evaluations of native advertisements, advertisers and news media, by using a combination of usability tests and in-depth interviews. Furthermore, when this study was conducted, all known studies that had been focused on readers' advertising recognition had been conducted by showing readers a static web page on a computer. In these studies, readers often failed to notice the disclosures. Yet, we proposed that readers' disclosure recognition might be different in a mobile context, due to the smaller screen sizes and a different user environment. Moreover, previous research on readers' disclosure- and advertising recognition had not taken into account readers' disclosure recognition *before* they click to view a native advertisement. Chapter 3 describes the results of a qualitative study (a combination of usability tests with in-depth interviews, conducted in February 2017) that addresses these knowledge gaps. Results of the usability tests suggest that in this mobile news environment, readers are generally able to recognize native advertisements before they click to read the full advertisement. Negative effects of native advertising on readers' perceptions of the (free) news websites appeared to be limited. The interviews suggest that getting free access to a news website might increase readers' acceptance of native advertising. Yet readers also explicitly stated that they do not want journalists to create native advertisements. The interviews furthermore suggest four key factors that influence readers' evaluations of native advertising: (1) perceived utility, (2) source credibility of the advertiser, (3) perceived control, and (4) recognizability. The remaining (experimental) studies (presented in chapter 4 – 6) will further investigate the influence of some of these factors.

#### ***Chapter 4: The influence of readers' advertising recognition and involvement***

The explorative study presented in chapter 3 suggests that high information utility might lead to more positive evaluations of native advertising. One of the factors that could possibly be related to higher perceived utility is readers' involvement with the subject of native advertisements. This is something we had anticipated in the online experimental study presented in Chapter 4, which was conducted in October 2016. This study assesses the influence of readers' involvement with the topic of the native advertisements, in combination with their disclosure recognition, on readers' evaluations of the native advertisement and news website. Following the information utility theory, we expected that readers' disclosure- and advertising recognition would have a limited negative effect on their evaluations when a native advertisement matches readers' topics of interest (i.e. when readers are highly involved with the subject of the native ad). Yet, the study did not find any main negative effects of readers' disclosure recognition on their evaluations of the advertisement and news website at all. However, readers' involvement does seem to influence their evaluations of the advertisement and news website. Highly involved readers evaluated the native advertisement and news website more positively and considered native advertisements to be more acceptable and less misleading. A more concerning finding of this study is that although readers who recognized a disclosure were also 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. Still, readers who had noticed a disclosure evaluated the advertisements as more acceptable and less misleading.

#### ***Chapter 5: Moving towards transparency: A test of more detailed disclosures***

While Chapter 4 puts focus on information utility, Chapter 5 explores another factor that could potentially play an important role: perceived transparency. Readers stated in the study in chapter 3 that it is highly important to them that the native advertisements are easily recognizable as such. Around that time, Evans, Wojdyski, and Hoy (2017) also published a study that suggested that perceptions of transparency could potentially mitigate the negative effects of readers' advertising recognition on their evaluations. Following these recent insights, study 5 assesses whether using more detailed and explicit disclosures can potentially increase

readers' understanding of native advertising and perceptions of transparency, and whether this transparency indeed positively influences readers' evaluations of the credibility of native advertising, advertisers and news media in general. Chapter 5 describes the results of an online experimental study (conducted in 2017) that tested four types of disclosures in relation to readers' evaluations of native ads, advertisers, and news websites in general. The results show that readers respond less positively toward native ads that use the disclosure 'partner content', compared to native ads that use a disclosure with the name of the advertising brand ('sponsored by [brand]'), due to higher perceived transparency. Next, even more detailed disclosures that provide information about news media's business model and/or information about the authorship of native ads further increase perceptions of sponsorship transparency, and this transparency in turn increases the credibility of native advertising, advertisers and news media in general.

#### ***Chapter 6: The influence of message sidedness and advertiser credibility***

Chapter 6 discusses two studies that investigate whether a two-sided message strategy (a content factor) and advertiser credibility (a contextual factor) can influence readers' perceptions of native ads when they are aware that they are viewing advertising. This chapter follows readers' comments in the third explorative study on the importance of information utility and the credibility of the advertiser, and previous work on the influence of source credibility (e.g. Pornpitakpan, 2004). It was expected that readers' critical perceptions of native ads may depend on the type of advertiser that provides the ad. Also, following the attribution theory, which posits that a two-sided message may be attributed to an advertiser's desire to tell the truth (as advertisers generally do not provide two-sided information against their own interest (e.g. Crowley & Hoyer, 1994)), the two studies in this chapter investigate whether providing two-sided information can increase the credibility of a native ad, and whether this effect varies for different types of advertisers. Results of two experimental studies show that native advertisements from a high-credibility commercial organization (study 1) and from a high-credibility non-profit organization (study 2) were perceived to be just as credible as a news article. When a low-credibility company provided the advertisement, credibility evaluations significantly decreased. However, both studies also show that making a native advertisement

two-sided can suppress feelings of manipulation among readers, which positively influences credibility evaluations. This positive effect occurred for both low- and high-credibility organizations.

Each of these six empirical chapters provides a new contribution to our current understanding of native advertising. By not only focusing on readers' disclosure- and advertising recognition, but also on factors related to the content, context, and different types of disclosure labels, this dissertation aims to provide a more nuanced and comprehensive understanding of readers' processing and evaluations of native advertising on news websites, and a deeper insight into the different dimensions of the Persuasion Knowledge Model.

After presenting the six different studies, a general discussion will relate the findings of this dissertation to other empirical work on native advertising, and discuss the (dis)similarities, limitations, and theoretical contributions of the findings. The discussion will be followed by a summary of the implications for practitioners, resulting in a list of suggestions and guidelines for news media, advertisers, and legislators. While the studies provide many new insights, they also evoke new questions. The thesis will therefore conclude with a reflection and suggestions for future research on native advertising.

# 1

## *Engaging or deceptive?*

### Readers' evaluations of native advertisements and advertorials on news websites

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Presented at the peer-reviewed International Conference on Research in Advertising 2016 (Ljubljana, Slovenia).

**Abstract**

Advertisers are still struggling with how to implement hybrid advertising, especially in the context of online news media. This experimental study therefore investigates readers' evaluations of two types of hybrid advertisements on news websites: the 'more commercial' advertorials and the 'more editorial' native advertisements; both before and after readers have been made aware that they are viewing advertising. Readers (N = 312) were shown either an advertorial or a native advertisement, on either a high-credibility or a low-credibility news website. Results showed that readers perceived the native advertisements as less irritating, which resulted in a more positive attitude towards the advertised brand. Although the persuasive nature of native advertisements was less often recognized, readers still perceived this type of hybrid advertising as less misleading than advertorials, even after the commercial nature of the advertisements was explicitly disclosed. Readers were also less inclined to avoid native advertisements. The credibility of the news website did not influence readers' evaluations.



## Introduction

The online media landscape is evolving quickly, which brings both challenges and opportunities to advertisers and publishers (Campbell et al., 2014). One major challenge is consumers' increasing resistance towards and avoidance of banner advertisements (Hill, 2013). To combat this resistance, advertisers need to find alternative ways to connect with consumers online. One approach that has been rising in popularity is the use of 'hybrid advertising', which integrates commercial messages with editorial media content (Verhellen, Oates, De Pelsmacker, & Dens, 2014). The concept of hybrid advertising is nothing new, as brand placements in television programs and advertorials in offline magazines have been around for decades (Einstein, 2016). However, in the past years there has been a rise of more covert online hybrid advertising formats, which are sometimes almost indistinguishable from editorial content (Ferrer Conill, 2016; Matteo & Zotto, 2015). Practitioners that make use of more covert hybrid advertising techniques argue that the advertisements provide value and a better advertising experience to news readers, by providing informational or entertaining content, instead of interruptive advertisements such as banner ads (Carlson, 2014; Harms et al., 2017). In line with this perspective, several studies showed indeed that readers evaluate hybrid advertisements more positively compared to traditional, more overt advertising formats (Van Reijmersdal et al., 2005; Verhellen et al., 2014). However, other scholars and practitioners have expressed concern about the increase in covertness of hybrid advertisements, especially on online news websites (Einstein, 2016) and several studies show readers' inability to recognize covert hybrid advertising as commercial content (Amazeen & Muddiman, 2017; Wojdyski, 2016). When advertisements are hardly recognizable and almost indistinguishable from independent editorial news, readers may feel deceived if they find out afterwards that they were looking at an advertisement without knowing it (Einstein, 2016). These feelings of deception might subsequently also negatively affect readers' relationship with, and trust in advertisers that use the hybrid advertising formats (Taiminen et al., 2015). Yet, until now research on hybrid advertising has been solely focused on readers' initial advertising recognition and evaluations of the advertisements (Amazeen & Wojdyski, 2018; Wojdyski & Evans, 2015). No empirical research has looked at potential feelings of deception when readers discover afterwards that they have (unknowingly) been exposed to commercial content on

news websites, and whether this affects readers' evaluations. In view of an effective and sustainable implementation of hybrid advertising on news websites, it is important to not only investigate readers' initial advertising recognition and evaluations, but to also look at potential feelings of deception when readers are exposed to more and less covert hybrid advertising formats.

The present study aims to address this knowledge gap by investigating how readers evaluate two similar types of hybrid advertising on different types of news websites: in-feed native advertisements and advertorials. These two types of hybrid advertising share certain characteristics, as both advertisements are designed in an editorial look and feel. However, one could argue that native advertisements are a 'more editorial' form of hybrid advertising and advertorials are the 'more commercial' form (Wang & Li, 2017). Unlike native advertisements, advertorials typically contain a fairly explicit commercial message and more brand-oriented content, including a selling message and references to the advertisers' brand, product, and/or services (Siegert et al., 2015; Van Reijmersdal et al., 2005; Wang & Li, 2017). Additionally, they include the explicit wording 'advertorial', a disclosure label that has been used for decades (Elliott, 1984). Conversely, in-feed native advertisements in online news media are considered to be the modern, more covert online version of advertorials (Taiminen et al., 2015). In-feed native advertisements in a news context are even more blended within the news content, and have a style which is almost indistinguishable from editorial features (Ferrer Conill, 2016). They typically do not include explicit brand and product references or a specific call to action (Campbell & Marks, 2015; Siegert et al., 2015; Wang & Li, 2017). Additionally, online news media use many different types of disclosure labels for their online native advertisements, such as 'paid content' (The Guardian), 'sponsored generated content' (The Washington Post), and 'BrandVoice' (Forbes).

This study aims to gain more insight into how readers evaluate the more covert (native ads) versus more overt (advertorials) hybrid advertisements on news websites. As there is discussion on the influence of both initial advertising recognition and feelings of deception, we will measure readers' evaluations at two stages. First, we will measure readers' initial ad

recognition, Persuasion Knowledge, brand recall and evaluations of the hybrid ad and advertised brand. Next, after disclosing all readers about the commercial nature of the text, we will also measure their feelings of deception, acceptance of the hybrid ad and attention towards / avoidance of the type of hybrid advertisements. Thus, in contrast to other studies (e.g. Amazeen & Muddiman, 2017; Wojdyski & Evans, 2015) we will not only assess the influence of readers' initial advertising recognition on their evaluations, but also investigate the role of feelings of deception when readers have become aware that they are looking at advertising. By including different metrics related to readers' attitudes and brand memory, the study provides insight into when and why it is more appropriate to use either native advertisements or advertorials. Furthermore, we will also study if and how the credibility of the news website affects readers' evaluations of, and preferences for both advertorials and native advertisements. The study's findings not only advance scholars' understanding of consumers' processing of different types of hybrid advertising, but also help practitioners to implement hybrid advertising in online news contexts in an effective and sustainable manner.

## **Literature review**

### ***Persuasion Knowledge and readers' evaluations***

Readers evaluate hybrid advertisements, which look like editorial content in form and style, in general more positively than traditional overt advertisements such as commercials and banner ads (Cole & Greer, 2013; Kim et al., 2001; Van Reijmersdal et al., 2005; Verhellen et al., 2014). One of the explanations for this is that hybrid advertisements activate less Persuasion Knowledge (PK), which is the knowledge and tactics that consumers use to identify advertisements and to cope with them (Friestad & Wright, 1994). The Persuasion Knowledge Model (PKM) posits that if consumers recognize the commercial intentions behind an advertisement, they subsequently process and evaluate the ad more critically in order to resist being influenced. Several studies showed in line with the PKM indeed a negative relationship between readers' advertising recognition (conceptual PK) and evaluations of hybrid advertisements (Boerman, Van Reijmersdal, & Neijens, 2014; Tutaj & Van Reijmersdal, 2012; Wojdyski & Evans, 2015). Since native advertisements (versus advertorials) are even more indistinguishable in style and content from editorial stories (Carlson, 2014; Wang & Li, 2017)

and use inconsistent and not readily recognizable disclosures (Wojdyski, 2016), it is likely that they will more often be perceived as editorial articles (i.e. activate less conceptual PK). Editorial content that is provided by an independent source, such as a journalist has been found to be perceived as more reliable, convincing, and interesting compared to the exact same content delivered by a commercial source (Cameron, 1994; Tutaj & Van Reijmersdal, 2012). We therefore expect that, due to lower conceptual PK, the most covert type of hybrid advertising, native advertising, will have the most positive effect on the three dimensions of readers' initial advertising appreciation: information, amusement, and irritation (Smit, 1999; Van Reijmersdal et al., 2005):

H1: The native advertisement will be perceived as (a) more informational, (b) more amusing, and (c) less irritating than the advertorial.

H1d: The positive effect of native advertising on amusement, information, and irritation will be mediated by readers' lower conceptual PK.

### ***The effects on readers' brand memory and brand attitude***

While native advertisements might be initially more positively perceived due to their editorial look and feel, it might be the case that native advertising will be less appropriate when brand memory is an important objective. A content analysis of native ads on U.S. news websites showed that only 25 percent of the native ads that were analyzed made a clear connection between the sponsor and the sponsored story (Wang & Li, 2017). Research in other media contexts (such as television programs) suggests that when a brand is very subtly placed into hybrid advertisements, this could cause brand confusion and lower brand recall, even when the advertisements are elaborately processed (Van Reijmersdal, 2009; Van Reijmersdal, Rozendaal, & Buijzen, 2012). As the brand is more prominently mentioned in advertorials and both types of hybrid advertising are likely to be elaborately processed, it is expected that the higher exposure to the advertising brand in advertorials will result in higher brand recall, compared to native advertising, in which the brand is less prominently integrated (Van Reijmersdal, 2009). We therefore propose that:

H2a: Brand recall will be higher for advertorials than for native advertisements.

Although the more prominent placement of the brand in advertorials may increase readers' brand memory, this does not necessarily result into a more positive attitude towards the brand (Gibson, 1983; Haiming, 2014; Van Reijmersdal, 2009). Conversely, research in traditional advertising contexts does suggest a direct positive relationship between readers' evaluations of an advertisement and their evaluations of the advertised brand (MacKenzie, Lutz, & Belch, 1986; Mehta, 2000; Miniard, Bhatla, & Rose, 1990). As argued before, the higher prominence of the advertised brand in advertorials might increase readers' PK and ad recognition, which could lead to more critical processing and a more negative attitude towards the advertorials (Boerman et al., 2014). This suggests that readers will evaluate the brand more negatively when the brand uses the more commercial advertorials, due to readers' more negative ad evaluations. Conversely, it is expected that the more editorially designed native advertisements will be more positively evaluated due to lower levels of PK among readers (Cameron, 1994; Van Reijmersdal et al., 2005), which may result into a more positive attitude toward the advertising brand (Cole & Greer, 2013; Van Reijmersdal, Neijens, et al., 2010). We propose that:

H2b: Readers' change in attitude toward the advertised brand will be more positive for native advertising than for advertorials, which is mediated by increased information and amusement and decreased irritation.

### *Spillover effects of news media's credibility*

Readers' evaluations of the credibility and informational value of a news website might also have an effect on how readers assess the hybrid advertisements (Pornpitakpan, 2004; Van Reijmersdal et al., 2005). News websites differ in function and credibility (e.g. some are ascribed high entertaining value, whereas others contain higher informational value) (Chung & Yoo, 2006; Dutta-Bergman, 2004; Van Cuilenburg, Neijens, & Scholten, 1999). These differences between news websites might influence readers' evaluations of the hybrid advertisements (Lee, Lee, & Kim, 2019; Wu et al., 2016). A study on hybrid advertising in different types of magazines showed for instance that the more informational value readers ascribed to a magazine, the more positively they evaluated the hybrid advertisements (Van Reijmersdal et al., 2005). Additionally, other studies demonstrated a positive relationship between the credibility of a media source and readers' evaluations of different types of messages

(Greenberg & Miller, 1966; Metzger, Flanagin, Eyal, Lemus, & McCann, 2003; Pornpitakpan, 2004; Shamdasani, Stanaland, & Tan, 2001). These studies suggest that the credibility and informational value of a media source can “spill over” to readers’ perceptions of advertisements (Bronner & Neijens, 2006; Malthouse et al., 2007; Nyilasy, King, Reid, & McDonald, 2011). Based on these previous findings on spillover effects, we expect that readers’ evaluations of hybrid advertisements will be more positive when the advertisements are integrated in a high-credibility news context:

H3: Readers will evaluate hybrid advertisements (both advertorials and native advertisements) on a high-credibility news website as more informational, entertaining and less irritating than the same advertisements on a low-credibility news website.

### ***Attention and avoidance***

The intentional exposure theory suggests that readers are generally more motivated to intentionally pay attention to editorial items in media, as they expect that this content will fulfil their needs for information and/or entertainment (Lord & Putrevu, 1993). On the contrary, consumers often try to avoid advertisements, as they perceive that advertisements contain little value to them (Cho & Cheon, 2004). Designing advertisements in an editorial look and feel may therefore help to combat consumers’ advertising avoidance (Fransen, Verlegh, et al., 2015). The editorial format of hybrid advertisements makes it more likely that readers will be interested and willing to actively pay attention to the advertisements, as they think that the advertisements may help them to fulfil their media needs (Katz et al., 1973). Due to the fact that native advertisements are considered to have even more editorial-like features than advertorials (Carlson, 2014; Howe & Teufel, 2014; Wang & Li, 2017), readers may be more inclined to pay attention to native ads as compared to advertorials. Advertorials, on the other hand, contain more advertising characteristics than native advertisements, such as higher brand prominence and a more well-known disclosure (i.e., advertorials) (Van Reijmersdal, Neijens, and Smit 2005), and are therefore more likely to be avoided by readers (Fransen, Smit, et al., 2015). This leads us to hypothesize that:

H4: Native advertisements will receive (a) more attention and (b) less avoidance than advertorials.

### *Readers' acceptance of native advertising / advertorials*

Readers' evaluations of an advertising technique partly depend on whether they consider the advertising technique to be appropriate and valuable to them (Wei et al., 2008). Readers generally consider commercial advertisements to be less appropriate, as they are more likely to feel that these advertisements solely benefit the advertiser who tries to influence them (Krouwer, Poels, & Paulussen, 2018; Lord & Putrevu, 1993; Van Reijmersdal et al., 2005). Due to their more editorial look and feel, native advertisements might be initially perceived as more valuable and trustworthy to readers, which could result in not only increased attention, but also in higher acceptance among readers (Kim et al., 2001; Pornpitakpan, 2004). In line with this suggestion, research in a magazine context showed that readers considered the most editorial type of advertising to be the most acceptable (Van Reijmersdal et al., 2005). Other research on sponsored web content versus banner advertisements showed similar results (Becker-Olsen, 2003). However, these studies have not been conducted in an online news environment. News media differ from more commercial media contexts in that they also fulfil important democratic and watchdog functions, and readers expect a clear line between news media's editorial and commercial functions (Cassidy, 2007). If readers believe that advertisements are too intermingled with the editorial content, they might feel that journalists' professional judgment and independence are damaged and / or they could feel deceived (Baker, 2001). For example, it has been shown that when sponsors of news articles in e-news magazines were too congruent with the news, readers evaluated these e-news magazines more negatively, due to the blurred lines between the editorial and advertising content (Rodgers, 2007). Other research also showed that when advertisements are too covert, consumers feel deceived afterwards (Colliander & Erlandsson, 2015; Milne, Bahl, & Rohm, 2008; Xie, Boush, & Liu, 2015). This deception could subsequently lower consumers' evaluations of the advertisements (Darke & Ritchie, 2007). Thus, even though the more editorial-like native advertisements might be perceived as more valuable to readers, they may also evoke more feelings of deception when readers are informed afterwards that they were viewing an advertisement, especially when readers were initially not aware that they were viewing an advertisement. Considering the both beneficial and disadvantageous effects of making hybrid advertisements as editorial as possible, it needs to be further explored which advertising format

will be perceived as the most acceptable and least deceptive to readers:

RQ1: Will native advertising be perceived as (a) less acceptable and (b) more deceptive than advertorials after readers have been told the commercial nature of the ad?

## Methodology

### *Pre-test: news website selection*

Two well-known Dutch national news websites were selected for this experiment, based on their characteristics and a pretest. The first website, NU.nl, is a national digital-only news platform that provides all news for free (Sanoma, 2015). The second news website that was selected, NRC.nl, is the website of a legacy Dutch newspaper. The NRC website typically contains more long reads and is mainly focused on highly educated readers (NRC Media, 2014). A pretest was conducted to test the assumption that NRC.nl would be perceived as more credible than NU.nl. Participants ( $N = 55$ , 56.4% female,  $M_{age} = 33$  years,  $SD_{age} = 14.5$ ) rated, on four 7-point scales, the credibility of both NU.nl and NRC.nl ( $\alpha = .74$ ). The statements were “I think that news website X is a professional news website”, “I care about the opinion of the editors of news website X”, “news website X is an objective news website” and “news website X is neutral”. As expected, repeated-measures ANOVA showed that NRC.nl was perceived as significantly more credible ( $M = 4.45$ ,  $SD = 0.96$ ) than NU.nl ( $M = 3.75$ ,  $SD = 1.03$ ), ( $F(1,33) = 9.28$ ,  $p = .005$ ). Hence, NRC.nl was selected as the high-credibility news website, and NU.nl was selected as the low-credibility news website.

### *Design and procedure*

The main study used a 2 (type of hybrid advertisement: native advertisement or advertorial)  $\times$  2 (type of news website: low-credibility news website NU.nl or high-credibility news website NRC.nl) between-subjects experimental design. In total, 312 participants, who all identified as readers of online news websites, were recruited via e-mail (via the personal network of undergraduate students) and randomly assigned to one of the four experimental conditions. They varied in age (min. age = 15 years, max. age = 68 years) and were on average 34 years old. The majority of the participants (60.3%) were female and 68.6% of the participants were holding at least a bachelor's degree. They were invited to participate via their own computer in



“an online study in the domain of online media”, naïve to the main purpose of the study. They were exposed to either an advertorial or a native advertisement that was provided by Coca-Cola, to promote its stevia-based soft drink Coca-Cola Life™. The advertorials and native advertisements were about the health benefits of the sugar substitute stevia. The text was embedded in a web page of either the NU.nl or the NRC.nl news website. Both pages were similar in their design; they contained the same image on top of the native advertisement and did not show any other types of advertising on the page. Under the advertorial conditions, advertorial was used as the disclosure, and Coca-Cola was identified as the advertiser, next to the disclosure (i.e., Coca-Cola life (advertorial)). The content explicitly referred (four times) to the brand Coca-Cola and its new soft drink, Coca-Cola Life™. Under the native advertising conditions, the advertisement contained a less frequently used disclosure (partner content), without referring to Coca-Cola as the author, and brand placement was very subtle, as the article only referred to Coca-Cola Life™ near the end. Apart from the disclosure label and the brand prominence, the text and layout of both advertisements were identical. Participants were neutrally instructed to look at the web page and to read the text. When finished, they clicked to continue to an online questionnaire. The button appeared after thirty seconds to ensure that participants would not directly click to continue to the questionnaire.

### ***Measures***

Persuasion knowledge was measured through three statements (7-point scales: 1 = strongly disagree, 7 = strongly agree) regarding whether participants identified the article as commercial content: “the content I’ve seen is commercial content”, “the content I’ve seen has been provided by an advertiser” and “the content I’ve seen was advertising” ( $\alpha = .86$ ) (Boerman et al., 2014). Next, we measured participants’ ad appreciation. This concept consists of three dimensions: amusement, irritation, and information (Smit, 1999; Van Reijmersdal et al., 2005). Two items measured the amusement belief: “This text is fun to read” and “reading this text satisfies me” ( $r = .687$ ). Irritation was measured on the items “this text is deceptive” and “I don’t want to see these kinds of texts on news website X” ( $r = .440$ ). To measure the information belief, we used the items “this text provides me useful information about Stevia” and “this text provides me trustworthy information” ( $r = .569$ ). Ad recognition was measured by asking

participants whether they had seen any advertising and if so, for which brand. Participants' change in attitude toward the advertised brand was measured on a 7-point scale (1 = much more negative, 7 = much more positive). We measured participants' change in attitude rather than their general attitudes, because a well-known advertiser (Coca-Cola) was used in this study.

After these measures, participants received explicit information about the type of hybrid advertising (advertorial or native advertisement) that they had just seen. Both types of advertising were described as "advertisements that have the same form and style as the articles that are produced by journalists". Following this explanation, two statements measured on two separate 7-point scales as to whether participants were inclined to read native advertisements (advertorials) in general (i.e., measure of attention) or to avoid these ads in general (i.e., measure of avoidance) (1 = strongly disagree, 7 = strongly agree). The online questionnaire measured participants' intention to read/avoid the ads after the experiment, since participants' attention during the experiment was expected to be unnaturally high. The two separate items were as follows: "native advertisements (advertorials) can be worth spending attention on" and "I avoid native advertisements (advertorials)" (1 = strongly disagree, 7 = strongly agree) (Van Reijmersdal, Neijens, and Smit 2005). As it was expected that most participants would not identify the article as an advertisement, their acceptance of the advertisements and feelings of deception of the hybrid advertisement was also measured after they were informed of its persuasive nature. This was done by asking, on two separate 7-point scales, to what extent that participants considered native advertisements (advertorials) in general to be acceptable or deceptive (Van Reijmersdal et al., 2005). Last, we included several control measures: web experience (1 = less than one year, 5 = more than five years), frequency of visiting the news website (1 = never, 7 = several times a day), familiarity with the news website (familiar / not familiar), age, gender, and level of education.

## Results

*Randomization.* First, ANOVA analyses showed that there were no differences among participants with regard to the control measurements: age ( $F(1, 308) = 1.11, p = .347$ ), gender ( $F(1, 308) < 1, p = .546$ ), level of education ( $F(1, 308) < 1, p = .639$ ), web experience ( $F(1, 308) = 1.05, p = .369$ ), and experience with visiting the news website ( $F(1, 308) < 1, p = .675$ ). This suggests that any differences among the groups cannot be attributed to differences regarding these characteristics, but are likely to be the result of the manipulation. Furthermore, all participants were familiar with the news websites that were used in this experiment.

*Ad recognition (Conceptual PK).* In line with expectations, the advertorial was significantly more often perceived as advertising (72.8%) when compared to the native advertisement (59.6%), ( $\chi^2(1) = 6.07, p = .014$ ). Next, also in line with our expectations, ANOVA analysis showed that participants' conceptual PK was significantly higher in advertorial conditions ( $M = 5.34, SD = 1.28$ ), compared to native advertising conditions ( $M = 4.97, SD = 1.22$ ), ( $F(1, 308) = 6.76, p = .010$ ).

*Ad appreciation.* MANOVA analysis showed a statistically significant effect of the type of hybrid advertisement on participants' appreciation,  $F(3, 208) = 3.63, p = .013$ ; Wilk's  $\Lambda = 0.966$ , partial  $\eta^2 = .034$ . Next, when looking at the separate dimensions amusement, information, and irritation (Smit, 1999), the results showed no direct influence of the type of hybrid advertising on the information belief ( $F(1, 308) = 2.98, p = .086$ ), thus rejecting H1a. We also did not find a direct effect of the type of hybrid advertising on the amusement belief ( $F(1, 308) < 1, p = .796$ ), thus rejecting H1b. In line with H1c, the results did show a direct negative effect of the type of hybrid advertising on irritation ( $F(1, 308) = 9.58, p = .002$ ). Participants perceived the more overt advertorials ( $M = 4.12, SD = 1.22$ ) as significantly more irritating than the covert native advertisements ( $M = 3.70, SD = 1.18$ ), ( $F(1, 308) = 9.58, p = .002$ ). Although we found only a direct effect of the type of hybrid advertising on irritation, the mediation analysis, which followed the procedure proposed by Preacher and Hayes (2008), supported H1d and revealed a significant indirect bootstrap effect (5000 samples) of the type of hybrid advertising on all three ad-appreciation dimensions, via participants' PK. The native advertisement was perceived

as significantly less commercial, which subsequently decreased irritation ( $B = -0.17$ ,  $SE = .07$ ,  $95\% CI = -.312 - -.047$ ) and increased information ( $B = 0.12$ ,  $SE = .05$ ;  $95\% CI = .020 - .239$ ) and amusement ( $B = 0.10$ ,  $SE = .04$ ;  $95\% CI = .030 - .216$ ). The direct relationship between the type of hybrid advertising and irritation was mediated by participants' PK (figure 1). For amusement and information, indirect-only mediation effects were found. Participants' Persuasion Knowledge was lower in native advertising conditions, which resulted in a higher rating of amusement and information (figures 2 and 3).

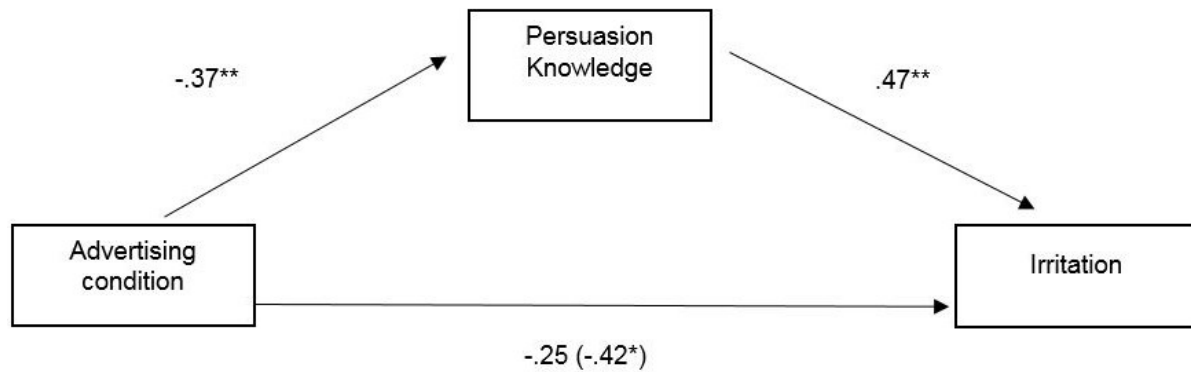


Figure 1. The mediation model of Persuasion Knowledge between hybrid ad condition and irritation. Unstandardized estimates are shown.  $*p < .01$ ,  $**p < .001$ .

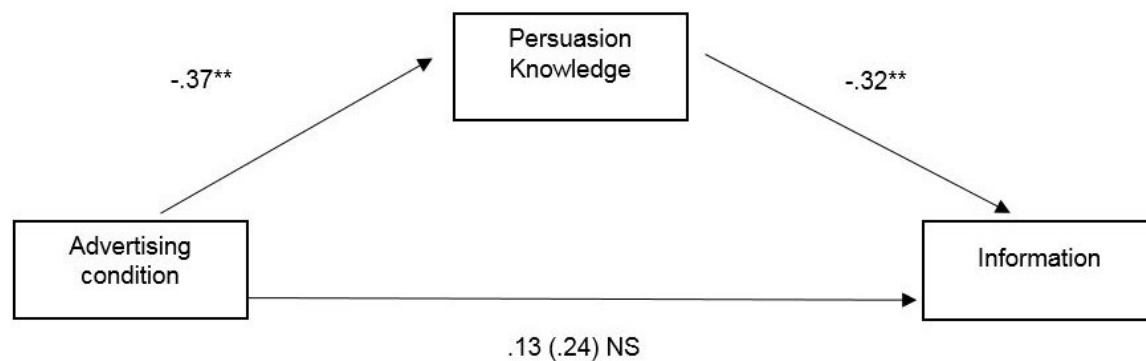


Figure 2. The mediation model of PK between hybrid ad condition and information. Unstandardized estimates are shown.  $*p < .01$ ,  $**p < .001$ ; NS = not significant

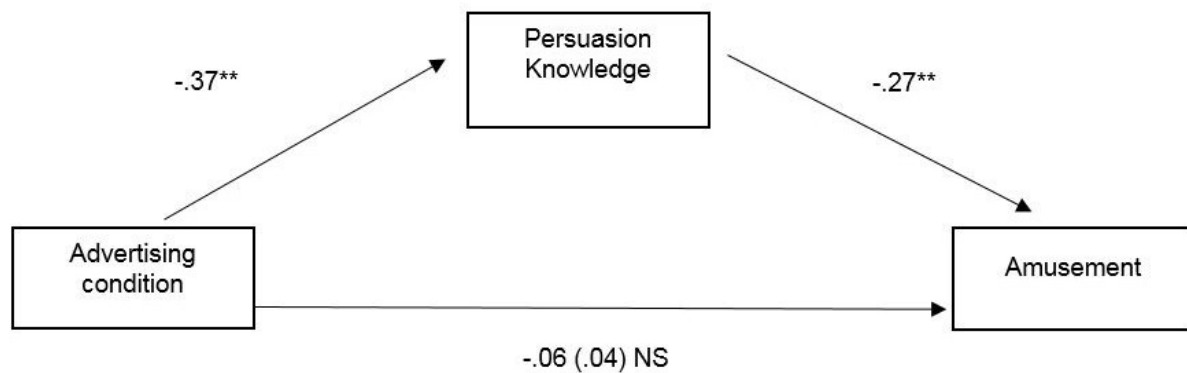


Figure 3. The mediation model of PK between hybrid ad condition and amusement. Unstandardized estimates are shown. \* $p < .01$ , \*\* $p < .001$ ; NS = not significant

*Brand memory.* The results support H3a: participants' brand recall was higher among participants who were displayed an advertorial. In advertorial conditions 60.3% remembered Coca-Cola as the advertiser, compared to 23.2% in native advertisement conditions ( $\chi^2(1) = 44.77, p < .001$ ).

*Brand attitude.* When testing H2b, the ANOVA analysis did not show a direct significant effect of the type of hybrid advertising on participants' change in attitude toward the advertised brand ( $F(1, 202) < 1, p = .445$ ). However, Preacher and Hayes' (2013) mediation analysis revealed a significant (5000 samples) indirect-only-mediation bootstrap effect of irritation on attitude toward the brand ( $B = .11, SE = .07, 95\% CI = .014 - .274$ ). Participants perceived the native advertisement as less irritating ( $B = -.51, SE = .25, t = -2.01, p = .046$ ), which resulted in a more positive change in attitude toward the advertised brand (figure 4). Conversely, a higher level of irritation resulted in a more negative change in the participants' attitude toward the brand ( $B = -.21, SE = .05, t = -3.99, p < .001$ ). The other two dimensions of participants' appreciation, amusement and information, did not play a significant mediating role.

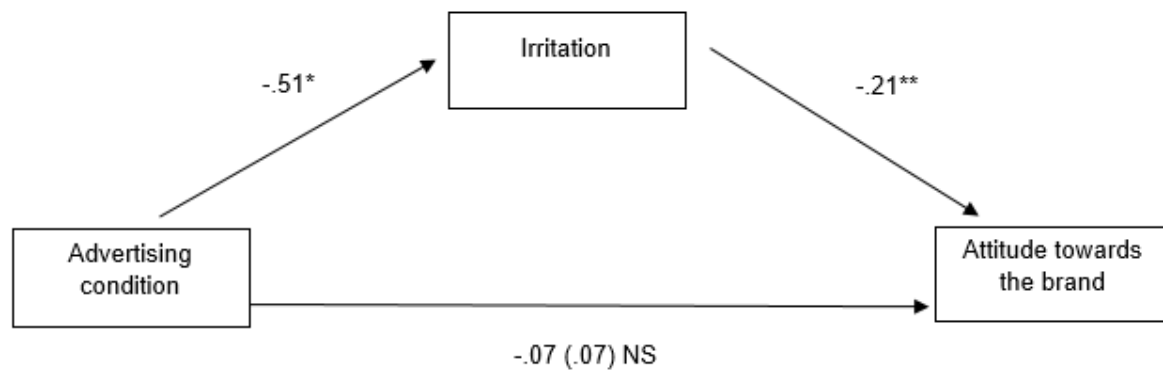


Figure 4. The mediation model of irritation between hybrid advertising conditions and change in attitude toward the advertised brand. Unstandardized estimates are shown, . \* $p < .01$ , \*\* $p < .001$ ; NS = not significant.

*Spillover effects.* The results of the ANOVA analyses did not support our third hypothesis, as no significant spillover effects of newspaper credibility on any dimension of participants' ad appreciation were found. Also, no interaction effects between the type of news website and the type of hybrid advertising were found in any of the results.

*Attention, avoidance, acceptance and deception.* H4a (attention), H4b (avoidance) and RQ1 (acceptance / feelings of being deceived) were assessed after the participants were informed about the commercial nature of the hybrid advertisement to which they were exposed. The results did not confirm H4a: participants did not differ in their intention to actively pay attention to advertorials or native advertisements ( $F(1, 308) = 2.50, p = .115$ ). H4b was supported, as participants were significantly more inclined to avoid advertorials ( $M = 5.02, SD = 1.47$ ) than native advertisements ( $M = 4.26, SD = 1.46$ ), ( $F(1, 308) = 21.10, p < .001$ ). Furthermore, as an answer to RQ1, the results showed that participants perceived native advertisements in general as less deceptive ( $M = 4.76, SD = 1.39$ ) than advertorials ( $M = 5.23, SD = 1.27$ ), ( $F(1, 308) = 9.20, p = .003$ ), and that native advertisements ( $M = 4.12, SD = 1.37$ ) were also perceived as more acceptable than advertorials, ( $M = 3.56, SD = 1.60$ ), ( $F(1, 308) = 10.67, p = .001$ ).

## Discussion

Hybrid advertising has become a more frequently occurring phenomenon on online news

websites (Einstein, 2016; Hwang & Jeong, 2018). However, until now no research had directly compared more and less covert hybrid advertising formats in an online news context, not only in terms of initial advertising effectiveness, but also in terms of readers' perceptions of the advertising format when all readers have become aware that they are viewing advertising. Also, little research had been conducted on whether the credibility of news websites into which the advertisements are integrated also affects readers' evaluations. The present study aimed to address these knowledge gaps.

The results showed that readers' initial evaluations of advertorials were more negative, due to higher Persuasion Knowledge. Readers' higher irritation towards the advertorials subsequently also led to more negative evaluations of the advertising brand. However, although brand evaluations were more positive among readers who were exposed to a native advertisement, brand recall was higher among readers who were displayed an advertorial. Thus if brand memory is an important objective to advertisers, it seems that the more overt advertorial format is more appropriate. These results are in line with previous research on brand placements in television programs, which showed that higher brand prominence led to increased brand recall but not to more positive brand attitudes (Van Reijmersdal et al., 2012). Additional research can provide more detailed guidance on exactly how often and when a brand name should appear in the text of a hybrid advertisement, in order to achieve the most positive results in terms of both readers' brand memory and attitudes towards the brand.

Second, the results suggest that readers do not only evaluate native advertisements more positively due to a lack of Persuasion Knowledge. After all readers were informed that they were exposed to an advertisement, they were still less likely to avoid native advertisements, compared to advertorials. This might be explained by the higher perceived editorial value of native advertisements, due to fewer advertising characteristics (Sweetser et al., 2016). As explained by the intentional exposure theory exposure theory of Lord and Putrevu (1993), readers are more likely to expose themselves to advertising messages that contain the most editorial characteristics, not just because of a lack of ad recognition, but also because of the higher perceived editorial value of the ads to the readers. The final and most notable finding on readers' perceptions of the different advertising formats is that although less readers were

able to recognize native advertisements (compared to advertorials), they still considered native advertisements to be less deceptive and more acceptable than advertorials. This might be again because readers perceive that the native advertisements provide more editorial valuable to them, due to the lower brand prominence (Van Reijmersdal et al., 2005). When an advertisement contains valuable information, readers are less likely to process and evaluate advertisements critically, even though they are aware that they are viewing an advertisement (Sweetser et al., 2016). Thus, while there are emerging concerns about the lack of transparency in more covert native advertisements and its potential negative impact on the relationship between organizations, news media and the consumers (Harms et al., 2017; Taiminen et al., 2015), it seems that consumers on the other hand are more focused on the editorial value that the advertisements can provide (Sweetser et al., 2016).

When it comes to integrating the advertisements on news websites that differ in credibility, we did not find a spillover effect of news website credibility on readers' evaluations of the advertisements. A possible explanation for the lack of spillover effects of newspaper type on ad appreciation could be that, although the news websites significantly differed in credibility, news media in general contain high informational value and credibility (Cassidy, 2007). Recent numbers show that this is especially the case in The Netherlands. the country in which the study has been conducted (Newman et al., 2018).

In sum, our study suggests that readers respond most positively to the most editorial (and covert) type of hybrid advertising: native advertisements. The positive effect on readers' appreciation of the advertisement and advertising brand can be explained by readers' lower Persuasion Knowledge. Although it was initially difficult for readers to recognize the commercial nature of native advertisements, they did not perceive the native advertisements as more deceptive or less acceptable after they were informed that they had viewed an advertisement. These findings suggest that the editorial value of the advertisement might play an important role. Future work should therefore not only focus on readers' lack of Persuasion Knowledge, but also on other factors that could potentially explain the effectiveness of hybrid advertisements.



### Limitations and directions for future research

Some remarks about the study need to be made, which can be addressed by future research. First, in this study we made the distinction between “native advertising” and “advertorials” to describe more and less covert types of hybrid advertising. However, there is still discussion in both academia and in practice about the definitions of these concepts. Some scholars define advertorials as one form native advertising (Ferrer Conill, 2016; Wojdyski & Evans, 2015), while others consider native advertising and advertorials to be different formats (Matteo & Zotto, 2015; Taiminen et al., 2015; Wang & Li, 2017). For the purpose of the study, the researchers made a clear distinction between advertorials and native advertisements as two types of hybrid advertising, yet they acknowledge that the line between these concepts is still debatable. Second, to manipulate the covertness of the advertisements, the researchers changed both the disclosures and brand prominence in the text. Therefore, no causal inferences can be made about the effects of disclosures and brand prominence separately. Third, in this study readers’ ad recognition was rather high in both native advertising and advertorial conditions. This is in contrast to other studies, which showed a general low ad recognition for hybrid formats (e.g. Amazeen & Muddiman, 2017; Wojdyski & Evans, 2015). A possible explanation for this is that all participants indicated high familiarity with the news websites and they therefore may also be more familiar with hybrid advertising on these websites.

Regarding our findings on brand recall, in this study we asked participants to directly recall the brand, yet some research suggests that even if readers cannot directly recall a brand, there could still be positive effects on readers’ so-called implicit memory and unconscious brand associations (Haiming, 2014; Overmars & Poels, 2013). Thus, readers’ brand associations and brand choices may be influenced without any explicit cognitive processes. Future research can dive deeper into this.

Last, as in this study both news websites were rated as credible by the readers, the news websites might have been too similar to one another to find spillover effects. A possible direction for future studies is to compare the spillover effects of hybrid advertisements on a

news website with, for example, a blog or more popular website.

### **Final conclusion**

The findings imply that, for now, the more covert native advertising format provides new opportunities to both marketers and media. Nevertheless, the long-term consequences for news media and organizations are unknown and should be further monitored, as it is of crucial importance for both news media and organizations that the relationship with readers, and readers' trust, will be maintained.

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# 2.

## *To Disguise or to Disclose?*

### The Influence of Disclosure Recognition and Brand Presence

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**Abstract**

While several studies have focused on native advertisements' disclosures, little research has been conducted on factors related to the content of native advertisements. Therefore, this study investigated the influence of both disclosure recognition and brand presence in the text on readers' Persuasion Knowledge (PK) and subsequent evaluations. Results of an online study (N = 290) showed that disclosure recognition resulted in higher conceptual PK, yet this had no effect on readers' attitudinal PK and evaluations. Conversely, high brand presence did not increase readers' conceptual PK, but it did increase attitudinal PK, which subsequently decreased evaluations of the ad, brand, and news medium. Implications are discussed.

## Introduction

'Native advertising' or online non-disruptive advertising that looks and feels like the surrounding editorial content of a web page, is an emerging phenomenon on online news websites (Carlson, 2014). Seeking for new sources of revenue and improved advertising experiences, news media are becoming more open towards hybrid advertising formats, such as native advertising (Carlson, 2014; Ferrer Conill, 2016). Native advertisements aim to provide readers the feeling that they are consuming editorial content, instead of commercial messages. Therefore, they are highly intermingled with the context, and written in the style and voice of a real news article (Ferrer Conill, 2016). This could create more engaging advertising experiences, but it could also lead to feelings of deception and confusion, as readers are often not able to recognize native advertisements as commercial content (Wojdyski, 2016). In order to protect consumers from being deceived, both legislators and industry have provided disclosure guidelines for native advertisements (Federal Trade Commission, 2015; IAB, 2013). Yet, the current guidelines are widely interpretable and disclosure practices still vary. Furthermore, due to a lack of knowledge on how native advertisements should look like in order to maximize their effectiveness, there are also large differences in the style and commerciality of the content of native advertisements (Campbell and Marks 2015).

Until now, most research has been mainly focused on native advertisements' potential deceptiveness and accompanying disclosures. Previous studies on the effects of disclosures for hybrid advertisements (e.g. native advertisements, advertorials) on readers' evaluations showed mixed results (e.g. Becker-Olsen, 2003; Colliander & Erlandsson, 2015; Wojdyski & Evans, 2015). It is likely that other characteristics of the advertisements, such as the content, have played a moderating role in these disclosure studies, yet this has not been investigated. This study will therefore focus on the (moderating) influence of *brand presence*, which is how often the brand is mentioned in the native advertisement. Although native advertisements are written in an editorial style, the brand can still feature more or less prominently in the news story. This may in itself already influence readers' evaluations (Campbell and Marks 2015; Van Reijmersdal, Neijens and Smit 2005). Differences in brand presence might thus be one explanation why in some studies disclosures led to negative evaluations of media and / or

advertisers, whereas in other studies these effects did not occur. For this reason, this study will further investigate the combined influence of both disclosures and brand presence on readers' evaluations.

In order to understand how different elements of native advertisements work, it is also important to investigate the underlying ad processing mechanisms. Until now, most studies have focused on readers' conceptual Persuasion Knowledge (PK), which is the extent to which consumers recognize a persuasion attempt (Ham et al., 2015). Yet, we argue that it is important to take attitudinal PK into account as well, which assesses consumers' critical processing and feelings towards the persuasion attempt (Ham et al., 2015). Disclosures aim to activate readers' conceptual PK in order to help them to recognize the persuasion attempt. In some studies readers' disclosure recognition also led to increased attitudinal PK, such as an increase in ad skepticism and / or negative evaluations of the advertisement and advertiser (Boerman et al., 2014), whereas in other studies this was not the case (Colliander & Erlandsson, 2015; Sweetser et al., 2016). As suggested in a recent literature review on disclosure effects (Boerman & Van Reijmersdal, 2016), content factors such as variations in brand presence could have played a moderating role here. Kirmani and Campbell (2004) argued that in some cases, consumers recognize a persuasion attempt, but still consider it as beneficial, and therefore do not respond negatively to it. Especially in the context of native advertisements, which can have informational and transformational value to readers, this might play a role (Becker-Olsen, 2003). Therefore, this study will investigate how both native advertisements' disclosures and brand presence influence not only readers' conceptual PK, but also attitudinal PK, and subsequent evaluations.

A third issue that is currently understudied, is the influence of native advertising on the credibility of a news outlet. It is of critical importance to all stakeholders that news media's credibility will not be eroded due to inappropriate use of native advertising, since declines in trust among readers of news websites will also damage the benefits of integrating advertisements into an online news context (Ferrer Conill, 2016). Therefore, this study will also measure the impact of different executions of native advertising on readers' evaluations of the

credibility of the news website. In sum, the results of this study will address three gaps in current knowledge on native advertising. First, this study will investigate the (moderating) influence of brand presence. Second, results will further improve our understanding of the mediating influence both cognitive and attitudinal PK. Third, we will investigate not only the effects on readers' evaluations of the ad and advertiser, but also on readers' trust in the news outlet. The theoretical framework on disclosures and brand presence, and the different PK mechanisms will be discussed in the following paragraphs.

## Literature Review

### *Conceptual Persuasion Knowledge*

*Disclosures.* The effectiveness of disclosures in helping readers to recognize advertisements, so-called 'conceptual Persuasion Knowledge', depends on the characteristics of disclosures (Boerman et al., 2014; Wojdyski & Evans, 2015). In order to be effective, disclosures need to be seen and consciously processed, which depends on their position, style, and language (Wojdyski, 2016). Only if disclosures are recognized and processed by readers, they are likely to activate conceptual PK (Boerman et al., 2014; Wojdyski & Evans, 2015). Disclosure recognition can stimulate readers to think about an advertisement more elaborately and critically (Nelson et al., 2009; Van Reijmersdal et al., 2015). This enhanced and critical attention towards the message increases the likelihood that readers identify the message as actual advertising (Boerman et al. 2014; Campbell and Kirmani 2000). Therefore, we expect that:

H1a. Disclosure recognition will increase readers' conceptual Persuasion Knowledge.

*Brand presence.* Next to disclosures, the content of the native ad might also activate readers' conceptual PK, depending on how prominent the commercial intentions behind the editorially designed piece are (Carlson, 2014; Van Reijmersdal et al., 2005). As native advertisements are designed as a relevant news article, readers are likely to read and process these advertisements more elaborately (Becker-Olsen, 2003; Cacioppo & Petty, 1984). Following the elaboration likelihood model, this enhanced cognitive effort could also lead to more elaborate evaluations of both the content of the advertisement and the underlying motives of the advertising brand (Cacioppo & Petty, 1984). As a brand sponsors the native advertisement, there is often

somewhere in the text a reference to the brand. When the text refers multiple times to only one brand, in a positive manner, readers may become suspicious about the article's intent, and their conceptual PK may be further activated (Cowley & Barron, 2008; Van Reijmersdal et al., 2015). It is therefore likely that high brand presence will increase the effect of disclosure recognition on conceptual PK. Results of a study on offline advertorials also pointed in this direction: although most readers did not recall seeing any disclosures after looking at labeled advertorials, they still recognized the advertorials as commercial content. The authors speculated that this was because of the commercial tone of the advertorials' content (Kim et al., 2001). We therefore hypothesize that:

H1b. High brand presence (compared to low brand presence) will increase readers' conceptual Persuasion Knowledge.

H1c. Brand presence will moderate the effect of disclosure recognition on conceptual Persuasion Knowledge, such that high brand presence will increase the effect of disclosure recognition on readers' conceptual Persuasion Knowledge, and low brand presence will decrease the effect of disclosure recognition on readers' conceptual Persuasion Knowledge.

### ***Attitudinal Persuasion Knowledge***

The vast amount of studies on PK has only been focused on the extent to which consumers recognize a persuasion attempt (conceptual PK) (Ham et al., 2015). However, it has been shown that even when readers recognize a persuasion attempt, this does not necessarily imply that they also process the message more critically (i.e. attitudinal PK) (Becker-Olsen, 2003; Van Reijmersdal et al., 2015). Therefore, it is important to take the attitudinal part of PK into account as well. One measurement that has been frequently implemented and considered as appropriate to measure consumers' attitudinal PK, is consumers' inferences of manipulative intent (IMI), an assessment made by the consumer as to whether the advertiser's persuasion attempt is inappropriate, unfair or manipulative (Campbell, 1995; Ham et al., 2015; Thomas, Fowler, & Grimm, 2013). Consumers' IMI increase when they feel that there is an imbalance between their personal benefits and investments, and the advertiser's investments and benefits from the advertisement. Conversely, consumers' IMI decrease when they infer that a persuasion attempt is appropriate, or when it brings value to them (Ham et al., 2015). This has

been described by Kirmani and Campbell (2004) as a ‘cooperative relationship’ between the advertiser and consumer, which can be established when the persuasion attempt is beneficial for both the consumer and the advertiser. Especially in the context of native advertising, which editorial format can possibly provide readers informational or transformational value, readers’ IMI might decrease when they consider the content to be useful (Sweetser et al., 2016). Conversely, when consumers feel that the advertisements still mainly benefit the advertiser and is not beneficial to them, it is likely that their IMI (attitudinal PK) will increase and that they will evaluate the advertisement in a more negative manner (Cotte, Coulter, & Moore, 2005; Wentzel et al., 2010).

*Disclosures.* If readers identify via a disclosure that the content is provided by an advertiser and not by an independent source such as a journalist, they may be more likely to expect ulterior motives behind the message (Eisend & Küster, 2011; Lord & Putrevu, 1993). Consumers are visiting news websites in the first place to read editorial articles, not to expose themselves to advertisements and to be influenced by commercial parties (Lord & Putrevu, 1993). Following reactance theory, consumers do not want to be manipulated, and therefore may react more defensively towards messages that are provided by commercial sources, even when they have an editorial look and feel (Brehm, 1966). Several studies indicated indeed that disclosure recognition can elicit attitudinal PK and decrease the trustworthiness of the advertisement (e.g. Van Reijmersdal et al. 2015). Hence, we expect that:

H2a. Disclosure recognition will increase readers’ attitudinal Persuasion Knowledge.

*Brand presence.* Although a number of studies found a direct effect of disclosure and / or ad recognition on attitudinal PK and ad evaluations, in other studies this was not the case (Becker-Olsen, 2003; Thomas et al., 2013; Wood, Nelson, Atkinson, & Lane, 2008). Therefore, it may be expected that the extent to which disclosing the commercial source of a native advertisement will increase consumers’ attitudinal PK will be moderated by other factors, such as the content of the advertisement. Following information utility theory, the perceived informational value of a message is an important predictor of readers’ message processing and evaluations (Speck & Elliott, 1997; Sweetser et al., 2016). If readers perceive the information in a certain

advertisement as useful to them, they could still respond positively to it, even when they recognize it as advertising (Becker-Olsen, 2003; Kirmani & Campbell, 2004). This implies that critical processing of a commercial message can be suppressed if the persuasive attempt is helpful for the reader as well, or, in other words, if the message can satisfy the reader's needs for information (Wilson & Sherrell, 1993). In this case a 'cooperative relationship' between the advertiser and consumer can be established (Kirmani & Campbell, 2004). Thus, if a native advertisement is valuable to readers, this may decrease their attitudinal PK (Sweetser et al. 2016; Wei, Fischer, and Main 2008). In addition, several studies also showed, in line with source credibility theory, that it is not ad recognition, but rather the perceived trustworthiness of the content that influences readers' evaluations of advertisements the most (Cole & Greer, 2013; Sacco & Zhao, 2014). When the advertiser often refers to itself in the content of an advertisement, the manipulative intent of the ad becomes more obvious, which can increase critical processing (Eisend, 2006; Kirmani & Campbell, 2004). Conversely, when the ad is mainly informational and brand presence is low, consumers are expected to feel less manipulated (decreased attitudinal PK). We therefore propose the following hypotheses:

H2b. High brand presence (compared to low brand presence) will increase readers' attitudinal Persuasion Knowledge.

H2c. Brand presence will moderate the effect of disclosure recognition on attitudinal Persuasion Knowledge, such that high brand presence will increase the effect of disclosure recognition on readers' attitudinal Persuasion Knowledge, and low brand presence will decrease the effect of disclosure recognition on readers' attitudinal Persuasion Knowledge.

### ***Consequences for the advertiser***

*Ad evaluations.* Previous studies found that disclosure recognition and subsequent ad recognition could lead to more negative evaluations of the advertisement (Boerman et al., 2014; Van Reijmersdal et al., 2015). These effects are mostly explained as resistance against perceived manipulation. However, native advertisements do not contain typical advertising characteristics, such as an explicit call to buy a product. Instead, the content aims to be informative and / or entertaining (Campbell and Marks 2015). Following information utility theory, it may be the case that although disclosures could increase ad recognition, the negative



consequences of ad recognition may be decreased when consumers do not feel manipulated by the content of the ad. Several studies found indeed that the negative effect of ad recognition on both ad and brand evaluations decreased when consumers perceived the persuasion tactic as appropriate and / or useful, and when attitudinal PK was low (Kirmani & Campbell, 2004; Sweetser et al., 2016; Wei et al., 2008). Conversely, if consumers infer that the source of the article is trying to persuade them by using manipulative, unfair methods, they are more likely to have a negative attitude towards the ad, and the advertising brand (Cotte et al., 2005; Wentzel et al., 2010). When the text mainly refers to the advertiser, readers may perceive it as more manipulative and less beneficial. We therefore propose that the extent to which disclosure- and ad recognition will lead to negative ad evaluations, will depend on the brand presence and readers' perceptions of the manipulative intent (attitudinal PK). Hence, we expect that:

H3a. Disclosure recognition will have a negative effect on attitude towards the ad, mediated by increased attitudinal PK.

H3b. High brand presence (compared to low brand presence) will have a negative effect on attitude towards the ad, mediated by increased attitudinal PK.

H3c. Brand presence will moderate the indirect effect of disclosure recognition on attitude towards the ad, such that high brand presence will increase the negative effect of disclosure recognition, and low brand presence will decrease the negative effect of disclosure recognition.

*Attitude towards the brand.* Although several studies showed a negative impact of disclosure recognition on brand evaluations (Boerman et al., 2014; Wojdyski & Evans, 2015), readers' evaluations of the content might moderate this effect. Wei et al. (2008) found, for instance, that ad recognition had far less impact on brand evaluations when respondents perceived the advertising tactic as fair and acceptable. In addition, Becker-Olsen (2003) showed in an online advertising study that even though online sponsored content was clearly marked and recognized by 92% of the participants, the sponsored content still had most positive effects on participants' attitude towards the advertiser, compared to traditional display advertisements that contained less information and stronger persuasive messages. These positive effects could not be explained by a lack of ad recognition. We therefore also hypothesize that:

H4a. Disclosure recognition will have a negative effect on attitude towards the brand, mediated by increased attitudinal PK.

H4b. High brand presence (compared to low brand presence) will have a negative effect on attitude towards the brand, mediated by increased attitudinal PK.

H4c. Brand presence will moderate the indirect effect of disclosure recognition on attitude towards the brand, such that high brand presence will increase the negative effect of disclosure recognition, and low brand presence will decrease the negative effect of disclosure recognition.

### ***Consequences for the news website***

Not only does media's credibility influence consumers' evaluations of hybrid advertisements (Bronner & Neijens, 2006; Malthouse et al., 2007), advertisements also influence consumers' evaluations of media (Ha & Litman, 1997; Yang & Oliver, 2004). Preserving news media's credibility is important to both media and advertisers, as trustworthiness is one of the key characteristics of news media (Deuze, 2005), and advertisers are benefiting from the spill-over effect of news media's credibility on readers' ad evaluations (Bronner & Neijens, 2006).

*Disclosures.* A lack of clear source disclosure and openness can backfire on news media's credibility (Campbell and Marks 2015) . Key functions of the news media are to independently inform the public and to provide trustworthy information (Deuze, 2005). When consumers cannot make the distinction between commercial messages and editorial content, due to ineffective disclosures, media's independency and credibility might be questioned. However, it has been shown that adding a disclosure to native advertisements can lower evaluations of the media as well, especially when readers would otherwise maybe not have recognized the articles as advertisements (Van Reijmersdal et al., 2016; Wojdyski & Evans, 2015).

*'Brand presence.* A larger volume of advertising messages in an editorial context, also called advertising clutter, is related to more negative evaluations of that context by consumers (Ha & McCann, 2008). When native advertisements are more easily recognized, for example due to an explicit disclosure, the perceived ad clutter may increase and the editorial value could subsequently decrease. This is likely to lower readers' evaluations of a news website (Ha & McCann, 2008, p. 570). However, when ads are perceived as highly informational and useful, negative consequences of ad recognition for the news medium can be diminished (Ha & Litman,

1997; Yang & Oliver, 2004) as positive evaluations of the advertisements’ content spill over onto the news website. Hence, we hypothesize that:

H5a. Disclosure recognition will have a negative effect on news website credibility, mediated by increased attitudinal PK.

H5b. High brand presence (compared to low brand presence) will have a negative impact on news website credibility, mediated by increased attitudinal PK.

H5c. Brand presence will moderate the indirect effect of disclosure recognition on news website credibility, such that high brand presence will increase the negative effect of disclosure recognition, and low brand presence will decrease the negative effect of disclosure recognition.

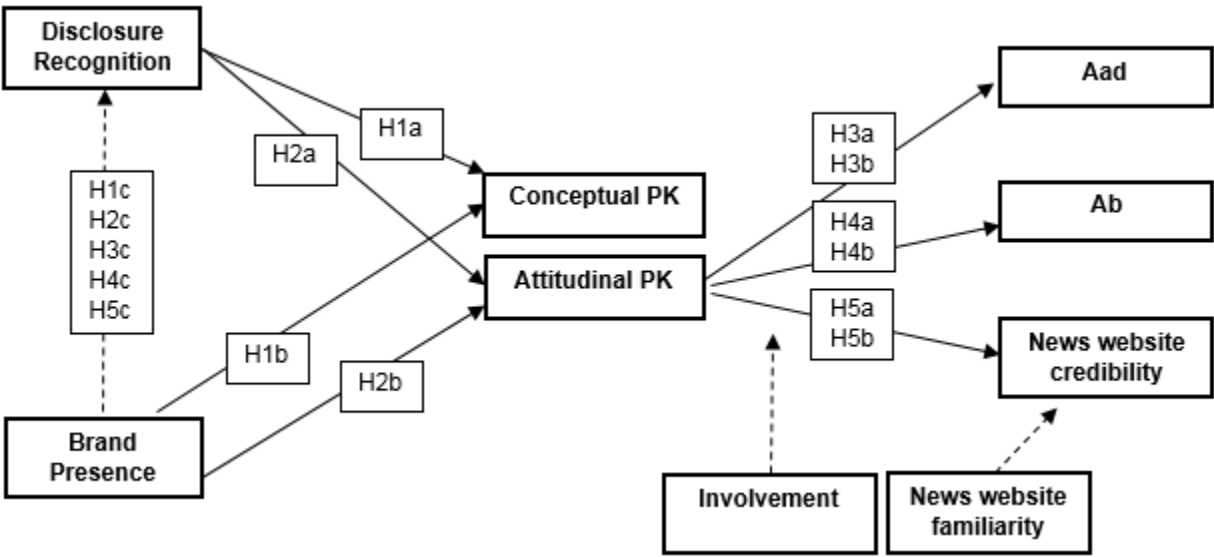


Figure 1. Conceptual model

### Methodology

To test the proposed hypotheses, which are summarized in figure 1, this study used a 2 (disclosure recognition: yes / no) x 2 (brand presence: high / low) quasi-experimental design. We varied disclosure position to create variation in disclosure recognition, as research showed that position significantly influences readers’ disclosure recognition on news websites (Wojdynski & Evans, 2015). After checking whether there were indeed significant differences in disclosure recognition, we further assessed the influence of both disclosure recognition and brand presence on the different dependent variables.

***Stimulus materials***

To increase external validity, an existing native advertisement from the technology brand Samsung about smartwatches was selected, manipulated and photoshopped into a web page of a national news website. The text of the native advertisement was written in an editorial style and described the development of the newest smartwatches. In the low brand presence condition, the text referred only one time to Samsung, whereas in the high brand presence condition, Samsung was mentioned six times. The brand name Samsung was inserted in several sentences about the newest smartwatch technologies, yet the text still did not include any selling messages and was developed in the style of the news website, meeting the requirements to be classified as a native advertisement (IAB, 2013). Furthermore, three disclosure conditions were created: the native advertisement contained either a top-, a middle- or a top-and-middle-positioned disclosure, which contained the wordings “*sponsored by Samsung*”. The disclosures were designed in the typical lay-out of the news website’s disclosures (grey typeface, Arial 11 pt.).

***Participants and procedure***

A total of 344 online news readers (53.1% women,  $M_{age} = 41.66$ ,  $SD = 13.38$ ) were recruited via a market research company. Participants first answered demographic questions and were subsequently exposed to one of the six versions of the native advertisement. They were neutrally instructed to “look at the page and read the text” and had to look at the page for at least twenty seconds. On average, participants looked 88 seconds at the page. After reading the article, they completed an online questionnaire. Participants who indicated that they had seen the article before ( $N = 34$ ), or that they had not read the manipulated article ( $N = 20$ ) were excluded from the analyses. In total, 290 surveys were analyzed.

***Measures***

Readers’ *conceptual PK* was measured on a two-item scale, asking them to indicate to what extent they thought that the text was a commercial text and to what extent they thought that the text was provided by an advertiser ( $M = 4.36$ ,  $SD = 1.16$ ;  $\alpha = .82$ ).

*Attitudinal PK* was measured on the six-item, seven-point ‘inferences of manipulative intent

scale' (Campbell, 1995), which has been utilized in several studies for measuring attitudinal PK (Ham et al., 2015) ( $M = 3.95$ ,  $SD = 1.15$ ;  $\alpha = .90$ ).

*Attitude towards the ad* was measured on a five-item, seven-point semantic differential scale: bad / good, unpleasant / pleasant, unfavorable / favorable, irritating / not irritating, not interesting / interesting ( $M = 4.81$ ,  $SD = 1.28$ ;  $\alpha = .95$ ) (MacKenzie et al., 1986).

As we used an existing, well-known brand, we did not measure readers' attitude towards the brand in general, but instead asked them to what extent their *attitude towards the brand* (Samsung) had *changed* after reading the text (Krouwer & Poels, 2016). Participants indicated on five seven-point scales to what extent they considered Samsung as: less appealing / more appealing, worse / better, less pleasant / more pleasant, less favorable / more favorable and less likable / more likeable ( $M = 4.35$ ,  $SD = .81$ ;  $\alpha = .97$ ) (Spears & Singh, 2004).

*News website credibility* was measured on a five-item scale derived from Kiousis (2001). Participants 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): ( $M = 4.49$ ,  $SD = .96$ ;  $\alpha = .81$ ).

*Disclosure recognition* was measured at the end of the questionnaire. A short text revealed that the page that had just been displayed contained a native advertisement, and subsequently asked participants whether they had noticed a disclosure either on top of the article, in the middle of the article, both on top and in the middle of the article, or whether they had not seen a disclosure at all: "(...) *The native advertisement was accompanied by a disclosure ('sponsored by Samsung'), that indicated that the text was not an editorial item, but an advertisement (...)*". Participants' responses were coded as 0 (no disclosure recognition), or 1 (disclosure recognition).

As *involvement* has been proven to be a significant moderator of consumers' evaluations (Rollins, King, Zinkhan, & Petri, 2010), participants' involvement with smartwatches was also measured, on the scale proposed by Zaichkowsky (1994), which consisted of ten seven-point semantic differential items ( $M = 3.65$ ,  $SD = 1.12$ ;  $\alpha = .93$ ). This measure was included as a covariate in all ANCOVA analyses.

Other *control measures* included participants' demographics and two questions measuring

participants’ experience with visiting the news website on a five-point scale (1 = never, 5 = daily) ( $M = 5.05$ ,  $SD = 1.58$ ) and news websites in general, on a seven-point scale (1 = never, 7 = several times a day) ( $M = 4.91$ ,  $SD = 1.07$ ).

Results

*Manipulation check: disclosure recognition.* In total, twenty percent of the participants indicated that they had noticed a disclosure (table 1). Binary logistic regression showed that disclosure recognition significantly varied among the disclosure position conditions:  $\chi^2(2) = 7.87$ ,  $p = .02$ , Nagelkerke  $R^2 = .045$ . Repeated contrasts analysis showed, in line with previous findings (Wojdyski & Evans, 2015), that participants in top-positioned disclosure conditions were significantly less likely to notice the disclosure, compared to participants in middle-positioned disclosure conditions:  $\beta = -.858$ ,  $Wald = 4.65$ ,  $p = .031$ . We checked whether disclosure position had an effect on any of the other variables, besides disclosure recognition. This was not the case. As there were also no interaction effects between disclosure position and brand presence, we were able to create four groups, using both disclosure recognition and brand presence as the independent variables in our analyses.

Table 1. Disclosure recognition based on disclosure position.

| Disclosure recognition | Top        | Middle      | Top-and-Middle | Total Sample |
|------------------------|------------|-------------|----------------|--------------|
| No                     | 88 (88,9%) | 78 (77,2%)  | 66 (73,3%)     | 232 (80%)    |
| Yes                    | 11 (11,1%) | 23 (22,8%)  | 24 (26,7%)     | 58 (20%)     |
| Total                  | 99 (34,1%) | 101 (34,8%) | 90 (31%)       | 290 (100%)   |

*Control variables.* ANOVA analyses showed no differences between the four groups on level of education ( $F(3, 286) = 1.45$ ,  $p = .154$ ), gender ( $F(3, 286) = 1.57$ ,  $p = .197$ ) frequency of visiting news websites ( $F(3, 286) = 1.24$ ,  $p = .294$ ) and experience with visiting the news website ( $F(3, 286) = 1.47$ ,  $p = .222$ ). The four groups did however differ on age ( $F(3, 286) = 3.15$ ,  $p = .026$ ), and we therefore controlled for age in all ANCOVA analyses.

In order to test all hypotheses, ANCOVA analyses with disclosure recognition and brand

presence as factors, involvement and age as covariates, and the dependent variables were conducted.

*Conceptual PK.* Results showed that, as predicted in H1a, disclosure recognition led to increased conceptual PK:  $F(1, 283) = 7.81, p = .006$ . Conceptual PK was higher among participants who had noticed a disclosure ( $M = 4.75, SD = 1.35$ ), compared to participants who did not notice a disclosure ( $M = 4.27, SD = 1.09$ ). There was no significant difference in conceptual PK between the two brand presence conditions:  $F(1, 283) = 2.23, p = .136$ , rejecting H1b. There were also no interaction effects between disclosure recognition and brand presence:  $F(1, 283) < 1, p = .830$ . Thus, H1c was rejected.

*Attitudinal PK.* The ANCOVA analysis revealed a significant effect of brand presence on attitudinal PK:  $F(1, 283) = 66.27, p < .001$ . In line with H2b, readers felt significantly more manipulated in high brand presence conditions ( $M = 4.40, SD = .88$ ) compared to low brand presence conditions ( $M = 3.28, SD = .99$ ). Yet, there was no significant influence of disclosure recognition on attitudinal PK:  $F(1, 283) < 1, p = .982$ , rejecting H2a. The results showed an interaction effect between disclosure recognition and brand presence:  $F(1, 283) = 7.76, p = .030$ , confirming H2c. When brand presence was low, readers' attitudinal PK was the lowest among readers who did not recall seeing a disclosure. Conversely, when brand presence was high, readers' attitudinal PK was highest among readers who did not notice a disclosure. Furthermore, high involvement significantly decreased attitudinal PK:  $F(1, 283) = 4.25, p = .040, B = -.102, t = -2.07, p = .039$ .

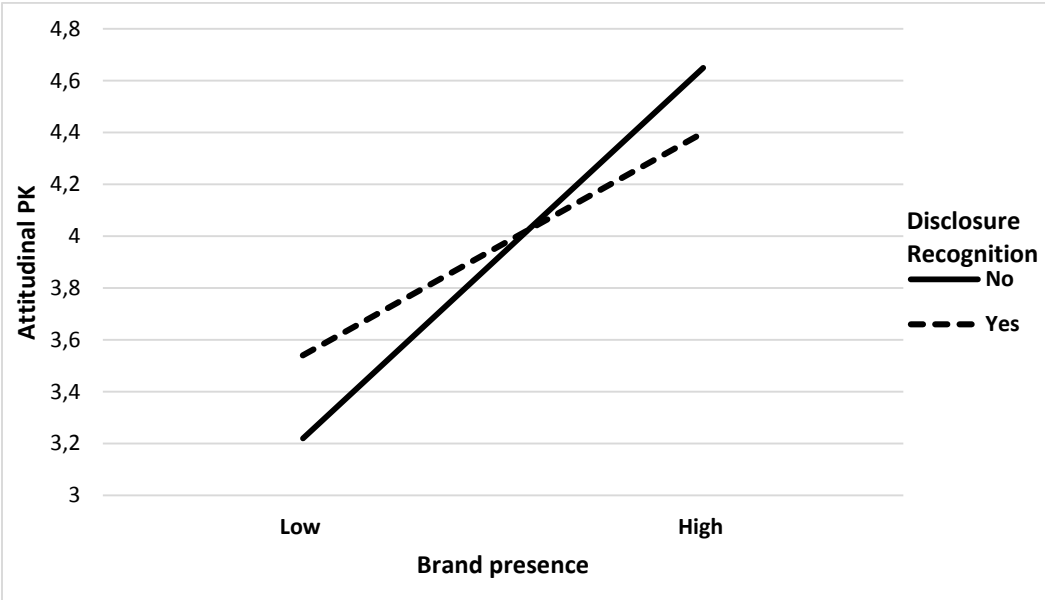


Figure 2. Two-way interaction between disclosure recognition and brand presence on attitudinal PK. Covariates appearing in the model are evaluated at the following values: involvement = 3.65, age = 41.41.

*Attitude towards the ad.* The ANCOVA analysis showed a significant influence of brand presence on attitude towards the ad:  $F(1, 283) = 5.90, p = .016$ . Attitude towards the ad was significantly more positive in low brand presence conditions ( $M = 5.08, SD = 1.03$ ) than in high brand presence conditions ( $M = 4.54, SD = 1.45$ ). Mediation analysis, using the PROCESS macro in SPSS (Hayes 2008) revealed that the negative effect of brand presence on attitude towards the ad was mediated by increased attitudinal PK. A bias-corrected bootstrap confidence interval for the indirect effect ( $ab = -.685$ ) based on 1000 bootstrap samples was entirely below zero ( $-.960$  to  $-.472$ ). In line with H3b, results showed that high brand presence significantly increased attitudinal PK ( $a = 1.30$ ), which subsequently decreased attitude towards the ad ( $b = -.526$ ). There was no evidence that brand presence influenced attitude towards the ad independently of its effect on readers' attitudinal PK ( $c1 = .175, p = .231$ ). Next, ANCOVA analysis showed that there was no significant influence of disclosure recognition  $F(1, 283) = 1.28, p = .259$  on attitude towards the ad, and that there were also no interaction effects:  $F(1, 283) < 1, p = .606$ . Therefore, H3a and H3c were rejected. Furthermore, high involvement was positively related to attitude towards the ad:  $B = .179, F(1, 283) = 7.58, p = .006$ .



*Brand attitude.* The mediation analysis revealed a significant indirect bootstrap effect (1000 samples) of brand presence on change in attitude towards the brand, mediated by attitudinal PK ( $B = -.23$ ,  $SE = .08$ ; 95%  $CI = -.397 - -.079$ ). As predicted by H4b, high brand presence significantly increased attitudinal PK ( $a = 1.30$ ), which subsequently decreased attitude towards the brand ( $b = -.180$ ). ANCOVA analysis furthermore revealed that disclosure recognition ( $F(1, 283) = 1.68$ ,  $p = .197$ ) had no significant influence on readers' change in attitude towards the advertiser and that there were also no interaction effects  $F(1, 283) < 1$ ,  $p = .952$ , rejecting H4a and H4c. The covariate involvement was positively related to attitude towards the brand:  $B = .232$ ,  $F(1, 283) = 33.74$ ,  $p < .001$ .

*News website credibility.* The analysis showed a significant effect of brand presence on news website credibility:  $F(1, 283) = 16.57$ ,  $p < .001$ . News website credibility was significantly lower in high brand presence conditions ( $M = 4.28$ ,  $SD = .94$ ), compared to low brand presence conditions ( $M = 4.70$ ,  $SD = .95$ ). Mediation analysis revealed that the effect of brand presence on news website credibility was fully mediated by attitudinal PK. A bias-corrected bootstrap confidence interval for the indirect effect ( $ab = -.363$ ) based on 1000 bootstrap samples was entirely below zero ( $-.543$  to  $-.200$ ). High brand presence significantly increased attitudinal PK ( $a = 1.30$ ), which subsequently decreased perceived news website credibility ( $b = -.279$ ). The effect of brand presence on news website credibility was fully mediated by attitudinal PK ( $c1 = -.015$ ,  $p = .906$ ), which confirms H5b. There was no significant main effect of disclosure recognition on news website credibility ( $F(1, 283) < 1$ ,  $p = .596$ ), rejecting H5a. There was, however, an interaction effect between disclosure recognition and brand presence (see [figure 3](#)). When brand presence was high, and readers recalled that they had seen a disclosure, news website credibility decreased:  $F(1, 283) = 5.29$ ,  $p < .022$ , which confirms H5c.

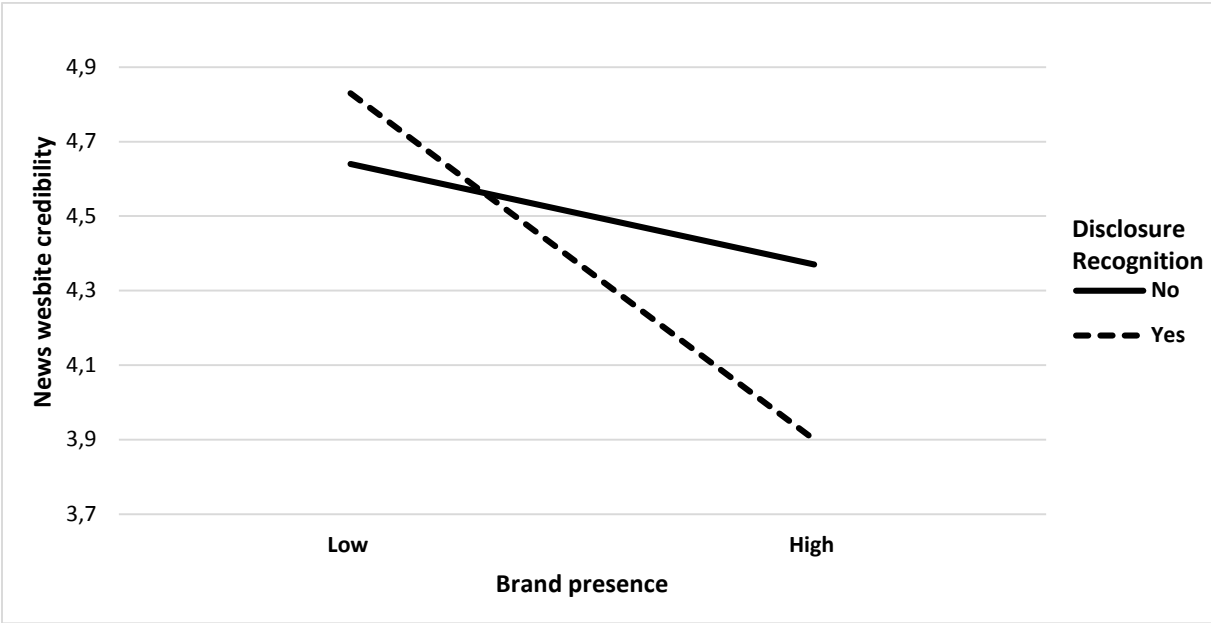


Figure 3. Two-way interaction between disclosure recognition and brand presence on news website credibility. Covariates appearing in the model are evaluated at the following values: involvement = 3.65, age = 41.41.

Furthermore, both the covariates involvement ( $B = .166$ ,  $F(1, 281) = 11.94$ ,  $p = .001$ ), and experience with visiting the news website ( $B = .112$ ,  $F(1, 281) = 8.28$ ,  $p = .004$ ) were positively related to news website credibility.

Discussion

As previous studies on the effect of disclosures in native advertising showed mixed results in terms of readers’ evaluations, the present study aimed to investigate the effects of disclosure recognition combined with the (moderating) influence of another key element of native advertisements: brand presence. The results indicate that readers’ evaluations of the ad, advertiser and news website are influenced by content characteristics (in this case, brand presence and involvement), but not by readers’ disclosure recognition. Furthermore, the study showed that this effect is fully mediated by increased attitudinal PK, but not by conceptual PK. These results suggest that it might be more important to focus on characteristics related to the content of native advertisements. When readers noticed a disclosure, they were more likely to identify the native advertisement as advertising, which is in line with previous findings (Van

Reijmersdal et al., 2015). Brand presence, however, did not have an influence on readers' conceptual PK. This may be due to the fact that most news websites often write about brands and companies, thus referring to a brand may not activate thoughts that the text is provided by an advertiser.

Second, the results also indicated that solely disclosure recognition and subsequent conceptual PK do not lead to more negative ad and brand evaluations, but that this effect mainly depends on attitudinal PK. Disclosure recognition did not lead to increased attitudinal PK and negative ad evaluations, but increased brand presence did. This could be explained by the fact that attitudinal PK and negative attitudinal responses especially occur when there are less benefits to the consumer (Campbell 1995). When the advertiser often refers to itself in a positive manner, the information could be perceived as more one-sided and subjective, which is less beneficial to the consumer (Eisend, 2006). The interaction effect showed that when readers did not notice any disclosure and brand presence was high, attitudinal PK was the highest. This might be explained by the fact that the text does feel like an advertisement, yet because there was no clear label, readers might feel misled and manipulated (Ferrer Conill, 2016). The lack of effect of disclosure recognition on attitudinal PK in our study, differs from results of other studies that did find a main effect of disclosures on attitudinal PK (Lee 2010; Van Reijmersdal et al. 2016). This might be explained by differences in disclosure wordings, as these studies used more explicit wording for the disclosure, stating that 'the following message tries to influence you' (Lee, 2010) or that 'Brand X paid for this post to influence you' (Van Reijmersdal et al., 2016).

In this study, the disclosure only indicated that the article was sponsored by an advertiser. A second interaction effect showed that disclosure recognition only had a negative effect on evaluations of the news medium when brand presence was high. Readers may value the news media's openness (Carr & Hayes, 2014), yet respond negatively when a persuasion attempt mainly benefits the advertiser (Campbell 1995; Wentzel et al. 2010). Despite the effect of disclosure position on disclosure recognition, still a minority of the participants stated that they had seen a disclosure. This means that additional steps need to be taken to further increase

disclosure recognition.

## Implications

### *Theoretical implications*

This research further improved our understanding of consumers' processing of native advertisements. As the results showed that mainly an increase in attitudinal PK negatively influenced readers' evaluations, the results provide further support for the information utility theory (Sweetser et al., 2016) and cooperative relationship theory (Kirmani & Campbell, 2004) in the context of native advertising. It seems that readers' evaluations of the content of a native advertisement have a larger impact on their overall evaluations than whether they recognize it as advertising or not. This means that future research should focus more on how content factors can increase the perceived value of the advertisement. The results of this study also imply that it is useful to study the effects of disclosures in combination with other ad elements, as these characteristics could influence disclosure effects. Finally, it is recommended to include involvement as a covariate when studying readers' evaluations of native advertisements, as differences in involvement influenced readers' evaluations in many ways.

### *Managerial implications*

First, it is recommended to both news media and advertisers to keep brand presence in the article low, in order to avoid negative attitudinal responses among readers, as high brand presence increases readers' attitudinal PK, which leads to more negative evaluations. Second, the results showed that, if brand presence is low, disclosure recognition only affects ad recognition, yet this does not negatively affect readers' evaluations. As readers are most likely to recognize middle-positioned disclosures, it is recommended to add a middle-positioned disclosure to the advertisement. However, because disclosure recognition was still rather low, further steps need to be taken to improve disclosure clarity. This study and a recent case study conducted by (Carlson, 2014) showed that particularly news media's credibility could be directly harmed when native advertising is implemented badly. News media should therefore carefully design and implement native advertisements, taking into account both disclosures and the content of the advertisement. The results of this study imply that, on the one hand,

news media should be transparent and add disclosures to native advertisements, but on the other hand may want to disguise the brand into the content in such a way that it does not annoy readers.

### **Limitations and Future Research**

Several factors could limit the current findings, and imply future research directions. First, we have manipulated an existing native advertisement of Samsung, which is a well-known brand. It is likely that when a fictitious brand (and news website) would have been used, even less readers would have recognized the advertisement (Brennan & Babin, 2004). Future studies can investigate the effects of native advertising on different types of brands. Furthermore, the text in this study mainly mentioned positive product features. Future research could further investigate the effect of brand presence when more negative information is included. This might attenuate the negative effects of brand presence (Eisend, 2006).

Second, the quasi-experimental design implies several limitations. The sample sizes were not equivalent due to non-random assignment to the four conditions. Therefore, the two disclosure recognition groups might have differed on characteristics that we had not taken into account. We did control for differences in age, level of education, gender, experience with visiting the news website and news website experience in general, however, one should be cautious with making conclusions about causality.

Another limitation of this study is that we only included self-reported disclosure recognition. It may be the case that more participants had noticed the disclosure, but could not explicitly remember this. Future research could include more direct measures of disclosure recognition, such as eye tracking. Nevertheless, it should be noted that in previous research disclosures were only effective when they were explicitly remembered and recalled (Van Reijmersdal et al., 2016). Furthermore, the results of this study do not tell whether disclosures are in general effective or not, as we did not incorporate a control condition with no disclosure.

Finally, this study showed only short-term effects of only one native advertisement on one news website. Monitoring the long-term effectiveness of native advertising and influence on news

media's reputation would be an interesting direction for future research.

Despite these limitations, the present study adds valuable insights to current knowledge on native advertising as a form of hybrid advertising, and helps both academia and practitioners to further understand the effects of disclosures, brand presence, and different dimensions of PK. The findings also imply interesting directions for future research on and the development of native advertisements, and contribute to the search for strategies for implementing native advertising in online news media, in a manner that is sustainable for the news media, effective for the advertiser, and transparent to consumers.

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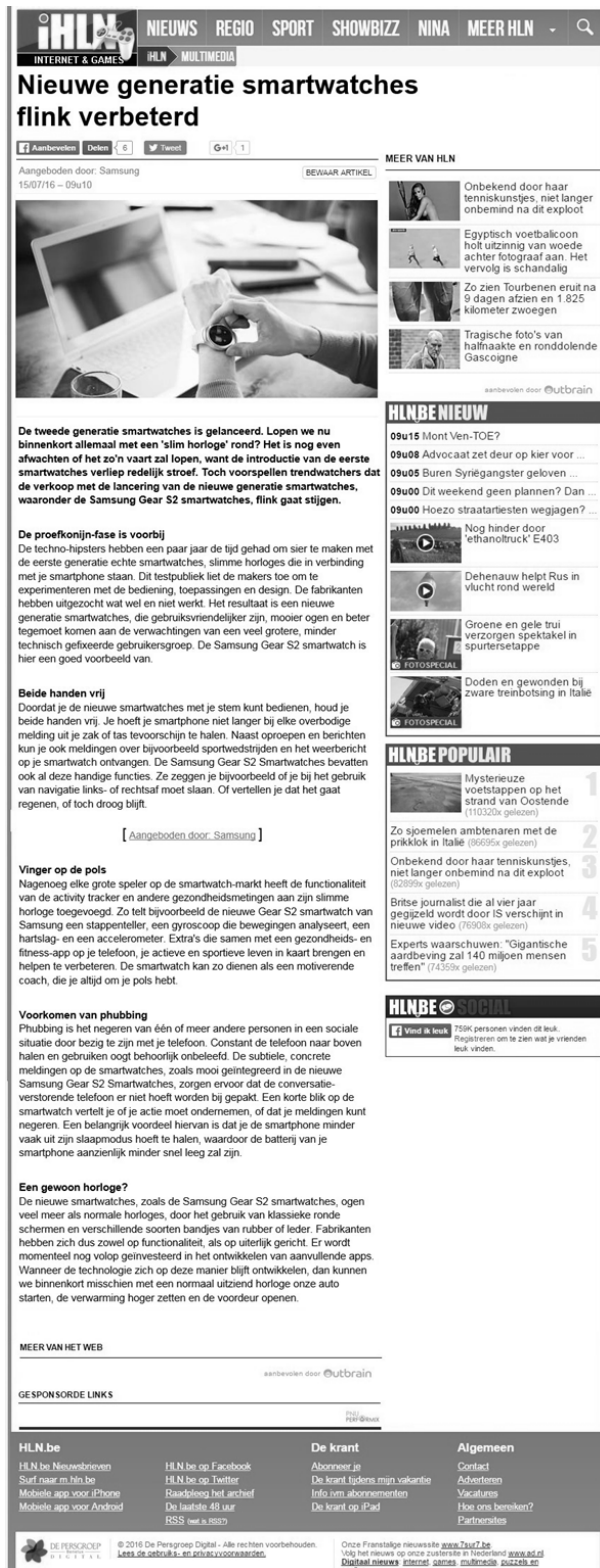
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## Appendix A: stimulus materials

Condition 1: high brand presence + top-and-middle-positioned disclosures



**HLN** NIEUWS REGIO SPORT SHOWBIZZ NINA MEER HLN

INTERNET & GAMES HLN MULTIMEDIA

## Nieuwe generatie smartwatches flink verbeterd

Aangeboden door: Samsung  
15/07/16 - 09u10

BEWAAR ARTIKEL

MEER VAN HLN

**De tweede generatie smartwatches is gelanceerd. Lopen we nu binnenkort allemaal met een 'slim horloge' rond? Het is nog even afwachten of het zo'n vaart zal lopen, want de introductie van de eerste smartwatches verliep redelijk stroef. Toch voorspellen trendwatchers dat de verkoop met de lancering van de nieuwe generatie smartwatches, waaronder de Samsung Gear S2 smartwatches, flink gaat stijgen.**

**De proefkonijn-fase is voorbij**  
De techno-hipsters hebben een jaar de tijd gehad om sier te maken met de eerste generatie echte smartwatches, slimme horloges die in verbinding met je smartphone staan. Dit testpubliek liet de makers toe om te experimenteren met de bediening, toepassingen en design. De fabrikanten hebben uitgezocht wat wel en niet werkt. Het resultaat is een nieuwe generatie smartwatches, die gebruiksvriendelijker zijn, mooier ogen en beter tegemoet komen aan de verwachtingen van een veel grotere, minder technisch gefixeerde gebruikersgroep. De Samsung Gear S2 smartwatch is hier een goed voorbeeld van.

**Beide handen vrij**  
Doordat je de nieuwe smartwatches met je stem kunt bedienen, houd je beide handen vrij. Je hoeft je smartphone niet langer bij elke overbodige melding uit je zak of tas tevoorschijn te halen. Naast oproepen en berichten kun je ook meldingen over bijvoorbeeld sportwedstrijden en het weerbericht op je smartwatch ontvangen. De Samsung Gear S2 Smartwatches bevatten ook al deze handige functies. Ze zeggen je bijvoorbeeld of je bij het gebruik van navigatie links- of rechtsaf moet slaan. Of vertellen je dat het gaat regenen, of toch droog blijft.

[ Aangeboden door: Samsung ]

**Vinger op de pols**  
Nagenoeg elke grote speler op de smartwatch-markt heeft de functionaliteit van de activity tracker en andere gezondheidsmetingen aan zijn slimme horloge toegevoegd. Zo telt bijvoorbeeld de nieuwe Gear S2 smartwatch van Samsung een stappen teller, een gyroscoop die bewegingen analyseert, een hartslag- en een accelerometer. Extra's die samen met een gezondheids- en fitness-app op je telefoon, je actieve en sportieve leven in kaart brengen en helpen te verbeteren. De smartwatch kan zo dienen als een motiverende coach, die je altijd om je pols hebt.

**Voorkomen van phubbing**  
Phubbing is het negeren van één of meer andere personen in een sociale situatie door bezig te zijn met je telefoon. Constant de telefoon naar boven halen en gebruiken oogt behoorlijk onbeleefd. De subtiele, concrete meldingen op de smartwatches, zoals mooi geïntegreerd in de nieuwe Samsung Gear S2 Smartwatches, zorgen ervoor dat de conversatie-verstorende telefoon er niet hoeft worden bijgepakt. Een korte blik op de smartwatch vertelt je of je actie moet ondernemen, of dat je meldingen kunt negeren. Een belangrijk voordeel hiervan is dat je de smartphone minder vaak uit zijn slaapmodus hoeft te halen, waardoor de batterij van je smartphone aanzienlijk minder snel leeg zal zijn.

**Een gewoon horloge?**  
De nieuwe smartwatches, zoals de Samsung Gear S2 smartwatches, ogen veel meer als normale horloges, door het gebruik van klassieke ronde schermen en verschillende soorten bandjes van rubber of leder. Fabrikanten hebben zich dus zowel op functionaliteit, als op uiterlijk gericht. Er wordt momenteel nog volop geïnvesteerd in het ontwikkelen van aanvullende apps. Wanneer de technologie zich op deze manier blijft ontwikkelen, dan kunnen we binnenkort misschien met een normaal uitziend horloge onze auto starten, de verwarming hoger zetten en de voordeur openen.

MEER VAN HET WEB

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Mobiele app voor Android

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HLN.be op Twitter  
Raadpleeg het archief  
De laatste 48 uur  
RSS feed 15/07/16

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Abonneer je  
De krant tijdens mijn vakantie  
Info over abonnementen  
De krant op iPad

Algemeen

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Adverteren  
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Condition 3: high brand presence + top-positioned disclosure


NIEUWS REGIO SPORT SHOWBIZZ NINA MEER HLN

INTERNET & GAMES
HLN MULTIMEDIA

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**De krant**  
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 De krant, tijden, mijn vakantie  
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## Condition 5: low brand presence + middle-positioned disclosure

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# Nieuwe generatie smartwatches flink verbeterd

Aanbevelen
Delen
Tweeter
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15/07/16 - 09u10

Bewaart artikel

**De tweede generatie smartwatches is gelanceerd. Lopen we nu binnenkort allemaal met een 'slim horloge' rond? Het is nog even afwachten of het zo'n vaart zal lopen, want de introductie van de eerste smartwatches verliep redelijk stroef. Toch voorspellen trendwatchers dat de verkoop met de lancering van de nieuwe generatie smartwatches flink gaat stijgen.**

**De proefkonijn-fase is voorbij**

De techno-hipsters hebben een paar jaar de tijd gehad om sier te maken met de eerste generatie echte smartwatches, slimme horloges die in verbinding met je smartphone staan. Dit testpubliek liet de makers toe om te experimenteren met de bediening, toepassingen en design. De fabrikanten hebben uitgezocht wat wel en niet werkt. Het resultaat is een nieuwe generatie smartwatches, die gebruiksvriendelijker zijn, mooier ogen en beter tegemoet komen aan de verwachtingen van een veel grotere, minder technisch gefixeerde gebruikersgroep.

**Beide handen vrij**

Doordat je de nieuwe smartwatches met je stem kunt bedienen, houdt je beide handen vrij. Je hoeft je smartphone niet langer bij elke overbodige melding uit je zak of tas tevoorschijn te halen. Naast oproepen en berichten kun je nu ook meldingen over bijvoorbeeld sportwedstrijden en het weerbericht op je smartwatch ontvangen. Ze zeggen je bijvoorbeeld of je bij het gebruik van navigatie links- of rechtsaf moet slaan. Of vertellen je dat het gaat regenen, of toch droog blijft.

[Aangeboden door: Samsung]

**Vinger op de pols**

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09u08 Advocaat zet deur op kier voor ...

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09u00 Dit weekend geen plannen? Dan ...

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Aangeboden door: Samsung  
15/07/16 - 09u10

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# 3

## *“Scrolling through news, and advertising”*

Exploring readers’ recognition and evaluations of native advertisements  
in a mobile news app

*Published as:* Krouwer, S., Poels, K., & Paulussen, S. (2019). Exploring readers’ evaluations of native advertisements in a mobile news app. *Journal of Media Business Studies*.

doi:10.1080/16522354.2019.1573396

### Abstract

Mobile news consumption is rising quickly, just as the appearance of native advertisements on mobile news platforms, yet little is known about readers' mobile native advertising recognition and perceptions. This qualitative study, therefore, explores how readers recognize and perceive in-feed native advertisements in a mobile news app. Usability tests combined with interviews with 24 users of a national news app showed that in the mobile environment, readers are generally able to recognize native advertisements. The findings suggest four key factors that influence readers' evaluations: (1) perceived utility, (2) source credibility of the advertiser, (3) perceived control, and (4) recognizability. The results suggest that besides readers' advertising recognition, the advertisements' content and context play an important role in explaining readers' perceptions of native advertising.

## Introduction

As digital news outlets often cannot survive through subscription revenues alone, advertisements are an important element of their business model (Newman et al., 2018). However, online news readers have become better at both ignoring and, sometimes, even completely blocking traditional display advertisements, which are often considered as irritating and intrusive (Fransen, Verlegh, et al., 2015). To combat this advertising avoidance and generate new revenue streams, many news outlets are incorporating 'native advertisements' into their online news platforms (Einstein, 2016). In-feed native advertisements on news websites can be defined as advertisements that mimic the look and feel of editorial news articles (Wojdyski & Evans, 2015). Native advertisements' editorial format and subtle placement between the editorial news aim to minimise ad avoidance and increase engagement among readers (Wojdyski, 2016). Indeed, it has been shown that readers respond more positively towards advertisements that are less intrusive and that match the surrounding editorial content (Becker-Olsen, 2003; Van Reijmersdal et al., 2005). However, some scholars and practitioners argue that this is mainly because the editorial appearance of the native ads misleads readers into thinking that they are looking at an editorial news article (Amazeen & Muddiman, 2017; Einstein, 2016). This would be problematic, as deceptive advertising practices could jeopardise readers' trust in the outlets (Einstein, 2016). Therefore, consumer protection organisations have issued guidelines on native advertising, recommending advertisers and media to make native advertisements clearly identifiable as advertising, by utilising disclosures (such as: "sponsored content") (Ferrer Conill, 2016).

To date, most studies on native advertising have been focused on readers' recognition of these disclosures and the commercial nature of native advertisements and on how readers' advertising recognition may impact their evaluations of the ad and advertiser. A vast amount of research has been built around the "Persuasion Knowledge Model", which suggests a negative relationship between readers' recognition of any advertising attempts and their evaluations (Wojdyski, 2016). Several studies showed indeed that readers' disclosure and advertising recognition could negatively influence their evaluations of the advertisements and advertisers (Van Reijmersdal et al., 2016; Wojdyski, 2016). Yet contrary to these findings, there

are also studies that do not show a negative effect of disclosure and advertising recognition on readers' evaluations of native advertising (Becker-Olsen, 2003; Carr & Hayes, 2014). These studies suggest that whether native advertising yields positive effects (or not) for the advertiser does indeed not solely depend on readers' ad recognition. The few experimental studies that have been focused on other factors besides ad recognition showed that readers' involvement with the topic (Krouwer & Poels, 2017) and perceived utility of the content (Sweetser et al., 2016) also affect readers' evaluations of native advertisements. However, research on other factors related to the content and context of native advertisements, which may also have an influence on readers' evaluations, remains scarce. Therefore, the first aim of the present study is to map the different factors that influence readers' perceptions of native advertising by taking a more explorative, qualitative approach.

Second, prior research has devoted little attention to readers' perceptions of the news outlets that incorporate native advertisements. A few experimental studies have measured the direct influence of readers' native ad recognition on the credibility perceptions of the news website that incorporates the native ad (Amazeen & Muddiman, 2017; Krouwer et al., 2018), yet more research is needed to gain a deeper insight into readers' perceptions of different types of news outlets that incorporate native advertising. It is important to further investigate this, as the reputational damage for news outlets might outweigh the financial benefits that native advertising can bring (Amazeen & Muddiman, 2017). Maintaining readers' trust is essential to news media brands, and if readers feel tricked or confused by native advertisements, this trust might be jeopardised (Einstein, 2016).

A third and final gap in current knowledge is that to date, the studies on readers' native advertising recognition and evaluations have been conducted on a personal desktop or laptop computers. However, mobile news consumption has doubled between 2012 – 2018, and in many countries (e.g. the UK, USA, Sweden, Mexico) smartphones have overtaken the computer as the main device for accessing news (Newman et al., 2018). The technological characteristics of mobile devices, such as the screen sizes, portability, and context-sensitivity, could affect consumers' news and advertising experiences and preferences (Struckmann & Karnowski, 2016; Westlund, 2008). For instance, the content on mobile devices is often displayed

differently due to the smaller screen sizes and different interfaces, which might have an influence on readers' disclosure and ad recognition (Grewal, Bart, Spann, & Zubcsek, 2016). Furthermore, readers' motivations for using the mobile news application and their willingness to pay for mobile news may also have an impact on their (native) advertising preferences (Struckmann & Karnowski, 2016; Wolf & Schnauber, 2015), yet less attention has been paid to native advertising in mobile contexts. Following these gaps in current knowledge, the aim of the present study is to investigate readers' general recognition and evaluations of native advertisements in a mobile news environment, by conducting usability tests and semi-structured interviews with mobile news readers. The literature review will further discuss the three knowledge gaps that have been outlined in the introduction, leading to the three central research questions that the study is aimed to answer.

## **Literature Review**

### ***Readers' mobile native advertising recognition***

The editorial format of native advertisements can potentially mislead readers into thinking that they are reading editorial news (Wojdyski, 2016). Therefore, native advertisements need to be accompanied by a disclosure label that indicates their paid nature, such as "sponsored content" (FTC, 2015). To date, the vast amount of research has been focused on readers' recognition of the disclosures and native advertisements (Amazeen & Muddiman, 2017; Campbell & Evans, 2018; Wojdyski & Evans, 2015). Previous eye-tracking research on desktop news websites suggests that in a computer context, readers often do not notice disclosures when they are looking at native advertisements (Wojdyski & Evans, 2015). However, little knowledge is available about readers' disclosure and advertising recognition in mobile news contexts. Due to the smaller screen sizes of the mobile devices, mobile content is often not surrounded by other content or advertisements (Chae & Kim, 2004). As there is less distraction of other elements, readers might be more likely to notice the disclosures on their mobile phones and recognise the native advertisements as advertising (Grewal et al., 2016). Additionally, the smaller screen sizes of mobile phones make it less likely that readers will be immersed when consuming the content (Humphreys, Von Pape, & Karnowski, 2013), which may also affect readers' advertising recognition.

Another gap in the available literature is readers' advertising recognition before they click to land on the page with the native advertisement. Previous studies on readers' native advertising recognition directly showed the web page with the native advertisement to the readers (Krouwer et al., 2018; Wojdyski & Evans, 2015). This differs from the general practice where readers first need to click on the headline of a native advertisement before being exposed to the full advertisement. As the headlines of native advertisements on the front page of the news website are often accompanied by a disclosure, it might be the case that readers already recognise the ad before they click on the headline to read the native ad. Hence, research that takes into account readers' natural user behaviour and the different stages of their exposure to the native ad may further advance our understanding of readers' advertising recognition. This study is aimed to explore readers' mobile native advertising recognition at these different stages of exposure, via the following research question:

RQ1: To what extent, when, and how do readers recognise native advertisements in a mobile news environment?

### ***Readers' processing and evaluations of native advertising***

The vast majority of studies on native advertising has been focused on the relationship between readers' advertising recognition and their evaluations, using the Persuasion Knowledge Model (PKM) (Wojdyski, 2016). First, we briefly present the main insights from these studies. Next, we take a broader look at other factors that may influence readers' appreciation of native advertising.

*Disclosures and ad recognition.* Due to the editorial look and feel of native advertisements, readers' Persuasion Knowledge (PK) – i.e. the knowledge and tactics that readers use to identify advertisements and cope with them (Friestad & Wright, 1994) – may not be activated when they are exposed to the ads. Studies that have been built around the PKM suggest that native advertisements (partially) work because readers do not recognise them as such (Boerman & Van Reijmersdal, 2016; Wojdyski, 2016). This follows the intentional exposure theory, which states that readers are more open and positive towards editorial content that can fulfil their media gratifications (Lord & Putrevu, 1993). In contrast, people do not like to be unwillingly



influenced by advertisements (Brehm, 1966), and recognising a native advertisement, i.e. through PK activation, can therefore trigger resistance among readers (Fransen, Verlegh, et al., 2015; Van Reijmersdal et al., 2016). On the other hand, when readers are exposed to a native advertisement while thinking that they are looking at news and find out later that they were actually looking at an advertisement, this might also breach their trust (Einstein, 2016). Being transparent about the commercial intent in advance may decrease these feelings of deception (Becker-Olsen, 2003; Carr & Hayes, 2014). Considering these conflicting effects of being transparent about the commercial intent behind native advertising, more research is needed to further explore the influence of disclosure and ad recognition versus deception on readers' evaluations of native advertisements, advertisers, and news websites. Furthermore, some studies did not find a direct relationship between readers' advertising recognition and their evaluations of native advertisements (Becker-Olsen, 2003; Boerman & Van Reijmersdal, 2016; Krouwer et al., 2018). These studies suggest that to fully understand differences in readers' processing and evaluations of native advertisements, more research on factors related to the content (e.g. topic, advertising characteristics) and context (e.g. type of advertiser, news website and news reader) is needed.

*Content characteristics.* Because of the editorial format of native advertisements, readers may be more likely to perceive that the content provides value to them (Sweetser et al., 2016; Van Reijmersdal et al., 2005). Information utility theory and uses and gratifications theory state that readers' evaluations of not only editorial content, but also content provided by advertisers, are largely influenced by the perceived informational value of the content (Ducoffe, 1995; Katz et al., 1973). For instance, a study on sponsored web content showed that even though the vast majority of readers recognised the content as advertising, the sponsored content was still more positively evaluated compared to traditional advertisements, because readers appreciated the informational value of the content (Becker-Olsen, 2003). On the other hand, when sponsored content mainly benefits the advertiser, readers may evaluate it more negatively. For instance, Krouwer et al. (2017) showed that when a brand is more prominently featured in a native advertisement's text (i.e. more mentions of the brand), readers feel more manipulated, which negatively impacts their evaluations of the brand. Apart from these studies, empirical research

on the influence of content characteristics on readers' native advertising evaluations remains scarce. Yet these preliminary findings suggest that it is important to further explore the different content characteristics that may influence readers' evaluations.

*Context Characteristics.* Readers' perceptions of native advertisements might also differ due to context characteristics, such as the type of advertiser and news website. For instance, a case study suggested that readers can completely despise a native advertisement, just because of their negative predisposition towards the advertiser (Carlson, 2014). Yet, more research is needed to gain a better understanding of whether and how the type of advertiser affects readers' native advertising evaluations. Regarding the type of news platform, the mobile contextual factors of a news application may affect not only readers' advertising recognition but also their (native) advertising preferences and evaluations of the news outlet (Struckmann & Karnowski, 2016). For instance, consumers often use news applications on-the-go, when they have a clear information-seeking motive. Thus, different technological characteristics and user motivations may also affect their (native) advertising preferences (Brasel & Gips, 2014; Grewal et al., 2016). For more traditional types of mobile advertising, studies have shown that perceived usefulness and relevance of the ad, credibility of the ad, and user experience could positively influence readers' evaluations of these particular mobile advertising formats (Liu, Sinkovics, Pezderka, & Haghirian, 2012; Merisavo et al., 2007). These factors might also play a role in readers' perceptions of mobile native advertisements (Struckmann & Karnowski, 2016). For example, owing to their editorial format, native ads might be perceived as more relevant than banner and video advertisements (Shim, You, Lee, & Go, 2015). On the other hand, their lengthier format might also be perceived as more intrusive and less user-friendly in mobile contexts, which could lead to more negative evaluations (Grewal et al., 2016; Molyneux, 2017; Shim et al., 2015). This study will map the different factors that have an influence on readers' evaluations of native advertising in a mobile news context (also compared to other advertising formats), by answering the following research question:

RQ2: How do readers evaluate native ads in mobile news apps, and which factors influence these evaluations?

### ***Consequences for the (mobile) news outlets***

News media traditionally maintained a so-called “wall” between their commercial and editorial functions (Coddington, 2015). It has been argued that because native advertising is more intermingled with editorial content, readers could start to question journalists’ autonomy and the news website’s credibility (Einstein, 2016). Some studies found indeed a negative relationship between readers’ native advertising recognition and evaluations of the media outlet (Amazeen & Muddiman, 2017; Wojdynski & Evans, 2015), yet other studies could not demonstrate this relationship (Becker-Olsen, 2003; Krouwer et al., 2018). This suggests that besides ad recognition, different characteristics of the native advertisements and news websites may explain readers’ acceptance of native advertising on news websites.

Regarding the influence of the type of news context, several studies show that readers’ willingness to pay for news via mobile apps is significantly lower compared to that of the readers’ of desktop websites and print editions (Berger, Matt, Steininger, & Hess, 2015; Chyi, 2012). On the other hand, it has also been suggested that when readers are not willing to pay for online news, they are more likely to accept advertising (Gundlach & Hofmann, 2017), which may suggest that readers of free mobile news apps may be more open towards native advertising formats. Considering these factors that could all have an effect on readers’ perceptions of the news outlet, more research is needed to gain a better understanding of when and how native advertising has an influence on readers’ perceptions of the news outlet.

RQ3: How does the use and presence of native advertising influence readers’ evaluations of the news outlet?

### **Methodology**

A qualitative approach was adopted for this study. This approach allows researchers to explore new factors that may influence readers’ evaluations, create a deeper understanding of readers’ underlying thoughts, and consider contextual factors (Morrison, 2011). The study utilised usability testing in combination with semi-structured interviews. The usability test of the news app provided more insight into whether, when, and how readers recognise mobile native advertisements, and their underlying thoughts when they are looking at a native advertisement. The test also helped readers to become familiar with the notion and concept of

“native advertising” and other advertising formats. The subsequent interview enabled the researchers to further examine readers’ perceptions of native advertising in mobile news environments at a more comprehensive level.

*Participants.* Participants were selected using purposive sampling. Twenty-four readers of a free national news app in The Netherlands, varying in age, gender, and level of education, were recruited via a market research company, and they were invited to “help the media company to gain more insight into how its users evaluate the news app.” Participants were not informed beforehand that the main purpose of the study was to gain more insight into their perspectives of native advertising. This allowed the researchers to naturally test participants’ native ad recognition during the usability test. It also minimised the social desirability bias in participants’ answers. The study was conducted at the office of a national news organisation. All readers received a small monetary incentive for their participation, and their travel costs were covered. The 24 readers (13 males and 11 females) were between 21 and 60 years of age ( $M$  age = 40 years), with varying levels of education. Seventy percent of them indicated that they used the news app selected for the study at least once a day.

*Usability test.* We conducted the usability test using a special testing smartphone on which an offline version of the news app had been installed. A small camera above the smartphone and installed screen capturing software allowed the researchers to monitor and record readers’ mobile scrolling behaviour on a computer screen. The researcher and the participants were in the same room. The readers were asked to scroll through a test version of the home page of the news app, and “think aloud” while doing that. Each participant was directed to the same two news articles, banner advertisement, pre-roll video advertisement and news video, and native advertisement. The news articles that were utilised in the test were about non-sensitive news topics. The topic of the native advertisement was: “How to save on your energy bills,” and the ad was sponsored by a national organisation for homeowners. The native ad headline was positioned between the news articles, yet distinguished from the other news headlines via a grey-coloured background (as opposed to the white background), the wordings “*Sponsored by [brand],*” and the company’s logo (see appendix 1). The page of the native ad itself also

contained a disclosure, again, using the wording “sponsored by [brand],” a logo, and a grey background. The disclosure was positioned below the headline of the native advertisement. We assessed whether readers actively mentioned that they were looking at an advertisement, and we asked about their thoughts when they were looking at the text. As we constantly asked readers about their thoughts, this did not lead to suspicion when enquired about the ads. After readers completed the usability test, which took about 15 minutes, semi-structured interviews were conducted.

*Interviews.* On average, the interviews took 45 minutes. During the interviews, several topics related to the mobile news app were covered (e.g. usability, advertisements, news categories), using a semi-structured questionnaire. By talking about native advertising along with all kinds of in-app elements, we avoided a priming effect and reduced the social desirability bias. Before talking about the topic of native advertising, all readers received the same introduction: “One of the things that we showed you during the usability test was a native advertisement. Native advertisements are advertisements that are designed in the look and feel of a news article.” We then showed the readers two other native advertisements from two different news categories (one was about cars and the other one about vitamin D), to decrease bias in readers’ evaluations due to the specific ad that they had seen while interacting with the mobile news app. Next, we addressed the topic of native advertising. Questions were derived from the research framework, to enquire readers about their thoughts on native advertising, their evaluations of native advertising, advertisers and the news app, the factors that influence these evaluations, and their evaluations of different advertising formats, such as banner advertisements, native advertisements, and pre-roll video advertisements.

*Data analysis.* All the conversations during the usability test and the interviews were transcribed and iteratively coded. In a first round, we coded the data using pre-defined themes. In the second round, we addressed the data that could not be covered via the pre-defined themes. Next, we used focused coding to group the themes and discover patterns in the collected empirical data. Finally, the findings were related to insights from the literature review.

## Findings

### *Mobile native ad recognition*

The usability test demonstrated that participants were capable of recognising native advertisements in a mobile news context. When asked why they thought they were looking at an advertisement, readers mentioned the labelling on the front page. On being asked how they could distinguish native advertising headlines from news headlines, readers referred to visual characteristics of the disclosure on the front page, such as the grey background colour and the company's logo next to the headline. The second disclosure on the page of the native advertisement was less likely to be noticed. Although the visual characteristics of the disclosure (i.e. colour and the sponsor's logo) were helpful, the text of the disclosure could still cause confusion among readers. One of the readers stated: *"I consider this more as news, as information. The article is sponsored, but that doesn't say anything about the author of the article, right?"* (R24, male, age 47). Furthermore, when readers were directly focused on the content of the advertisement they did not notice the disclosure and subsequently misinterpreted the advertisement as editorial news. This suggests that readers experience difficulties in recognising native ads when they do not notice the disclosure or when the disclosure is unclear to them.

Readers' advertising recognition was only to a certain extent related to their evaluations. Although the interview data suggest that readers often try to avoid any type of advertisement, their answers also show that they sometimes intentionally pay attention to native advertisements, even though they are aware that an advertiser has provided the content. A reader said, *"Sometimes I see an interesting headline, and then I see that it's sponsored content. But oh well, if it's interesting... It just depends on whether it's interesting."* (R2, female, age 24).

Thus, it seems that the activation of conceptual PK (ad recognition) does not always lead to more resistance or avoidance. Other factors may also play a role. More specifically, by our analysis of the interview data we distinguish four factors that seem to influence readers' evaluations: information utility, source credibility, perceived control, and recognisability.

### ***Factors that influence readers' evaluations of native advertising***

*Information utility.* First of all, readers in our study seemed to take a kind of “value exchange” approach towards native advertising. If a native ad could fulfil their needs for certain information, they were willing to pay attention to it, and their evaluations of the ad was more positive. Based on the headline, the readers evaluated whether it is worth paying attention to the ad. Next, if the ad fulfils their expectations, they may evaluate it positively, which is evident from a reader's comment who stated: *“I quickly recognise advertisements. However, sometimes you are looking for certain information and if the advertisement provides me that information, I am interested in reading it anyway.”* (R13, male, age 34).

So the readers seemed to set expectations for native advertisements that are similar to what they expect of editorial news articles. When evaluating the three different native advertisements that were shown to them in the study, readers mainly based their opinions on whether an ad fulfils their informational needs. This may also explain why the readers were most negative in their evaluations of the sample native advertisement about a new car, which was perceived as “too commercial” and “mainly about the product.” In contrast, the native ad about vitamin D was more appreciated, as readers perceived the information provided in the ad as “trustworthy” and “valuable.” Also, the native ad on energy bill savings was perceived as “helpful.” Information utility theory, which describes the relationship between perceived informational value and consumers' evaluations of advertising (Ducoffe, 1995), seems to play an important role in explaining readers' evaluations of native advertising. If readers consider the information in the native advertisements as valuable to them, they can have a positive attitude towards the advertisement, even if a commercial source provides the information.

*Source credibility.* Next to information utility, the source credibility (of the advertiser) is a contextual factor that also seems to play an important role. Source credibility is defined as the extent to which consumers consider a source as an expert and trustworthy (Pornpitakpan, 2004). When readers mentioned that they have had a negative experience with one of the advertisers of the sample native advertisements, they automatically evaluated the advertisement negatively simply because they did not trust the advertiser. They stated that they normally would not even click on the native ad when it is provided by an advertiser whom

they do not like. Conversely, when readers trusted the advertiser, they were much more open towards the message. A reader commented: *"This advertisement is provided by a cooperation for homeowners, which is interesting to me. But as soon as it is a very commercial organisation that only wants to sell me a product, I will not read it."* (R13, male, age 34).

Thus, both source credibility and credibility of the information influenced readers' evaluations. It might be that in some cases information utility can outweigh source credibility, and vice versa, depending on how strong readers' negative or positive predisposition towards the advertiser is. The extent to which the advertisers that provided the sample native advertisements were considered to be almost trustworthy mainly depended on participants' own values and experiences with the advertisers. This makes it difficult to determine when an advertiser can provide native advertising, without eliciting negative responses. Still, the findings suggest that the source credibility theory should be taken into account when investigating readers' perceptions of native advertisements (Pornpitakpan, 2004).

*Perceived control.* The readers of the news app repeatedly indicated that they did not mind any native advertisement as long as they were in control and could decide themselves whether they would read it or not. It was clear from a reader's reaction who stated, *"I mean, everyone can publish native advertisements, and it is up to yourself whether you decide to pay attention to it or not."* (R18, female, age 52).

This "control" was one of the main reasons why readers generally preferred native advertisements over the two other advertising formats that were discussed during the interviews: banners and pre-roll video advertisements. The readers considered native ads to be less intrusive than banners and video ads, and they liked the fact that they could decide themselves whether they would click on the title and read the native advertisement. The mobile context seemed to increase the readers' perceptions of the intrusiveness of banners and mobile video advertisements. For instance, readers mentioned the lack of control that they felt when a video advertisement with sounds automatically started to play while they were using the news app publicly. Banner advertisements were also considered as annoying due to their size and the fact that they often automatically redirect readers to another website. Especially



in a mobile context, banners generally take up a large part of the screen, which makes them even more intrusive: *“Because those large advertisements, like this one... Sometimes you’re scrolling and then you accidentally click on a banner ad. And then you have to close the ad again, and go back to the app. It’s a matter of seconds, but it’s annoying anyway.”* (R13, male, age 34)

Conversely, readers stated that native advertisements are “more easily to scroll across.” because their headlines are the same size as that of the news articles. They then can decide themselves whether they consider it to be worth clicking on the headline and viewing the native ad or not. Next, if the native advertisement matches readers’ expectations, they may evaluate it positively: *“I can choose whether I click on a native advertisement or not, whereas banner advertisements are annoyingly present in the app (...). With these native advertisements, you know: they may be sponsored, but you also know that, at least, they contain information.”* (R16, female, age 56)

*Recognisability.* To stay in control and make a conscious decision on whether they want to expose themselves to a native ad, readers consider it as important that native advertisements are easily recognisable. The usability test showed that both the visual characteristics, as well as the wordings of the disclosure play an important role. During the interviews, readers mentioned the importance of a disclosure upfront, which enables them to decide themselves whether they are willing to pay attention to the ad or not. They also recalled situations in which they were not aware that they were clicking on a native ad (not just in this particular news app but also in other online contexts) and the frustration this lack of control caused. A reader stated the following: *“The first time I saw a native advertisement, I did recognise it, but I also thought: it is annoying that you expect an article and end up with something else.”* (R20, male, age 30). Thus, it is not only important to disclose a native advertisement as such but also to do this upfront, as readers do not want to be unwillingly influenced (Campbell, 1995).

### ***Implications for the news outlet***

The readers we interviewed were either neutral or positive about the fact that the news app

contained native advertisements. This may be explained by the fact that they seemed to be well aware of the revenue model of the mobile news outlet. For instance, they started to explain that they realise that the native advertisements are necessary to keep the news app “free.” A reader stated, *“I simply realise that advertisements are necessary... I understand that they generate revenue that is needed to maintain the news app. In the end, it’s simple as that.”* (R19, male, age 29).

This indicates an implicit social contract between them, advertisers, and news media (Gordon & De Lima-Turner, 1997); it seems that readers are tolerating native advertisements in exchange for free access to news (Gundlach & Hofmann, 2017). However, although native ads are tolerated (and generally more positively evaluated than traditional online advertising formats), they should not disturb the user experience. For instance, readers mentioned the number of native advertisements that they considered appropriate, arguing that it should be balanced with the amount of editorial news.

Due to their relative unobtrusiveness (i.e. as compared to banners and pre-roll video ads), readers were positive about the integration of native ads in the news app, provided that they contained a clear disclosure. In general, it was clear to them that the content of the native advertisement was created by the advertiser or the advertising department, which may explain the fact that the implementation of native advertising did not harm their trust in the news app. However, the interview data also shows that the separation between advertising and editorial departments is key to maintain readers’ trust. When asked, readers stated that they do not want journalists to write the native ads: *“If journalists write native advertisements, readers’ interests will be mixed with the interests of the advertiser. However, when I’m reading a news article, I always expect a critical view. When there’s a sponsor involved, I expect that the article will be rather positive.”* (R15, male, age 38)

Readers who thought that journalists were involved in producing the content, considered native advertisements to be more deceptive and showed less trust towards the news app.

However, it seems that native advertising does not generally harm readers' evaluations of the digital news outlet as long as the ads are perceived as valuable and not deceptive and as long as it has been made clear that journalists are not involved in the production of the native ads': "They [the advertisers] need to make it attractive to readers to click on the native advertisement, while also making us [readers] aware of the fact that it is sponsored content and not news" (R8, male, age 47)".

## **Discussion and conclusion**

This explorative study is aimed to provide more insight into how readers recognise and evaluate native advertisements in a mobile news app, a type of advertising that has been risen in popularity, due to consumers' avoidance of traditional advertising formats and generally low willingness to pay for online news (Ferrer Conill, 2016). The first research question aimed to investigate readers' native ad recognition in a mobile news context. When interacting with the news app, readers generally recognised native advertising as such, mostly on the home page, before clicking on the advertisement. This is in contrast to other studies that have been conducted on desktop or laptop computers, where only a minority of readers was able to recognise the native advertisement (Wojdyski, 2016; Wojdyski & Evans, 2015). One explanation may lie in the characteristics of a mobile web page (Grewal et al., 2016). As a mobile screen is smaller, it is not possible to display many website elements at the same time (Ghose, Goldfarb, & Han, 2012), which may increase the likelihood that readers noticed the disclosure. Empirical research can further test this relationship by directly comparing readers' ad recognition on different devices. A second factor that could have an influence is the look and feel of the disclosure. When readers recognised the advertisement, they referred mainly to visual elements of the disclosure on the app's front page, such as the grey background colour and sponsor's logo. This is in line with recent experimental research that showed that visual proximity and a logo can indeed help readers to recognise native advertisements (Wojdyski, 2016). Third, in this study, readers who did not recognise or understand the disclosure before clicking on the native advertisement's headline or on the page with the native advertisement often also did not recognise the native ad as advertising when reading the text. Thus, the findings confirm that of previous research, which suggested that a clear disclosure, both in

terms of visual and content characteristics, is necessary to avoid deceptive advertising practices. Considering the findings on readers' remarkably high mobile native ad recognition, specifically before they clicked to view the full native advertisement, the study suggests that contextual factors, such as the nature of device and natural user behaviour, should be more often considered when investigating readers' disclosure and ad recognition.

Through our second research question, we aimed to gain more insight into the different factors that explain readers' evaluations of native advertising. Previous research has been mainly focused on the influence of readers' advertising recognition on their evaluations of native advertisements on news websites, following the PKM (Amazeen & Muddiman, 2017; Wojdyski & Evans, 2015). However, some studies did not find a relationship between readers' advertising recognition and evaluations and stated that other factors may play a role as well. The present study shows that indeed readers' evaluations of native advertising do not only depend on ad recognition and suggest that at least four other key factors should be taken into account when investigating readers' perceptions of the native advertisements on news websites: (1) perceived utility, (2) source credibility, (3) perceived control, and (4) recognisability.

First of all, readers were mostly concerned about the editorial value and utility of native advertisements. One of the prominent reasons that readers are using mobile news platforms is because they are seeking information on the go (Shim et al., 2015). Due to their editorial format, native advertisements may also be able to partially fulfil this need for information. In this study, readers stated that they could intentionally pay attention to native advertisements and may evaluate them positively if the subject and content of a native advertisement matches their informational needs, also when they know that they are looking at is an advertisement. Conversely, the readers evaluated native advertising more negatively when an advertisement is perceived as overly commercial and not useful to them. This is in line with theories that describe the interaction between advertisers and consumers as a value exchange, such as the information utility theory and inferences of manipulative intent theory (Campbell, 1995; Sweetser et al., 2016) and previous research on the influence of brand presence in native advertisements' text (Krouwer et al., 2018). Eventually, readers seem to make up a balance: if

they gain enough value out of the persuasive attempt, they tend to respond more positively to it, but when it is mainly the advertiser who is benefitted, they are likely to feel disadvantaged and have subsequently a more negative opinion about the advertisement and advertiser. Thus, more effort should be focused on increasing levels of perceived information utility in the native advertising formats (Sweetser et al., 2016).

Second, source credibility theory (Pornpitakpan, 2004), in the advertiser's context, also influences readers' ad evaluations. It seems that pre-existing negative perceptions of an advertiser cannot be solved with native advertising, as readers were not open towards messages of advertisers they did not like in the first place. Thus, building trust in a brand might be an important prerequisite to making native advertising effective. It should be noted that readers sometimes do not tolerate native advertisements that are provided by advertisers whom they consider as untrustworthy or antisocial (Pornpitakpan, 2004). To avoid reputational damage, news media should be cautious when deciding which advertisers are allowed to publish native advertisements on their platforms. Furthermore, scholars who investigate different native advertising strategies should aim to replicate their findings for different types of advertisers, to eliminate the influence of the advertiser.

A third important factor is the amount of control that readers feel they have. Readers in this study showed that they wanted to be able to decide to pay attention to a native advertisement or not. This finding is in line with previous research on consumers' attitudes towards other online advertising formats, which showed that advertisements that rank high in positive perceptions are the ones where it is the individual's personal choice to be exposed (Grusell, 2007). Perceptions of user control may be even more important for native advertisements in a mobile news environment. Behavioural control is an important factor that determines readers' enjoyment when using mobile apps (Verkasalo, López-Nicolás, Molina-Castillo, & Bouwman, 2010). The readers of this news app stated that they did not feel in control when they were forced to scroll across banner advertisements and watch pre-roll video advertisements before they could consume news content (Cho & Cheon, 2004; Hegner, Kusse, & Pruyn, 2016), which was one of the key reasons why they preferred native advertisements. To stay in control,

readers need a clear disclosure upfront. The present study suggests that these disclosures should not only include information about the commercial intent but also about the author of the ad. This need for clear information about the authorship of native ads upfront is similar to their need for information about authorship in editorial contexts (Karlsson, 2010). Furthermore, the study shows that readers want to be displayed a disclosure before they start to read the native advertisement. This study's findings suggest that research on readers' perceptions of native advertising should focus on not only whether readers recognise native advertisements as such, but also whether and at which moment they fully understand the creation process behind native advertising (such as the authorship of native ads). Focusing more on perceived levels of recognisability and transparency, both in terms of visual prominence as well as the disclosures' wordings, may furthermore help to explain why in some of the previous studies, readers' advertising recognition led to more negative evaluations among readers (e.g. Wojdyski & Evans, 2015), whereas in other studies, this was not the case (e.g. Becker-Olsen, 2003).

In the third and final research question, we aimed to explore the consequences of native advertising for the mobile news app. Some scholars and practitioners argue that readers' awareness of native advertising jeopardises readers' trust and positive perceptions of news outlets (Amazeen & Muddiman, 2017; Einstein, 2016). Yet in this qualitative study on readers' perceptions of native ads, readers were either neutral or positive about the fact that the news app incorporated native advertising. Several explanations can be derived from readers' answers. First of all, readers in this study seemed to be capable of recognising native advertising as such. Hence, the possible deceptiveness of the native advertising format (Einstein, 2016; Wojdyski, 2016) did not play a major role in this particular context. However, readers in this study did not want any involvement of journalists in native ads' creation. The so-called separation of church and state between news media's editorial staff and advertising functions (Ferrer Conill, 2016; Wellbrock & Schnittka, 2015) is thus still the key to maintain readers' trust in the news outlet. A second explanation for the acceptance of native advertising among these readers might be that their advertising literacy is increasing, due to the more frequent appearance of native advertising formats (Wojdyski & Golan, 2016). The readers of this news

app explained that they are open towards native advertising because they understand that this is helping them to access the news content for free. Thus, it seems that because the readers do not have to pay for the news app, an implicit contract between the news outlet, advertisers, and readers has been established (Gordon & Lima-Turner, 1997), which makes them willing to “pay” indirectly for the news content by viewing native ads from the advertisers. The fact that the news application that has been used in the study provides the news for free probably had a positive influence on readers’ acceptance of native advertising.

Overall, the present study reveals that several contextual and content factors determine readers' perceptions of native advertising. Many of these factors have been under-recognised in previous empirical research on native advertising, which was mainly centred around the PKM and the effects of readers’ (lack of) native advertising recognition. Our study suggests that factors such as the credibility of the advertiser (i.e. source credibility), the type of news outlet and device, and the moment of ad recognition and perceived levels user control may all help to gain a deeper understanding of readers’ perceptions of native advertising.

### **Limitations and Directions for Future Research**

The results of this explorative study have some limitations and suggest many directions for future research. First, the readers in our study turned out to be rather experienced with using the news app, and aware of the app’s revenue model. This might have affected their recognition and evaluations of native advertisements. Additionally, in this study, we have used only one mobile device. It should be noted that although the mobile environment is similar among all devices, display size can have an influence on readers’ perceptions of the content (Grewal et al., 2016). Also in this case, the news app was provided by a digital-only publisher that provides free access to its news articles. Readers’ acceptance may differ in the context of paid news apps or websites of legacy news publishers, which needs to be further investigated. Furthermore, we exposed readers to three different native advertisements to provide them a clear view on the concept of native advertising. However, biases resulting from exposing readers to three specific native advertisements could have affected their evaluations. Last and most importantly, this study’s goal was to provide more insight into readers’ underlying

thoughts about native advertising and explore the different factors that affect readers' ad recognition and evaluations. Due to the qualitative nature of the study, no conclusions can be drawn about the prevalence of the themes identified beyond this particular sample. Still, the study does show several interesting factors that may explain readers' attitudes towards native advertising in a news context, which can be further studied.

First, as readers mainly referred to visual characteristics of the disclosures, it would be interesting to further investigate the influence of different visual elements. Also, as this explorative study suggests that the mobile context may influence readers' ad recognition and evaluations, future experimental studies should pay attention to the influence of (mobile) news contexts as well, especially since mobile news consumption is becoming the standard (Fletcher & Park, 2017). Furthermore, as the disclosure on the front page was often noticed, it is recommended to take readers' different stages of exposure to native advertisements into account when researching native ad recognition. The study also showed that readers are less worried about the presence of native advertisements in a news context in general, but they are more concerned about the way in which native ads are created and displayed to them. As the study shows the importance of relevance and information utility, it would be interesting to investigate the effect of personalisation of native advertisements on readers' evaluations (based on readers' preferences or data gathered from their behaviour). Furthermore, it seems that readers have a negative perception of native advertisements that are provided by advertisers they do not trust, regardless of the native ad's quality. Therefore, future research should provide more guidance on readers' evaluations of native advertising for different types of advertisers and relate this to the precursors of consumer trust. Last, research should further monitor the long-term impact of native advertising on the relationship between news publishers and readers, as this is of crucial importance for a sustainable implementation of native advertising in online news contexts.



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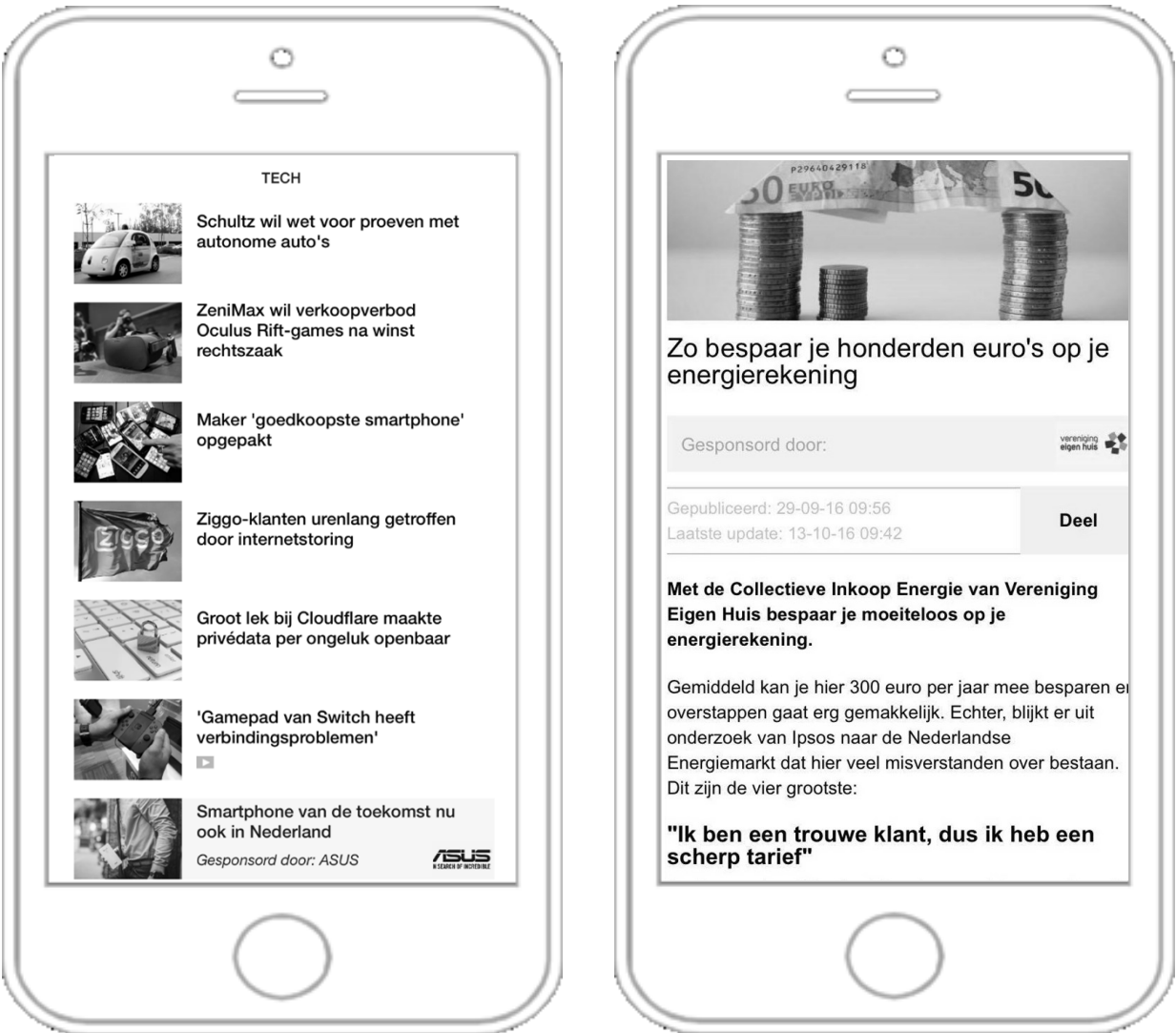
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Appendix 1. Disclosures of the native advertisement on the front page and the native ad page.



# 4

*“It is advertising, but it interests me”*

The influence of readers’ recognition and involvement with the subject  
of native ads

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**Abstract**

This study examined the influence of both involvement and disclosure recognition on readers' evaluations of native advertisements on news websites. Results showed that disclosure recognition increased readers' ad recognition and decreased feelings of deceptiveness. Readers who had noticed a disclosure perceived native advertising in general as more acceptable, and less misleading. The study did not find a relationship between disclosure recognition and credibility of the news website. Yet disclosure recognition did interact with involvement, showing that among highly involved readers disclosure recognition led to higher perceived news website credibility, whereas among less involved readers the opposite effect occurred. Readers' involvement with the article's subject was positively related to their evaluations of native advertising in many ways. Higher involvement with the subject of the article was directly related to more positive perceptions of the article's credibility, news website and native advertising in general. Implications are discussed.



## 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 message 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 (Wojdyski & 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, et al., 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 et al., 2014; Wojdyski & 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. Wojdyski & 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 et al., 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.

### Conceptual framework

#### *Recognizing native advertisements*

Due to their editorial format, native advertisements on news websites are often not identified as advertising by readers (Levi, 2015; Wojdyski & 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). 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 recognized the advertisement (Wojdyski & 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; Wojdyski, 2016). 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; Wojdyski, 2016). 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?

### ***Credibility of native advertisements***

Consumers are weaponizing 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, et al., 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). Recent studies on native

advertising on news platforms also show a negative influence of ad recognition on ad credibility (Wojdyski, 2016; Wojdyski & 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 (Campbell, 1995; Sweetser et al., 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.

### ***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; Wojdyski, 2016). 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 potentially 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 et al., 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 this 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?

### ***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 et al., 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.

## Methodology

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.

### *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; Wojdyski & 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 Wojdyski (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 Kioussis (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* ( $M = 4.24$ ,  $SD = 1.52$ ).

## 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).

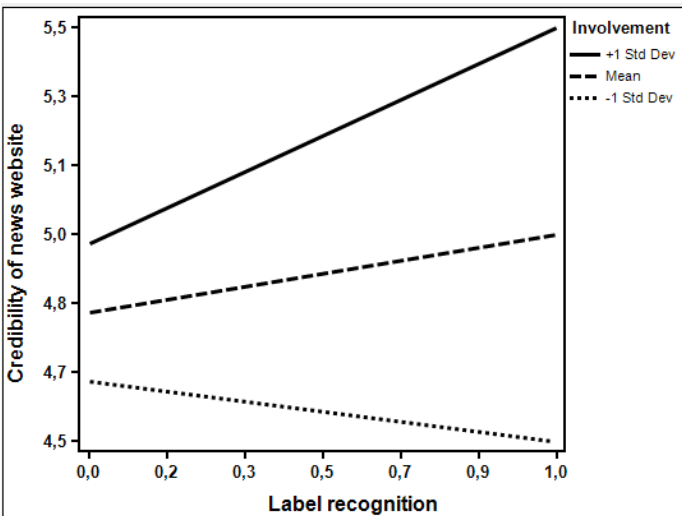


Figure 1. Influence of disclosure recognition on news website credibility by involvement

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  $\beta = -.27, t(273) = -4.71, p < .001$ .

### 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; Wojdyski, 2016)). 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 et al., 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.

### **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 (Wojdyski & 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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## Native advertising on news websites

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# 5

## *Moving towards transparency:*

### A test of more detailed disclosures for native advertisements on news websites

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### Abstract

As readers often do not recognize the commercial nature of native advertising on news websites, clear disclosures are required to prevent deception. The present study therefore tests whether and how providing disclosures with more detailed information about both the authorship of native ads and the importance of advertising revenue for news media's business models can increase readers' recognition and understanding of native advertising. Once readers are aware that they are viewing native advertising, the study assesses whether perceptions of transparency can positively influence readers' evaluations of the credibility of native advertising, advertisers and news media in general. Results of the online experiment that tested four disclosure types (N = 453) show that, compared to using standard disclosures such as 'partner content' and 'sponsored by [brand]', providing more detailed disclosures leads to higher perceived sponsorship transparency, which in turn increases credibility of native advertising, advertisers and news media in general.

## Introduction

Over the past decade the financial pressure on news organizations has been growing, as most consumers are reluctant to pay for online news (Fletcher & Nielsen, 2017; George, 2015). At the same time, readers have become adept in avoiding online display advertising, which they often perceive as intrusive and annoying (Newman et al., 2016). To overcome this issue of ad avoidance, news media and advertisers increasingly utilize in-feed ‘native advertising’: advertising that mirrors the editorial news in style and content, seamlessly integrated into the publishers’ website (sometimes also referred to as ‘sponsored content’ or ‘advertorials’) (Wojdyski, 2016). Although readers generally evaluate native advertising more positively, compared to traditional online advertising formats (e.g. banner ads) (Tutaj & Van Reijmersdal, 2012), the editorial format has also raised concerns about consumers’ ability to recognize native advertising as such (Einstein, 2016). “Native” implies that the sponsored content matches the news website’s design and editorial content, which varies for each news platform (Wojdyski, 2016). The ads are generally produced by publishers’ so-called content studios (IAB, 2018), external advertising agencies, or the advertiser itself (Levi, 2015), yet readers may think that the ads have been written by journalists (Einstein, 2016). In order to prevent deception and confusion among readers, there is a need for proper disclosures that indicate the commercial nature of the native ads (Federal Trade Commission, 2015). However, study after study shows that the disclosures that are currently widely used, such as ‘brainvoice’ or ‘partner content’, still seem rather weak in helping readers to discern native ads from editorial content (Krouwer & Poels, 2017; Levi, 2015; Wojdyski, 2016; Wojdyski & Evans, 2015). If the majority of readers cannot clearly distinguish native advertising from news, the credibility of the news platforms, advertisers and the advertising technique could eventually be eroded (Carlson, 2014; Li, 2017). Brands are currently benefiting from associating their message with the credibility of online publishers, but these positive associations are at stake if readers become concerned about deception, or when they start to question the editorial independence of the press (Ferrer Conill, 2016; Levi, 2015). Therefore, in order to maintain readers’ trust and to ensure the effectiveness of native advertising in the long run, there is a need to significantly improve current disclosure practices.

A second issue regarding current native advertising practices is that some news media and advertisers might be reluctant to increase readers' ad recognition, because they fear possible negative effects on readers' evaluations (Einstein, 2016). Some studies indeed suggest that when readers recognize native advertising as such, they tend to evaluate the advertisements, advertisers and news websites more critically (Van Reijmersdal et al., 2016; Wojdyski & Evans, 2015). However, other studies show no negative effects, or even positive effects of providing clear disclosures (Becker-Olsen, 2003; Boerman & Van Reijmersdal, 2016; Carr & Hayes, 2014; Tewksbury et al., 2011). In these studies, readers' ad recognition was generally high and / or readers pointed out that they appreciated the transparency. Additionally, in a survey among news readers in the USA and UK, readers indicated that they are more accepting of native advertising when they know upfront that an advertiser paid for the article (Newman et al., 2015). Hence, what these studies suggest is that once readers recognize native advertisements as such, perceptions of high transparency seem to lead to more positive evaluations of the advertisers and news websites. Thus, differences in readers' perceptions of the transparency of native advertising practices might be able to (partially) explain why in some studies readers' recognition of the labels and advertisements led to a decrease in their trust and evaluations, whereas in other studies this was not the case. However, little research has been conducted on the influence of perceptions of transparency on readers' evaluations of native advertising, as most research has been solely focused on the negative effects of readers' Persuasion Knowledge activation, which is the knowledge that helps readers to recognize and cope with advertising (Friestad & Wright, 1994; Wojdyski, Evans, et al., 2017). To address this research gap and the lack in effectiveness of disclosures that have been tested in previous studies, the present study investigates whether highly detailed disclosures can increase readers' recognition and understanding of native advertising. As readers can only evaluate the transparency of a native advertisement if they actually recognize the advertisement as such, the study assesses readers' perceptions of transparency (due to the disclosure practice) and subsequent evaluations of native advertising, advertisers and news media after making all respondents aware of the fact that they had seen a native advertisement.

The study's test of more detailed disclosures follows recent disclosure practices. A number of

reputable news outlets such as The New York Times, The Guardian and The Atlantic have started to provide more comprehensive explanations on native advertising, besides the standard disclosure that solely indicates the paid nature of the ads with labels (such as ‘sponsored content’ or ‘partner content’) (Ferrer Conill, 2016). These more detailed disclosures often stress the importance of native advertising revenues for the business models of online news websites (e.g. *‘native advertising revenue supports our journalism’*), or they focus on the authorship of the ad and the distinction between the editorial and commercial departments of the news organization (e.g. *‘the editorial staff was not involved’*).

Following these practices and guided by previous research from both the fields of journalism and advertising, these two types of detailed disclosures about authorship and business models will be tested, together with two standard disclosures that solely indicate the involvement of an external party (*‘partner content’*) or the sponsorship and name of the advertiser (*‘sponsored by [brand]’*). In doing so, the study aims to contribute to our current understanding of how different disclosures influence readers’ ad recognition and perceptions of the transparency of native advertising, and how this subsequently impacts their credibility evaluations. Findings of the study will advance current knowledge about the effects of using different types of labelling, and guide advertisers, media and legislators to develop appropriate labelling policies for native advertising.

## Literature Review

### *Disclosures, Sponsorship Transparency and Credibility*

Previous research has been mainly focused on the relationship between readers’ disclosure recognition and the activation of their Persuasion Knowledge (PK), which is the knowledge that helps readers to recognize and critically evaluate advertising (Friestad & Wright, 1994; Wojdyski & Evans, 2015). As the native advertising format often does not contain typical advertising characteristics (Evans & Park, 2015; Wojdyski, Evans, et al., 2017), disclosure labels that indicate the persuasive nature of the ads are deemed to be necessary to activate readers’ PK (Boerman & Van Reijmersdal, 2016). However, in past studies readers’ disclosure recognition was rather low (Wojdyski, 2016). As current disclosure labels appear to be ineffective, readers who do recognize native ads as such could perceive that native

advertisements lack in transparency and aim to deceive them, and these feelings of deception can lead to more negative evaluations of both advertisers and publishers (Darke & Ritchie, 2007; Sweetser, 2010). This might explain why some studies showed that readers' recognition of the disclosures and native advertisements decrease their trust in advertisers and news outlets (Van Reijmersdal et al., 2016; Wojdyski & Evans, 2015), whereas others did not (Becker-Olsen, 2003; Krouwer et al., 2018). Furthermore, although research that is built on the Persuasion Knowledge Model suggests that there is a negative relationship between readers' recognition of the disclosure labels and advertisements and their evaluations (Van Reijmersdal et al., 2016), other studies on readers' perspectives on advertising point out that readers are concerned about mixing commercial messages in news content, and that they therefore support the use of clear labels (Newman et al., 2015; Tewksbury et al., 2011). Additionally, a study on sponsored content showed that when sponsored content was perceived as being clearly labeled, readers felt less tricked and contained less negative feelings towards the website that incorporated the sponsored content, compared to when there was no clear disclosure (Becker-Olsen, 2003). A more recent study on disclosing sponsored blog posts showed similar results (Carr & Hayes, 2014). At the same time, a lack of clear disclosures and other deceptive advertising practices can make readers feel fooled, which subsequently evokes negative feelings and reactions towards the advertisement and sometimes also the advertiser and medium (Ashley & Leonard, 2009; Darke & Ritchie, 2007; Thomas et al., 2013). Thus, even though readers' recognition of the disclosures and advertisements might initially lead to more critical processing of the content (Wojdyski & Evans, 2015), perceptions of transparency might on the other hand lead to more positive evaluations of native advertising, advertisers and publishers.

Recently, Wojdyski, Evans, et al. (2017) developed a measurement scale to assess the perceived 'sponsorship transparency (ST)' among consumers. Sponsorship transparency can be defined as *'the extent to which a sponsored communication message makes noticeable to the consumer its paid nature and the identity of the sponsor'* (Wojdyski, Evans, et al., 2017, p. 4, 4). Following this framework for native ads in all types of media contexts, there are several requirements to reach high transparency: the native advertisement should be clearly branded,

the name of the sponsor who paid for the ad should be communicated, there should be a clear disclosure and the ad should not try to fool consumers about its persuasive nature (Wojdyski, Evans, et al., 2017). However, specifically in a news context, news media and advertisers might need to provide even more information. In order to be considered as accountable and trustworthy, readers expect news media to deliver trustworthy, impartial and objective information from independent journalists (Karlsson, 2010; Taiminen et al., 2015). If disclosures fail in helping readers to clearly distinguish native ads from editorial content and to understand how native advertisements are created, readers may question news media's separation of advertising editorial and editorial functions, and the autonomy, objectivity and ethics of journalists (Einstein, 2016). What's more, specifically in news contexts being transparent involves not only that news media and advertisers provide information about the persuasive nature of the ad, but that they are also clear to readers about the author of the ad, the relationship between commercial and editorial departments of the news organization and the production processes behind the advertisements (Ferrer Conill, 2016; Karlsson, 2010; Levi, 2015; Van der Wurff & Schönbach, 2014). This research seeks to investigate whether this information, when implemented in disclosures that accompany native advertisements, can increase perceptions of transparency, and consequently positively influence readers' evaluations of native advertising, advertisers and publishers when readers have become aware that they are looking at advertising. The next paragraphs of the literature review will more deeply discuss the different transparency indicators and disclosures.

### ***Disclosing the Paid Nature of Native Advertisements and the Advertiser***

Previous studies suggest that disclosures that specifically mention the paid nature of the advertisements and the name of the sponsor that is involved (e.g. *sponsored by [brand]*) are more effective in helping readers to recognize native ads as commercial content, compared to less explicit disclosure language such as '*partner content*'. In terms of transparency, native ads that contain the disclosure '*sponsored by [brand]*' may also be perceived as more transparent, as this disclosure explicitly indicates to readers the paid nature of the ads and it also explicitly mentions to readers the name of the advertiser that is involved, which are key characteristics of sponsorship transparency (Wojdyski, Bang, et al., 2017; Wojdyski, Evans, et al., 2017).

*'Partner content'*, on the other hand, does not mention the name of the advertiser, so readers need to discover this in the content of the native advertisement. Making a disclosure very implicit can make consumers feel deceived and manipulated when they realize that they were unknowingly viewing native advertising, which subsequently evokes negative feelings and reactions towards the advertisement and sometimes also future advertisements (Ashley & Leonard, 2009; Darke & Ritchie, 2007; Thomas et al., 2013). Contrariwise, when readers perceive the native advertisement as clearly labeled and highly transparent, they might consider native advertising as less deceptive and more appropriate once they recognize it as such (Becker-Olsen, 2003; Carr & Hayes, 2014; Wei et al., 2008). Following these insights, we posit the following hypotheses:

H1a: The disclosure 'sponsored by [brand]' will lead to higher ad recognition compared to the disclosure 'partner content'.

H1b: The disclosure 'sponsored by [brand]' will lead to higher perceived sponsorship transparency compared to the disclosure 'partner content'.

H1: The disclosure 'sponsored by [brand]' will lead to higher credibility of (c) native advertising, (d) advertisers and (e) news media in general compared to the disclosure 'partner content', mediated by increased perceived sponsorship transparency.

### ***Explaining the Authorship of Native Advertisements***

Even though the disclosure wordings *'sponsored by [brand]'* indicate to readers that an advertiser has paid for the piece of content, this disclosure does not explicitly mention the author of the native advertisement. Readers could therefore reason that the content is created by journalists and paid for by advertisers (Hoofnagle & Meleshinsky, 2015; Krouwer & Poels, 2017), which can jeopardize the credibility of the news website and its journalists (Taiminen et al., 2015; Wellbrock & Schnittka, 2015). Journalists are expected to seek the truth, independent from any commercial influence (Levi, 2015) and if readers think that journalists are involved with creating native advertisements, the advertising/editorial boundaries will erode, which could harm readers' credibility evaluations (Balasubramanian, 1994; Levi, 2015). It may therefore be necessary that news media provide explicit information about the authorship of native ads, and the separation between its editorial and advertising staff (Karlsson, 2010; Van



der Wurff & Schönbach, 2014). Readers want to be able to directly understand which content is created by advertisers and which content is created by journalists (Gordon & De Lima-Turner, 1997), so they can make informed decisions on whether they will expose themselves to the content or not. If news media clearly communicate how and by whom native ads are created, it is likely that this will further increase the perceived transparency of native advertisements (Taiminen et al., 2015) and as reasoned before, this transparency can further increase the credibility of native advertising, advertisers and news media in general. We therefore propose the following hypotheses:

H2a: A more detailed disclosure about the authorship of native ads will lead to higher ad recognition compared to solely using the disclosure ‘sponsored by [brand]’.

H2b: A more detailed disclosure about the authorship of native ads will lead to higher perceived sponsorship transparency compared to solely using the disclosure ‘sponsored by [brand]’.

H2: A more detailed disclosure about the authorship of native ads will lead to higher credibility of (c) native advertising, (d) advertisers and (e) news media in general compared to solely using the disclosure ‘sponsored by [brand]’, mediated by increased perceived sponsorship transparency.

### ***Explaining News Media’s Business Model***

In general, readers’ willingness to pay subscription fees for online (news) content is low, which has increased the pressure on media’s business models (Fletcher & Nielsen, 2017; Newman et al., 2016). News media therefore increasingly legitimize native advertising practices by referring to the additional revenue streams that native advertising creates, which supports the quality of the editorial news (Artemas, Vos, & Duffy, 2016; Ferrer Conill, 2016; Li, 2017). However, readers may not be aware that the advertising dollars support news media to maintain independent, but instead infer that due to the integration of native advertising, news media’s editorial independence is compromised, and that advertisers can also influence the editorial content (Carlson, 2014; Harro-Loit & Saks, 2006; Levi, 2015; Wellbrock & Schnittka, 2015). Educating readers about the financial relationship between advertisers and news media may help to increase their economic media literacy and understanding of the importance of advertising for news media’s revenue models (Maksi, Ashley, & Craft, 2015; Rosenbaum,

Beentjes, & Konig, 2008). Additionally, this openness about news media's internal processes and decision making is a key aspect of transparency in news contexts (Karlsson, 2011; Taiminen et al., 2015) and this transparency could positively influence readers' perceived appropriateness and credibility of native advertising, compared to merely disclosing the aspect of sponsorship without any further motivation (Ashley & Leonard, 2009; Wei et al., 2008). A study on adults' perceptions of free news tabloids showed that participants were more tolerating towards advertisements if they realized that without the advertisements, there would also be less editorial content (Zerba, 2013). In this case, a so-called implicit social contract between readers, news media and advertisers can be established (Gordon & De Lima-Turner, 1997). Readers may be more open and understanding towards native advertising when an explicit disclosure helps them to understand that the native advertising revenue funds the news websites, which provides them the benefit of accessing high-quality editorial news for a reduced fee (Gordon & De Lima-Turner, 1997; Gundlach & Hofmann, 2017; Zerba, 2013). We therefore hypothesize the following:

H3a: A more detailed disclosure about news media's business model will lead to higher ad recognition compared to solely using the disclosure 'sponsored by [brand]'.

H3b: A more detailed disclosure about news media's business model will lead to higher perceived sponsorship transparency compared to solely using the disclosure 'sponsored by [brand]'.

H3: Providing a more detailed disclosure about news media's business model will lead to higher credibility of (c) native advertising, (d) advertisers and (e) news media in general compared to solely using the disclosure 'sponsored by [brand]', mediated by increased perceived sponsorship transparency.

### ***Effects on the credibility of news media and advertisers***

The two more detailed disclosures both aim to increase the transparency of native advertisements, yet each disclosure sheds light on different aspects of native advertising. Whereas a detailed disclosure that explains the relationship between advertising revenue and news media's business models is more focused on the positive role of advertisers, a detailed disclosure about the authorship of native ads is more focused on the internal processes of a

news organization. This might have an influence on readers' perceptions of advertisers and news media. First, explaining to readers the relationship between native advertising revenue and news media's business models might have a stronger positive effect on readers' evaluations of the advertisers, as this type of disclosure is more focused on the value that the advertisers provide to readers (Gordon & De Lima-Turner, 1997; Wei et al., 2008). Regarding the detailed disclosure about authorship, the journalistic independence is a key determinant for readers' assessments of news media's credibility, and explicitly stating the separation between news media's editorial staff and commercial department could have an even stronger effect on the credibility of the news outlets (Van der Wurff & Schönbach, 2014). However, as both types of detailed disclosures have not yet been investigated, we propose research questions to explore which type of disclosure is most effective in terms of increasing readers' ad recognition, perceptions of transparency and evaluations of the native advertisements, advertisers and news websites:

RQ1: Which of the two more detailed disclosures will lead to the highest (a) ad recognition, (b) perceived sponsorship transparency (c) credibility of native advertising, (d) credibility of advertisers, and (e) credibility of news websites?

### ***Methodology***

To test the hypotheses and to answer the research questions, a single-factor experiment with four disclosure conditions was conducted. Participants were recruited via the networks of undergraduate students who received course credit. This resulted in a sample of 453 participants (60,7% female) between 18 and 72 years of age ( $M_{age} = 35$  years,  $SD = 13.93$ ). The majority (75,7%) of the participants was higher educated (i.e. minimum a bachelor's degree).

### ***Stimulus Materials***

All participants read the same native advertisement about the importance of drinking water during exercise, only the disclosure varied. The first version contained a disclosure that solely indicated the involvement of an external party: '*partner content*'. The second mentioned the paid nature and the name of the advertiser: '*Sponsored by Spa Water*'. The two more detailed disclosure conditions also contained the disclosure '*Sponsored by Spa Water*', plus an additional

explanation. In one condition the explanation was focused on the authorship of native ads and the distinction between the editorial and commercial departments of news websites: *'This sponsored article has been created for an advertiser. The journalists of the news website have not been involved in the creation of the content'*. The other more detailed disclosure was focused on news media's business model: *'This sponsored article has been created for an advertiser. The advertising revenues support the news website, helping us to fund our journalism and to keep providing you your news'*. All four disclosures were positioned directly below the headline of the article and distinguished from the text via two blue borders (3 px) above and below the disclosure.

### ***Procedures and Measures***

Participants were invited to click on a link to participate in an online study, and were subsequently randomly assigned to one of the four disclosure conditions. They were displayed a random page of a fictitious national news website and were asked to imagine that this was a news website that they visit on a regularly basis. Participants spend on average 106 seconds looking at the page. Next, they continued to an online questionnaire. To avoid suspicion, readers were first asked to answer several questions about the text they had just read. The dependent variables were measured in two stages. In the first stage, readers' *ad recognition* was measured by asking them whether there was any advertising on the page they viewed. If they indicated that this was the case, they were subsequently asked to describe the advertisement and to recall the name of the advertiser. Participants were also asked why they thought it was advertising, and their answers to this question were coded into a binary measure of *disclosure recall*. In total, 30.2 percent of the participants recalled seeing a disclosure. These participants either mentioned the fact that the native advertisement contained a disclosure and / or they recalled the text of the disclosure. After answering these questions, a brief text explained to the participants that they had been exposed to a native advertisement and participants were again shown the same disclosure: *'The page that you've been looking at contained a native advertisement. The native advertisement also contained the following disclosure: (...)'*. In the second part of the questionnaire, readers' perceptions of sponsorship transparency and general evaluations of native ads with that specific disclosure, advertisers and

publishers were measured, now that they had all become aware of the fact that they were viewing native advertising.

The second part of the questionnaire started with two questions that served as a manipulation check, to seek whether the two more detailed disclosures were understood and led to the intended effects. Participants' *understanding of authorship* was measured on a two-item seven-point scale, asking them to what extent they thought that native advertisements with this type of disclosure had been created by an advertising department or the advertisers themselves, or had been written by journalists (R) ( $M = 5.20$ ,  $SD = 1.21$ ,  $\alpha = .82$ ). Participants' *understanding of the economic model* of native advertising was measured on a four-item, seven-point scale (Boerman, Van Reijmersdal, Rozendaal, & Dima, 2018) ( $M = 5.08$ ,  $SD = 1.12$ ,  $\alpha = .83$ ). *Sponsorship transparency* was measured using the twelve-item, seven-point scale of Wojdyski, Evans, et al. (2017) ( $M = 4.15$ ,  $SD = 1.07$ ;  $\alpha = .85$ ). *Credibility of native advertisements in general* was measured on a five-item scale (Wojdyski & Evans, 2015). Participants indicated on seven-point scales to what extent they agreed that native advertisements with the disclosure type are honest, trustworthy, biased (R), convincing and not credible (R) ( $M = 3.82$ ,  $SD = 1.09$ ,  $\alpha = .82$ ). *Credibility of advertisers in general* was measured on the same scale ( $M = 3.90$ ,  $SD = 1.01$ ,  $\alpha = .78$ ), only this time asking to what extent they consider advertisers that place native advertisements with the disclosure type as honest, trustworthy, biased (R), convincing and not credible. *Credibility of news websites in general* ( $M = 3.80$ ,  $SD = 1.09$ ,  $\alpha = .83$ ) was also measured on the same scale, asking the participants about the credibility evaluations of news websites that implement native advertisements with the specific disclosure type. Furthermore, the demographics *age*, *gender* and *level of education*, and the control variable *familiarity with native advertising* were measured. Participants rated their familiarity with native advertising on a seven-point scale ranging from 'very unfamiliar' to 'very familiar' ( $M = 3.68$ ,  $SD = 2.01$ ). It is important to take familiarity with native advertising as a control measure into account, as consumers who are more familiar with native advertising may already have developed knowledge and strategies to process and respond to the advertisements (Wojdyski, Bang, et al., 2017).

## Results

*Randomization check.* The participants in the four groups did not differ with respect to their age ( $F(3, 449) < 1, p = .906$ ), level of education ( $F(3, 449) < 1, p = .619$ ), gender ( $\chi^2(3) = 1.56, p = .668$ ), and familiarity with native advertising ( $F(3, 449) = 2.54, p = .058$ ). However, as familiarity with native advertising can influence readers' advertising recognition and evaluations (Wojdyski, 2016) and this variable also approached significance, it was included as a covariate in the analyses.

*Manipulation checks.* In order to control whether the two detailed disclosures about news media's business models and about the authorship of native ads were understood and led to the intended effects, two manipulation checks have been conducted. First, results of the ANCOVA analysis show that disclosure type significantly influenced participants' understanding of authorship ( $F(1, 448) = 4.61, p = .003$ ). Results of the pairwise comparisons analyses show that the manipulation was successful, as readers' understanding of the authorship was indeed significantly higher in the disclosure condition with the additional explanation about the authorship ( $M = 5.54, SD = 1.08$ ), compared to the detailed disclosure about news media's business model ( $M = 5.01, SD = 1.14, p < .05$ ), the disclosure '*partner content*' ( $M = 4.98, SD = 1.28, p < .05$ ) and the disclosure '*sponsored by [brand]*' ( $M = 5.12, SD = 1.22, p < .05$ ). Second, the ANCOVA analysis also shows that disclosure type significantly influenced readers' understanding of news media's economic model ( $F(1, 448) = 3.18, p = .024$ ). Results of the subsequent pairwise comparisons analyses confirm that this was higher in the disclosure condition with the additional explanation about news media's business model ( $M = 5.35, SD = .98$ ), compared to the detailed disclosure about the authorship ( $M = 4.88, SD = 1.15, p < .05$ ), the disclosure '*partner content*' ( $M = 5.01, SD = 1.13, p < .05$ ) and the disclosure '*sponsored by [brand]*' ( $M = 5.03, SD = 1.14, p < .05$ ). Thus the manipulations of both detailed disclosures were successful.

*Ad recognition and disclosure recall.* The results of binary logistic regression analysis show a significant effect of disclosure type on ad recognition,  $\chi^2(3) = 22.27, p < .001$ . The disclosure type variable explains 7.1% (Nagelkerke  $R^2$ ) of the variance in advertising recognition. The results support H1a: the disclosure '*sponsored by Spa Water*' significantly increased the odds that participants recognized the ad, compared to '*partner content*':  $\beta = 0.757, Wald = 6.71, p$

= .01. The results also confirm H2a and H3a, as both of the more detailed disclosures about the authorship ( $\beta = 1.039$ ,  $Wald = 11.61$ ,  $p < .001$ ), and about news media’s business model ( $\beta = 1.389$ ,  $Wald = 17.58$ ,  $p < .001$ ) further increased the odds of ad recognition, compared to ‘sponsored by Spa Water’. RQ1a explored which of the detailed disclosures would lead to the highest ad recognition among readers. Results show that the two detailed explanations were equally effective in terms of ad recognition (see table 1). Overall, 75.9% of the participants recognized the advertising on the page. Although not hypothesized, it is noteworthy to mention that readers’ brand recall and disclosure recall also significantly increased when more detailed disclosures were provided (see table 1).

Table 1. Average ad recognition, brand recall and disclosure recall per condition.

|                   | Partner<br>content | Sponsored<br>by Spa | Detailed<br>authorship<br>disclosure | Detailed<br>business model<br>disclosure | Total |
|-------------------|--------------------|---------------------|--------------------------------------|--|-------|
| Ad recognition    | 60.2% a            | 77% b               | 80.7% c                              | 85.8% c                                  | 75.9% |
| Brand Recall      | 15.9% a            | 45.1% b             | 58.8% c                              | 58.4% c                                  | 44.7% |
| Disclosure recall | 4.4% a             | 29.2% b             | 45.6% c                              | 41.6% c                                  | 30.2% |

\*Significant difference between cells with a different letter (p <.05)

*Direct and indirect effects of disclosure type on readers’ evaluations.* In order to test the direct relationship between disclosure type and readers’ evaluations, ANCOVA analyses with the disclosure type as factor, familiarity with native advertising as a covariate, and the different dependent variables have been conducted. Next, post-hoc pairwise comparisons (with a Bonferroni correction) reveal which disclosure conditions differ significantly from each other. In order to test the mediating role of sponsorship transparency, we conducted mediation analyses by using model 4 of the PROCESS macro (Hayes & Preacher, 2014). As the disclosure variable contains four levels, we used the multi-categorical option in PROCESS. The model used the indicator coding procedure, with the least detailed disclosure, ‘partner content’, as reference category. All analyses used 5,000 bootstrap samples to estimate the bias corrected bootstrap confidence intervals.

*Sponsorship transparency (ST).* Results of the ANCOVA analysis show that disclosure type significantly influenced perceived ST:  $F(3, 448) = 38.74, p < .001$ . In line with H1b, the perceived ST was significantly higher for the disclosure '*sponsored by Spa Water*' ( $M = 4.16, SD = .96$ ) compared to '*partner content*' ( $M = 3.34, SD = .82$ ),  $p < .001$ . In line with H2b and H3b, the additional explanations about news media's business models ( $M = 4.64, SD = .98$ ) and the authorship of native ads ( $M = 4.45, SD = 1.03$ ) significantly further improved perceived ST (all  $p$ 's  $< .001$ ). With regards to RQ1b, both of the more detailed disclosures were more effective than using solely '*sponsored by Spa water*' and '*partner content*', yet these two explanations did not significantly differ from each other in terms of ST ( $p > .05$ ). Although not hypothesized, it might be noteworthy to mention that perceptions of ST also differed between readers who initially recognized native advertisements as such ( $M = 4.28, SD = 1.05$ ) and the ones who did not ( $M = 3.74, SD = 1.02$ ):  $t(451) = -4.68, p < .001$ .

*Credibility of native advertising.* The ANCOVA analysis does not show a direct relationship between disclosure type and credibility of native advertising:  $F(3, 448) = 1.11, p = .344$ . However, results of the mediation analysis show a positive indirect effect on credibility of native advertising through sponsorship transparency when the native ads contained the disclosure '*sponsored by...*' ( $b = .28$ , boot SE = .06, 95% BCBCI [.174, .419]), the detailed disclosure about the authorship ( $b = .38$ , boot SE = .07, 95% BCBCI [.249, .538]), and the detailed disclosure about the business model ( $b = .44$ , boot SE = .08, 95% BCBCI [.292, .615]), compared to the reference category '*partner content*'. The disclosures significantly increased perceived sponsorship transparency, which subsequently increased the credibility of native advertising (see figure 1). This partially confirms H1c, H2c and H3c.



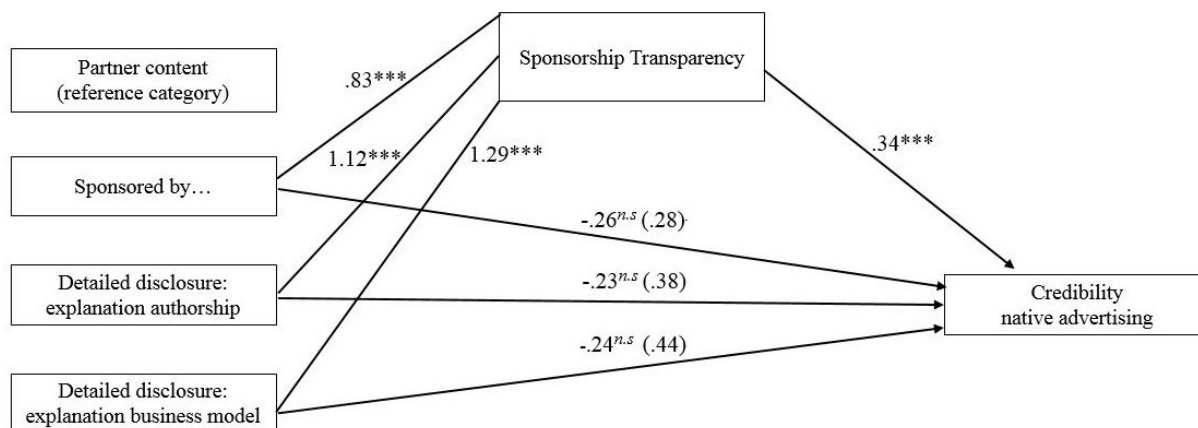


Figure 1. The mediation model of sponsorship transparency between disclosure type and credibility of native advertising. *n.s.* = not significant, \* $p < .05$ , \*\* $p < .01$ , \*\*\* $p < .001$ . Reference category = 'partner content'.

Furthermore, RQ1c explored which of the detailed disclosures would lead to the highest ad credibility. Results show that the two disclosure conditions with the additional explanations about authorship ( $M = 3.88$ ,  $SD = 1.14$ ) and news media's business model ( $M = 3.90$ ,  $SD = 1.01$ ) did not significantly differ from each other in terms of general credibility of native advertising.

*Credibility of the advertiser.* The ANCOVA results show a significant direct influence of disclosure type on credibility of the advertiser:  $F(3, 448) = 4.07$ ,  $p = .007$ . Labelling native ads as 'sponsored by Spa water' did however not directly increase advertiser credibility ( $M = 3.79$ ,  $SD = .99$ ) compared to using the label 'partner content' ( $M = 3.79$ ,  $SD = 1.05$ ). Yet, the mediation analysis indicates a significant indirect-only effect via sponsorship transparency for using the disclosure 'sponsored by...' ( $b = .22$  boot SE = .05, 95% BCBCI [.129, .346]) compared to using 'partner content'. This partially confirms H1d. In line with H2d the disclosure with the explanation about the authorship ( $M = 3.91$ ,  $SD = 1.02$ ) significantly increased advertiser credibility compared to the 'sponsored by...' disclosure ( $p < .05$ ). Mediation analysis shows that this is fully explained by the increase in sponsorship transparency ( $b = .38$ , boot SE = .06, 95% BCBCI [.181, .438]). In line with H3d, the detailed disclosure about news media's business model ( $M = 4.14$ ,  $SD = .92$ ) also significantly increased advertiser credibility compared to the disclosure 'sponsored by...' ( $p < .05$ ). Mediation analysis confirms that this was again fully explained by the increase in sponsorship transparency ( $b = .44$ , boot SE = .07, 95% BCBCI [.212, .505]), as the

direct relationship between the disclosure and advertiser credibility becomes insignificant when ST is added as mediator (see figure 2). Answering RQ1d, the explanation about news media’s business model led to the highest advertiser credibility, and pairwise comparisons analyses show that this was significantly higher than for the authorship disclosure ( $p < .05$ ).

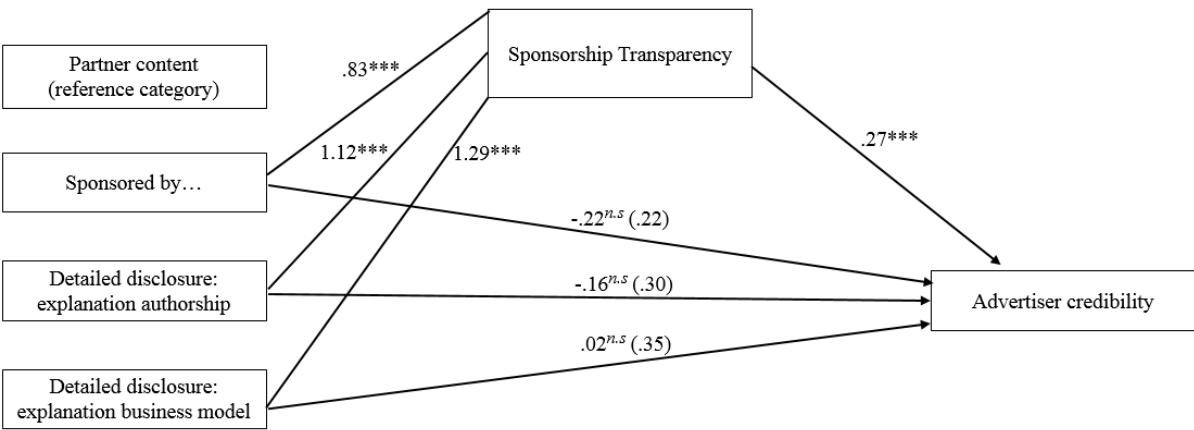


Figure 2. The mediation model of sponsorship transparency between disclosure type and advertiser credibility. *n.s.* = not significant, \* $p < .05$ , \*\* $p < .01$ , \*\*\* $p < .001$ . Reference category = ‘partner content’.

*Credibility of the news website.* The ANCOVA results show a direct influence of disclosure type on news website credibility:  $F(3, 448) = 5.63, p = .001$ . Labelling native ads as ‘sponsored by Spa water’ did however not directly increase news website credibility ( $M = 3.59, SD = 1.06$ ) compared to using the label ‘partner content’ ( $M = 3.64, SD = 1.03$ ),  $p > .05$ . Yet, the mediation analysis indicates a significant indirect-only effect via sponsorship transparency for using the disclosure ‘sponsored by...’ ( $b = .25$  boot SE = .05, 95% BCBCI [.147, .382]) compared to using ‘partner content’. This partially confirms H1e. In line with H2e, the disclosure with the explanation about the authorship ( $M = 3.91, SD = 1.02$ ) significantly increased news website credibility, compared to the ‘sponsored by...’ disclosure ( $p < .05$ ). Mediation analysis confirms that this is fully explained by the increase in sponsorship transparency ( $b = .34$ , boot SE = .07, 95% BCBCI [.210, .509]). The findings also support H3e, as the detailed disclosure about news media’s business model ( $M = 4.14, SD = .92$ ) also directly significantly increased news website credibility, compared to the ‘sponsored by...’ disclosure ( $p < .05$ ). Mediation analysis shows that this effect is again fully explained by the increase in sponsorship transparency ( $b = .39$ , boot SE = .08, 95% BCBCI [.254, .562]), as the direct relationship between the disclosure and advertiser

credibility becomes insignificant when ST is added as mediator (see figure 3). Answering RQ1e, the disclosure with the explanation about authorship led to the highest news website credibility, and pairwise comparisons analyses suggest that this is significantly higher than for the business model explanation disclosure ( $p < .05$ ).

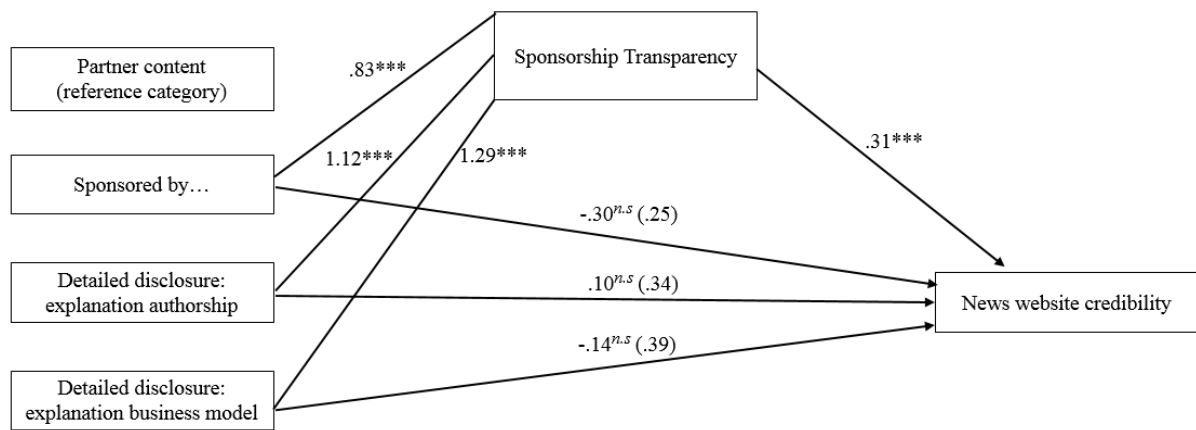


Figure 3. The mediation model of sponsorship transparency between disclosure type and news website credibility. *n.s.* = not significant,  $*p < .05$ ,  $**p < .01$ ,  $***p < .001$ . Reference category = ‘partner content’.

### Discussion and Conclusion

Previous research already shed light on the direct influence of the disclosures ‘*partner content*’ and ‘*sponsored by [brand]*’ on readers’ PK, ad recognition and subsequent direct evaluations of one specific advertiser and / or news website (e.g. Wojdyski, 2016; Wojdyski & Evans, 2015). However, in these studies the disclosures were generally ineffective, so consequently, ad recognition was still relatively low. Moreover, an increase in disclosure- and ad recognition did not always lead to more negative evaluations, which suggests that there may be other factors that could mitigate the negative effects of readers’ advertising recognition on their evaluations (Becker-Olsen, 2003; Krouwer et al., 2018). As previous research suggested that readers do not want to be deceived and appreciate transparency (Carr & Hayes, 2014; Sweetser, 2010), the present study investigated whether and how more detailed disclosures may not only increase readers’ recognition of native advertisements, but also influence perceived transparency for native advertising. Next, the study sheds light on whether this transparency can positively influence readers’ evaluations of the advertising technique, advertisers, and news websites once they recognize a native advertisement as such, which is important for the implementation

of native advertising in a sustainable manner (Campbell & Marks, 2015; Wojdyski, 2016; Wojdyski, Evans, et al., 2017). Together with two 'standard' disclosures, two different types of more detailed disclosures were tested, focusing either on the authorship of the native ads or on the importance of advertising revenue to news media's business models and survival. Both types of information are considered as important to reach transparency for native advertising in news contexts (Ferrer Conill, 2016; Taiminen et al., 2015).

The results suggest a positive effect of making disclosures more detailed, both in terms of explaining the authorship of native ads and stressing the importance of native advertising for news' media's business model. Both of these more detailed disclosures were considerably more often noticed by readers, and they also significantly increased readers' ad recognition. Furthermore, the more detailed disclosure types led to higher perceived ST compared to using only the labels '*partner content*' or '*sponsored by [brand]*'. Although this was not the focus of the present study, it is noteworthy to mention that readers' initial advertising recognition also significantly influenced their perceptions of ST. Future research can further examine this relationship.

The increase in perceived ST subsequently positively influenced readers' perceptions of the credibility of native advertising. However, only the more detailed disclosures directly increased the credibility of advertisers and news media in general, whereas '*sponsored by [brand]*' did not. This follows previous research that suggests that in news contexts, advertisers and publishers should not only indicate the paid nature of advertisements, but also need to provide information about the authorship of the ads and news media's processes (Carr & Hayes, 2014; Karlsson, 2010). On most aspects, the two detailed disclosures were equally effective. However, the disclosure that explained the authorship led to higher news website credibility, whereas the disclosure that explained the importance of advertising revenue for news media's business models led to significantly higher credibility of the advertisers. This difference could possibly be explained by the fact that the disclosure about the authorship is more focused on the ethical implementation of native ads by the news outlets (Karlsson, 2010). This disclosure accentuates the autonomy of journalists, which is considered by readers as one of the most important

characteristics of news outlets (Van der Wurff & Schönbach, 2014). When using the disclosure about advertising revenue and news media's business models, the advertiser receives more credits, as the advertiser pays for the native advertisements and thus supports news media's survival (Gordon & De Lima-Turner, 1997; Wei et al., 2008).

In conclusion, the results indicate that transparency plays an important role in readers' assessments of the credibility of native advertising, advertisers and news media in general, and suggest that perceptions of ST should be taken into account when testing different types of native advertising. In order to increase this perceived transparency among readers, providing additional details in the disclosure about both the authorship of native ads and the business model of news media could be a solution. Although these more detailed disclosures lead to higher advertising recognition and therefore possibly more critical processing of the content of native advertisements, the positive effects on perceived sponsorship transparency, and subsequent increase in perceived credibility of the ads, advertisers and news websites in general might outweigh these negative effects (if they occur). This idea is strengthened by recently published work of Campbell and Evans (2018), which suggests that accompanying banner advertising can also increase perceptions of transparency in native advertising contexts, and that transparency can mitigate or even reverse the negative effects of readers' activated Persuasion Knowledge. Furthermore, as previous research indicated that deceptive advertising practices and negative advertising experiences can negatively influence readers' future ad evaluations and evaluations of the contexts (Cho & Cheon, 2004; Darke & Ritchie, 2007), these more detailed disclosures and the resulting increase in transparency may be crucial to implement native advertising in a sustainable manner.

### **Limitations and Directions for Future Research**

This study has some limitations, which can be addressed by future research. First of all, the study utilized only one disclosure position, directly below the headline of the native ad, and only one type of disclosure design. However, past research showed that both disclosure position and visual characteristics of disclosures (e.g. the size and color) can also influence readers' disclosure- and ad recognition (Wojdyski, 2016; Wojdyski, Bang, et al., 2017;

Wojdyski & Evans, 2015). As the size of the disclosure increases when the text provides more information, this increase in size may also have played a role in the effect of more detailed disclosures on readers' ad recognition. Furthermore, due to the experimental design of the study, participants might have been more focused when assessing the page with the native advertisement, compared to when they are browsing news websites in a real life context. It would be interesting to further test the effectiveness of the disclosures in practice and to also look at whether the disclosures have an influence on typical advertising success metrics, for example clicks and shares.

As the two detailed disclosures differed in their effects for news outlets and advertisers, future research can further test in different contexts which type of information will be most beneficial for all stakeholders involved. Finally, previous research mainly focused on the effects of disclosures on readers' PK and ad recognition and the subsequent effect on readers' evaluations. This study sheds light on another factor, perceptions of transparency, and suggests that when readers have become aware that they are viewing native advertising, high perceived sponsorship transparency can positively influence readers' credibility perceptions of native advertising, advertisers and news media. After measuring advertising recognition, but upon measuring readers' perceptions of ST and subsequent evaluations, the researchers first made all readers aware of the fact that they were viewing native advertising (since readers are likely to only assess the transparency of a native advertisement if they recognize it as such). However, one should keep in mind that readers' advertising recognition is generally rather low (Amazeen & Muddiman, 2017; Wojdyski & Evans, 2015), which limits the generalizability of the study's findings. Still, the study's findings may help to increase both readers' advertising recognition and perceptions of ST in future native advertising practices.

Due to the procedures that we used for this study, it was also not possible to investigate the interplay between readers' initial ad recognition, ST and evaluations. As recently published research on combining native advertising with display advertising suggests that perceptions of transparency may mitigate negative effects of ad recognition (Campbell & Evans, 2018), it would be interesting to further test this for the more detailed disclosure practices.

For now, it seems that utilizing more detailed disclosures can be a viable solution for reaching more transparency and higher levels of credibility of native advertising, advertisers and publishers in the sometimes blurry and deceptive native advertising contexts, which contributes to the implementation of native advertising in both a sustainable and effective manner.

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# 6

*“Trust me, I’m an advertiser”*

The influence of message sidedness and advertiser credibility on  
readers’ perceptions of native advertisements

Krouwer, S., Poels, K. & Paulussen, S.

Presented at the peer-reviewed International Conference on Research in Advertising 2019  
(Krems, Austria).

**Abstract**

There is a need for more research on factors that can help maintain the credibility of native advertisements without misleading readers into thinking that they are looking at a news article. We therefore examine through two experiments the extent to which a two-sided message strategy and advertiser credibility can influence readers' processing and evaluations of native advertisements, once readers are aware that they are viewing advertising. Results show that native advertisements from a high-credibility commercial organization (study 1) and from a high-credibility non-profit organization (study 2) are perceived to be just as credible as a news article. When a low-credibility company provided the advertisement, credibility evaluations significantly decreased. However, both studies show that making a native advertisement two-sided can suppress feelings of manipulation, which positively influences credibility evaluations. This effect occurred for both low- and high-credibility organizations. These results advance our understanding of readers' processing of native advertisements and help practitioners to implement native advertising in a sustainable manner.

## Introduction

As readers have become adept in avoiding traditional display advertising and generally lack willingness to pay for online news, both advertisers and news media are increasingly shifting toward native advertisements – advertisements that resemble the look and feel of editorial news content (Wojdynski, 2016). Several studies suggest that readers tend to evaluate native advertising formats as more credible and interesting than traditional, more overt advertising formats, such as banner advertisements (Van Reijmersdal et al., 2005; Wojdynski, 2016). However, critics have warned that native advertisements are mainly effective because readers are deceived into thinking that they are reading an actual news article that has been written by a journalist (Einstein, 2016). This is problematic, as deceptive advertising practices may eventually erode the credibility perception of news websites and also result into a more negative attitude toward native advertising in general (Darke & Ritchie, 2007; Krouwer, Poels, & Paulussen, 2019). Thus, if native advertising solely relies on deception, it is an unsustainable advertising technique.

Following concerns over the deceptiveness of (poorly disclosed) native advertisements, all known studies on native advertising have investigated the relationship between readers' disclosure- and advertising recognition and their evaluations. Most of this research has been built around the Persuasion Knowledge Model (Friestad & Wright, 1994). These studies generally show that once readers' Persuasion Knowledge (PK) - the knowledge that they use to recognize and cope with the advertisement – is activated, they become more critical towards the advertisement and advertiser (Amazeen & Muddiman, 2017; Wojdynski, 2016; Wojdynski & Evans, 2015). Some studies, however, did not find a negative relationship between PK and evaluations (e.g. Becker-Olsen, 2003; Krouwer et al., 2018). Evans and Park (2015) have provided a potential explanation for these differences in results. They suggest that in the context of hybrid advertising formats such as native advertising, consumers might enjoy the advertisements to such an extent that it mitigates the increase in critical processing and negative evaluations due to their Persuasion Knowledge activation. Following this line of thinking, we posit that the extent to which readers' recognition of native advertising results in critical evaluations may be influenced by factors related to the content and context of the

native advertisement (Evans & Park, 2015; Sweetser et al., 2016; Van Reijmersdal et al., 2005). These factors are important to identify if news media and advertisers want to implement native advertising in an effective manner without deceiving the reader. The present study addresses this gap in native advertising literature by investigating the influence of message sidedness in combination with advertiser credibility on critical processing and subsequent evaluations of native advertising, advertisers and news websites.

When readers are aware that they are reading a native advertisement instead of a news article, they may discount the credibility of the article because they expect that an advertiser will try to influence them (Friestad & Wright, 1994; Wojdyski & Evans, 2015). Previous research on message sidedness in traditional offline advertising contexts (e.g. television and print advertising) suggests, however, that advertisers can increase the credibility of their message by providing not only positive information in their own interest, but also some negative information that may not be directly beneficial to them (Crowley & Hoyer, 1994). This makes message sidedness a potential factor to decrease critical processing of native ads once readers are aware that they are exposed to an advertisement. Furthermore, as previous research suggests that a two-sided message can enhance source credibility (Eisend, 2010), the extent to which a two-sided message works may differ depending on pre-existing credibility perceptions of the advertiser that provides the native ad. Following these insights and the need to find strategies to implement native advertising in an effective and transparent manner, this paper presents two experimental studies that investigate processing and evaluation of two-sided versus one-sided native advertisements, provided by different types of for-profit and non-profit advertisers that either have low or high credibility. The findings of both studies aim to enrich our understanding of how different types of native advertising are processed by readers and will also help news media and advertisers implement native advertising in a sustainable manner.

### Conceptual framework

#### *Advertising recognition and message sidedness*

Most of the available research on native advertising centers around the Persuasion Knowledge



Model (PKM). The PKM suggests that when readers recognize advertisements as such, they could become more critical of the message, as the message has changed from neutral (in this case: a news article) into one that potentially is trying to influence them (Brehm, 1966; Friestad & Wright, 1994). Typically, advertisers influence consumers by using one-sided advertising messages that solely mention the positive characteristics of a subject or brand (Crowley & Hoyer, 1994; Kamins & Assael, 1987). Consumers who view advertising infer ‘manipulative intent’, which means that they perceive that the advertiser is trying to influence them to benefit itself and this can subsequently resistance to the message (Campbell, 1995; Campbell & Kirmani, 2000). The attribution theory posits, however, that when an advertiser also provides some negative information against its own interest, so-called ‘two-sided advertising’, consumers are likely to attribute this behaviour to a desire to tell the truth, which could potentially decrease feelings of manipulation and increase the credibility of the advertiser’s message (Crowley & Hoyer, 1994; Fransen, Verlegh, et al., 2015). Based on previous work, we expect that even though readers’ initial awareness of reading a native advertisement may increase critical processing and lead to negative evaluations (Amazeen & Muddiman, 2017), a two-sided native ad will decrease this critical processing and positively influence readers’ attitude toward the advertisement and the advertiser (Cole & Greer, 2013; Eisend, 2010; Uribe, Buzeta, & Velásquez, 2016; Wilson & Sherrell, 1993). Regarding perceptions of news outlets, previous research has shown that awareness of viewing native advertising can negatively influence credibility perceptions of news outlets (Amazeen & Muddiman, 2017; Bachmann et al., 2019). However, some studies also suggest that the extent to which this negative effect occurs can be influenced by readers’ evaluation of factors related to the content of the native ads. In these studies readers’ perceptions were influenced by brand presence and the informational value of the advertisement (Hwang & Jeong, 2018; Krouwer et al., 2018; Sweetser et al., 2016). A more balanced, two-sided native advertisement might therefore also have a less negative spill-over effect on the credibility of the news website, compared to a one-sided native ad (Bachmann et al., 2019; Hwang & Jeong, 2018). The following hypotheses will be tested:

H1: Readers who view a native advertisement will (a) infer higher manipulative intent, and (b) evaluate the message and (c) the news website as less credible compared to readers who view

a news article.

H2. Readers who view a two-sided (versus one-sided) native advertisement will (a) perceive lower manipulative intent, which will subsequently have a positive effect on (b) the credibility of the native ad, (c) readers' attitude toward the advertiser, and (d) credibility perceptions of the news website.

### *Message sidedness in combination with source credibility*

There exists not only a difference in the credibility perception between advertisers and journalists, but also among advertisers themselves. Some advertisers are perceived as more credible because they are considered to be a well-known expert on a topic, or because consumers perceive that the advertiser acts in their best interest (Lafferty & Goldsmith, 1999; Metzger, 2007; Wu et al., 2016). Readers who recognize a native advertisement from a high-credibility advertiser might therefore reason that the information is still correct (Flanagin & Metzger, 2007; Hovland & Weiss, 1951; Pornpitakpan, 2004). In comparison, when readers recognize a one-sided native ad provided by an advertiser that they consider to be less credible, the one-sided message confirms their expectations that the non-credible advertiser does not provide trustworthy information (Fransen, Smit, et al., 2015). In order to cope with the persuasive attempt, it is likely that they will dismiss the message of the non-credible source even more (also known as content derogation) (Fransen, Smit, et al., 2015). A two-sided message for native advertising might therefore be especially beneficial when consumers already hold negative beliefs about an advertiser, as a two-sided article contests consumers' expectation that the low-credibility advertiser will only provide information in its own interest, which may subsequently increase their credibility perceptions (Hastak & Jong-Won, 1990; Jones & Davis, 1965). We therefore expect the following interaction effects between message sidedness and advertiser credibility:

H3: The positive effect of two-sided native advertising (compared to one-sided advertising) on (a) perceived manipulative intent (b) the credibility of the advertisement, (c) attitudes toward the advertiser, and (d) credibility perceptions of the news outlet will be stronger for a low-credibility advertiser (compared to a high-credibility advertiser).

## Study 1

### *Pre-test and stimuli*

The study used a native advertisement about the characteristics of the artificial sweetener stevia, a topic that could be of interest to both men and women of different ages. A pre-test ( $N = 39$ , 56.4% male,  $M_{age} = 27$ ,  $SD_{age} = 5.92$ ) was performed to select a high- and low-credibility advertiser and to select positive and negative arguments for the message sidedness manipulation.

### *Perceived importance of the arguments*

Past studies have shown that in order to make a two-sided message effective, the two-sided message needs to start with positive arguments (Eisend, 2006; Igou & Bless, 2003), the amount of negative arguments needs to be less than the amount of positive arguments (Crowley & Hoyer, 1994; Eisend, 2006), and the negative arguments should be of low to moderate importance to consumers (Eisend, 2007). In order to select positive and negative arguments that differ in importance, participants of the pre-test rated the importance of nine positive and negative attributes. A seven-point scale ranging from "not important at all" (1) to "extremely important" (7) was used. Participants were asked: *"If you need to pick a sweetener as an alternative to sugar, how important would each of these attributes be to you?"* (Settle & Golden, 1974). GLM repeated measures analysis (using the Greenhouse-Geisser correction) showed a significant difference in the importance between the positive and negative arguments ( $F(6.00, 228.15) = 10.75$ ,  $p < .001$ ). The post hoc comparisons analysis showed that the negative arguments *"The sweetener tastes differently than sugar"* ( $M = 4.18$ ,  $SD = 1.43$ ) and *"There is a maximum acceptable daily intake of the sweetener, you cannot take unlimited amounts of it"* ( $M = 3.97$ ,  $SD = 1.39$ ) were perceived as significantly ( $p < .05$ ) less important than the positive arguments *"the sweetener does not affect blood sugar levels"* ( $M = 5.38$ ,  $SD = 1.11$ ), *"the sweetener contains little to no calories"* ( $M = 5.59$ ,  $SD = 1.51$ ), *"the sweetener is tooth-friendly"* ( $M = 5.49$ ,  $SD = 1.30$ ), and *"the sweetener is approved by the EU as a safe ingredient"* ( $M = 5.79$ ,  $SD = 1.33$ ). Following these results, the researchers created the one-sided article with four positive arguments and the two-sided article with four positive and two negative arguments.

*Advertiser credibility*

Next, in order to select a high- and low-credibility advertiser, participants rated the credibility of five (commercial and non-profit) organizations. Participants were asked to imagine they were looking for information about sweeteners and had to rate the credibility of the organization as an information provider on three 7-point scales (*not trustworthy/ trustworthy/*, *dishonest/honest*, *not credible/credible*). GLM repeated measures analysis (using the Greenhouse-Geisser correction) showed a significant difference in the credibility of the companies ( $F(3.06, 116.36) = 23.86, p < .001$ ). Based on the results of the pre-test, the soft drink brand “Coca-Cola” was selected as the low-credibility advertiser ( $M = 3.66, SD = 1.80$ ), and “Weight Watchers” ( $M = 5.01, SD = 1.11$ ) as the high-credibility advertiser. Results of the pairwise comparisons analysis showed that this difference in credibility was significant ( $p < .001$ ).

*Participants and procedure*

The main study was conducted on a well-known national news website that is perceived as credible among news readers (Newman et al., 2019). The study used a 2 (message sidedness: one-sided versus two-sided article) x 3 (source: journalist of the news website, high-credibility advertiser, low-credibility advertiser) between-subjects, experimental design. A total of 381 participants (50.9% male) were recruited via a market research company. Participants varied in age from 18 to 81 ( $M_{age} = 40.78, SD_{age} = 13.87$ ). All participants were familiar with the national news website on which the native advertisement was placed. The questionnaire started with briefing participants that they were about to view a [news article or native advertisement], provided by [a journalist or high-credibility organization or low-credibility organization] on a national news website. Thus, all readers who viewed a native advertisement were aware of this. Next, they viewed either the one-sided or two-sided article about the sweetener stevia on the news website. When finished, they clicked to continue to the questionnaire. The button appeared after thirty seconds to help ensure that participants would not automatically click to continue.

## Measures

*Perceived message sidedness.* In order to check whether the manipulation of message sidedness was successful, a single item measured perceived message sidedness on a seven-point semantic, differential scale: “*This message only provides advantages of stevia*” - “*This message not only provides advantages of stevia but also disadvantages of stevia*” (Cornelis, Cauberghe & De Pelsmacker, 2014; Eisend, 2006). .

*Inferences of Manipulative Intent* was measured on a six-item, seven-point scale developed by Campbell (1995) ( $M = 3.02$ ,  $SD = 1.09$ , Cronbach’s  $\alpha = .87$ ).

The *credibility of the native advertisement or news article* was measured using a five-item scale (Wojdyski & Evans, 2015), ( $M = 4.75$ ,  $SD = 1.15$ , Cronbach’s  $\alpha = .85$ ).

*Attitude toward the source* (i.e. the advertiser, or journalist in the control condition) was measured on a four-item, seven-point scale (Campbell, 1995) ( $M = 5.17$ ,  $SD = 1.30$ , Cronbach’s  $\alpha = .93$ ).

*News website credibility* was measured on the five-item, seven-point scale from Kiousis (2001), ( $M = 4.80$ ,  $SD = 1.13$ , Cronbach’s  $\alpha = .87$ ).

*Involvement.* As it has been shown that consumers’ involvement with the subject of an advertisement can influence their evaluations of both native advertisements (Krouwer & Poels, 2017) and the effectiveness of using a two-sided advertising strategy (Cornelis et al., 2014), participants’ involvement with the subject (stevia) has been measured on a 5-item, 7-point scale and taken into account as a control factor ( $M = 4.74$ ,  $SD = 1.56$ , Cronbach’s  $\alpha = .97$ ).

## Study 1 Analyses and results

The hypotheses were tested using a MANCOVA analysis with message sidedness and source as factors, involvement as covariate, and the different dependent variables. Next, post hoc, pairwise comparisons (using the Bonferroni correction) were performed to check which conditions differed significantly from each other. Second, the mediating role of readers’ inferences of manipulative intent when explaining the effect of message sidedness on the dependent variables was tested using the PROCESS macro in SPSS (Model 4, with a bootstrap approach of 10000 drawings; Hayes, 2014).

**Source effects**

*Inferences of manipulative intent.* H1a predicted that IMI would be significantly lower when readers are viewing a news article compared to when they are viewing a native advertisement. Results of the MANCOVA analysis showed a significant main effect of source credibility (low-credibility advertiser, high-credibility advertiser, journalist) on IMI  $F(2, 374) = 9.75, p < .001$ . Next, the Bonferroni post hoc analysis showed that IMI was indeed significantly lower when readers viewed the news article ( $M = 2.75, SD = .91$ ) compared to when they were exposed to the native advertisement from the low-credibility advertiser ( $M = 3.30, SD = 1.13$ ) ( $p < .001$ ). However, the difference in perceived manipulative intent between the high-credibility advertiser ( $M = 3.09, SD = 1.14$ ) and the news article from the journalist was not significant. Thus, H1a was only confirmed for the low-credibility advertiser.

*Credibility of the ad/article.* The source (journalist, low-credibility advertiser or high-credibility advertiser) also had a significant main effect on readers' credibility assessments of the advertisement (article)  $F(2, 374) = 5.55, p = .004$ . Yet, H1b was only partially confirmed, as post hoc comparisons analysis showed only a significant difference between the native ad from the low-credibility advertiser ( $M = 4.55, SD = 1.17$ ) and the news article from the journalist ( $M = 5.17, SD = 1.04$ ),  $p = .003$ , but no significant difference in credibility between the native ad from the high-credibility advertiser ( $M = 4.63, SD = 1.20$ ) and the news article.

*Credibility of the news website.* Results showed a significant main effect of the type of source on readers' perceptions of the news outlet:  $F(2, 374) = 6.16, p = .002$ . The results confirmed H1c: readers' credibility perceptions of the news website were significantly higher when they were exposed to a news article ( $M = 5.11, SD = 1.00$ ), compared to when they were exposed a native ad from the low-credibility advertiser ( $M = 4.63, SD = 1.11$ ),  $p = .004$  and high-credibility advertiser ( $M = 4.63, SD = 1.21$ ),  $p = .018$ .

**Effects of message sidedness**

*Manipulation check.* Results showed that the message sidedness manipulation was successful, as readers perceived the two-sided message ( $M = 5.65, SD = 1.54$ ) to be significantly more two-sided than the one-sided message ( $M = 2.41, SD = 1.56$ ), ( $F(1, 379) = 330.29, p < .001$ ).

*IMI.* The results confirmed H2a. Participants' IMI was significantly higher in one-sided message

conditions ( $M = 3.17$ ,  $SD = 1.15$ ) than in the two-sided conditions ( $M = 2.86$ ,  $SD = 1.02$ ) ( $F(1, 374) = 7.48$ ,  $p = .007$ ). This positive effect appeared for both the high- and low-credibility advertiser (see table 1).

*Credibility of the ad/article.* As predicted by H2b, readers' credibility perceptions of the message were significantly higher when a two-sided message was used ( $M = 4.93$ ,  $SD = 1.11$ ), compared to when a one-sided message was used ( $M = 4.56$ ,  $SD = 1.17$ ) ( $F(1, 374) = 9.55$ ,  $p = .002$ ). This positive effect appeared for both the high- and low-credibility advertiser (see table 1). Results of the mediation analysis showed that the positive effect a two-sided message on credibility was fully mediated by the decrease in participants' inferences of manipulative intent (see table 2).

*Attitude towards the source.* The results confirmed H2c: readers' attitude towards the source was significantly more positive when a two-sided message was used ( $M = 5.35$ ,  $SD = 1.24$ ), compared to a one-sided message ( $M = 4.99$ ,  $SD = 1.34$ ) ( $F(1, 374) = 6.91$ ,  $p = .009$ ). Results of the mediation analysis showed that this positive effect was fully mediated by the decrease in readers' IMI (see table 2).

*Credibility of the news website.* The results confirmed H2d: readers' credibility perceptions of the news website were higher when a two-sided message was used ( $M = 4.93$ ,  $SD = 1.09$ ), compared to a one-sided message ( $M = 4.67$ ,  $SD = 1.15$ ). Although significant, the difference was rather small ( $F(1, 374) = 4.48$ ,  $p = .043$ ). Results of the mediation analysis showed that the positive effect of message sidedness on news website credibility was fully mediated by the decrease in participants' inferences of manipulative intent (see table 2).

### ***Message sidedness x Source***

The results showed no interaction effects between the type of advertiser and message sidedness for IMI ( $F(2, 374) < 1$ ,  $p = .757$ ). As displayed in table 1, readers' IMI decreased for both advertisers with a two-sided message and the strength of this effect did not significantly differ between the low-credibility advertiser and the high-credibility advertiser. Using a two-sided message also had an equally strong (positive) effect on readers perceived credibility of the ad ( $F(2, 374) < 1$ ,  $p = .962$ ), attitude towards the advertiser ( $F(2, 374) < 1$ ,  $p = .696$ ), and credibility of the news website ( $F(2, 374) < 1$ ,  $p = .592$ ) regardless of the type of advertiser (see

table 1 for all mean scores). Thus, H3a – H3d are rejected.

Table 1. Effects of message sidedness on IMI, ad credibility, attitude towards the source and news website credibility for the low-credibility advertiser versus high-credibility advertiser.

|           |                 | IMI  | Credibility of the text | Attitude toward the source | News website credibility |
|-----------|-----------------|------|-------------------------|----------------------------|--------------------------|
| One-sided | Coca-Cola       | 3.99 | 4.40                    | 4.80                       | 4.58                     |
|           | Weight-Watchers | 3.33 | 4.55                    | 5.01                       | 4.51                     |
| Two-sided | Coca-Cola       | 3.46 | 4.70                    | 5.16                       | 4.69                     |
|           | Weight-Watchers | 2.76 | 4.87                    | 5.18                       | 4.76                     |

Table 2. Results of the Hayes Mediation analyses for the effect of message sidedness on the DV’s through IMI

| Mediation Model             |               |               |                   |                 |              |
|-----------------------------|---------------|---------------|-------------------|-----------------|--------------|
| Dependent variable          | <i>a</i> path | <i>b</i> path | <i>c</i> ’ path   | Indirect effect | 95% BC-CI    |
| Credibility of the text     | -.31**        | -.83***       | .11 <sup>NS</sup> | .27             | .084 to .457 |
| Attitude towards the source | -.31**        | -.78***       | .12 <sup>NS</sup> | .24             | .073 to .416 |
| Credibility of the website  | -.31**        | -.76***       | .02 <sup>NS</sup> | .24             | .078 to .400 |

Note. *a* path: the relationship between a two-sided message and IMI; *b* path: the relationship between IMI and the dependent variable; *c*’ path: the direct effect of using a two-sided message on the dependent variable, when IMI is included as a mediator. \**p* <.05; \*\**p* <.01; \*\*\**p* <.001; *NS* = non-significant. Number of bootstrap samples: 10.000.

Study 1 discussion

Results of study 1 indicate that message sidedness influences readers’ processing and evaluation of native ads. The results indicate that a two-sided native advertisement can decrease readers’ inferences of manipulative intent when they are aware that they are viewing



an advertisement, which subsequently positively influences readers' evaluations of the advertisement and advertiser. Thus, this first study suggests that using a two-sided message can be an effective strategy to decrease feelings of manipulation and increase trust in an advertiser and its native ad, without deceiving readers into thinking that they are looking at a news article.

An interesting result that was not initially hypothesized is that when a high-credibility advertiser provided a native advertisement, perceptions of manipulative intent were not higher compared to those of readers viewing a news article. This finding can be relevant for high-credibility corporations that want to promote their content on news websites. In contrast, readers who viewed a native advertisement from a low-credibility advertiser did perceive higher manipulative intent, which decreased their credibility evaluations. Thus, for low-credibility companies, using a two-sided message strategy might be more important than for high-credibility companies. Readers' awareness of viewing a native advertisement had a negative effect on their credibility perception of the news outlet, regardless of the credibility of the advertiser. As some of the previous studies also showed that recognition of native ads can lower the credibility of the news outlets (Amazeen & Muddiman, 2017), news media should keep in mind that using this advertising format can harm their reputation.

Following previous work on message sidedness in traditional advertising contexts (Eisend, 2007, 2010), we also expected that the positive effect of a two-sided message strategy would be stronger for the low-credibility advertiser, compared to the high-credibility advertiser. This was not the case: the positive effect of using a two-sided message was equally strong for the native ads of both the high-credibility and low-credibility advertiser. One possible explanation for the lack of interaction effects between message sidedness and advertiser credibility is that although the high- and low-credibility advertisers significantly differed in credibility, both were commercial organizations with a financial interest in the subject (stevia), and readers may therefore still question whether the high-credibility organization provides information that is in the interest of readers (Goldsmith et al., 2000). The differences in the main effects of source were also rather small. The positive effect of a high-credibility source on credibility perceptions

might therefore be larger when a non-profit organization (NPO) uses the native advertising format to provide its content, as NPO's are often perceived as credible, authoritative and more likely to act in the interest of society (Szykman et al., 2004). Consequently, the effect of making a native ad two-sided on readers' credibility perception might also be significantly smaller for the non-profit organization, compared to the low-credibility commercial organization. As the editorial format of native advertising is also widely used by non-profit organizations that want to inform a wider public (Lynch, 2018), a second study will be performed to test the effectiveness of one-sided and two-sided native advertising for a high-credibility non-profit organization, again compared to the low-credibility commercial organization (Coca-Cola), and with a news article as a benchmark. The second study will also investigate again the consequences for readers' trust in the news outlet. This second study aims to replicate the results of study 1 and to further expand our knowledge on the influence of the type of advertiser in combination with either a one-sided or a two-sided native advertisement.

## Study 2

Study 2 used the same stimulus and experimental design as study 1; however, this time the high-credibility advertiser was a non-profit organization (a national diabetes association). The non-profit organization was selected based on the same pre-test of study 1, which showed that the NPO ( $M = 5.59$ ,  $SD = 1.21$ ) was perceived to be a significantly more credible information provider than Coca-Cola ( $M = 3.66$ ,  $SD = 1.80$ ),  $p < .05$ .

### *Participants and procedures*

For this study, 283 participants were recruited via the networks of undergraduate university students, who received course credit. All participants indicated familiarity with the national news website. Participants were between 18 – 65 years old ( $M = 35.71$ ,  $SD = 15.33$ ), and the majority (68.9%) was female. They were invited via a link to “participate in a study in the domain of online media and marketing”.

## ***Measures***

In study 2 we used the same measures as in study 1. The dependent variables are as follows: IMI ( $M = 3.34, SD = 1.17$ ), credibility of the ad/news article ( $M = 4.47, SD = 1.18$ ), attitude toward the source ( $M = 4.65, SD = 1.15$ ), news website credibility ( $M = 4.21, SD = 1.10$ ), issue involvement ( $M = 3.92, SD = 1.61$ ).

## **Study 2 analyses and results**

To analyze the data in study 2, the same methods and procedures from study 1 were used.

### ***Source effects***

*IMI.* Hypothesis 1a proposed that readers' IMI would be significantly higher when they viewed a native advertisement compared to when they viewed a news article. Results of the MANCOVA analysis showed again a main effect of source on readers' IMI  $F(2, 279) = 8.89, p < .001$ . The Bonferroni post hoc test showed that IMI was significantly higher among readers who viewed a native ad from the low-credibility advertiser ( $M = 3.72, SD = 1.21$ ) compared to readers who viewed the news article ( $p = .011$ ). However, there was no significant difference in IMI between readers who viewed a native advertisement from the non-profit advertiser ( $M = 3.06, SD = .96$ ) and readers who viewed a news article ( $M = 3.21, SD = 1.23$ ), ( $p = .738$ ). Thus, H1a was only confirmed for the low-credibility advertiser.

*Credibility of the ad / article.* The results showed a main effect of source on readers' perceived credibility of the ad (or article)  $F(2, 279) = 11.50, p < .001$ . Post hoc comparisons analysis confirmed H1b in that credibility perception of the native ad provided by the low-credibility organization was significantly lower ( $M = 4.01, SD = 1.78$ ) compared to credibility perception of the news article from a journalist ( $p < .001$ ). There was, however, no significant difference in credibility perception of the native ad provided by the non-profit advertiser ( $M = 4.72, SD = 1.01$ ) and the news article ( $M = 4.86, SD = 1.19$ ). Thus, H1b was only confirmed for the low-credibility advertiser.

*Credibility of the news website.* The analysis showed a main effect of source on readers' perceived credibility of the news website  $F(2, 279) = 7.01, p < .001$ . The results only partially confirmed H1C: readers' credibility perception of the news website was significantly lower

when they viewed the native ad from the low-credibility organization ( $M = 3.86$ ,  $SD = 1.16$ ) compared to when they viewed a news article from a journalist ( $p = .006$ ), yet there was no significant difference in readers' credibility perception of the news outlet when they were exposed to the native ad from the non-profit advertiser ( $M = 4.35$ ,  $SD = 1.03$ ) and the news article ( $M = 4.41$ ,  $SD = 1.02$ ).

### *Effects of message sidedness*

*Manipulation check.* Results of the MANCOVA analysis showed that the message sidedness manipulation succeeded, as participants in the two-sided conditions perceived the message as significantly more two-sided ( $M = 4.85$ ,  $SD = 2.11$ ) compared to participants in the one-sided conditions ( $M = 1.62$ ,  $SD = 1.28$ ),  $F(1, 281) = 971.17$ ,  $p < .001$ .

*IMI.* The results confirm H2a. IMI was significantly higher in one-sided message conditions ( $M = 3.61$ ,  $SD = 1.14$ ) than in the two-sided conditions ( $M = 3.03$ ,  $SD = 1.14$ ) ( $F(1, 280) = 15.97$ ,  $p < .001$ ). The decrease in IMI appeared for both advertisers (see table 3).

*Credibility of the ad/article.* As predicted by H2b, credibility perception of the message was significantly higher when a two-sided message was used ( $M = 4.79$ ,  $SD = 1.13$ ), compared to when the advertisers provided a one-sided message ( $M = 4.17$ ,  $SD = 1.15$ ) ( $F(1, 280) = 18.87$ ,  $p < .001$ ). As displayed in table 3, both the native ad from the low-credibility advertiser and from the non-profit organization benefited from this effect. Results of the mediation analysis showed that this positive effect was mediated by the decrease in IMI (see table 4).

*Attitude towards the source.* The results confirmed H2c: attitude toward the source was significantly more positive when a two-sided message was used ( $M = 4.84$ ,  $SD = 1.13$ ), compared to when a one-sided message was used ( $M = 4.46$ ,  $SD = 1.13$ ) ( $F(1, 280) = 6.58$ ,  $p = .011$ ). Results of the mediation analysis showed that this positive effect was mediated by the decrease in participants' inference of manipulative intent (see table 4).

*Credibility of news website.* As predicted by H2d, readers' credibility perception of the news website were significantly higher when a two-sided message was used ( $M = 4.30$ ,  $SD = 1.10$ ), compared to when readers were exposed to a one-sided message ( $M = 4.02$ ,  $SD = 1.07$ ) ( $F(1, 280) = 7.21$ ,  $p = .008$ ). Both the native ad from the low-credibility advertiser and from the non-profit organization benefited from this effect (see table 3).

Table 3. Effects of message sidedness on IMI, credibility of the advertisement, attitude toward the advertiser and news website credibility for the low-credibility advertiser versus high-credibility advertiser

|           |            | IMI  | Credibility of the text | Attitude toward the source | News website credibility |
|-----------|------------|------|-------------------------|----------------------------|--------------------------|
| One-sided | Coca-Cola  | 3.92 | 3.80                    | 4.28                       | 3.65                     |
|           | Non-profit | 3.30 | 4.47                    | 4.75                       | 4.18                     |
| Two-sided | Coca-Cola  | 3.51 | 4.23                    | 4.60                       | 4.07                     |
|           | Non-profit | 2.77 | 5.02                    | 4.87                       | 4.53                     |

Table 4. Results of the Hayes Mediation analyses for the effect of message sidedness on the DV's through IMI

| Mediation Model                             |               |               |                |                 |              |
|---|---------------|---------------|----------------|-----------------|--------------|
| Dependent variable                          | <i>a</i> path | <i>b</i> path | <i>c'</i> path | Indirect effect | 95% BC-CI    |
| Credibility of the text                     | -.58***       | -.74***       | .19*           | .43             | .231 to .632 |
| Attitude toward the advertiser (journalist) | -.58***       | -.61***       | .03NS          | .35             | .187 to .535 |
| News website credibility                    | -.58***       | -.62***       | .02NS          | .36             | .191 to .537 |

Note. *a* path: relationship between message sidedness and IMI; *b* path: relationship between IMI and the dependent variable; *c'* path: the direct effect of message sidedness on the dependent variable, controlled for IMI. \**p* <.05; \*\**p* <.01; \*\*\**p* <.001; NS = non-significant. Number of bootstrap samples: 10.000.

**Message sidedness combined with source credibility**

The results showed no interaction effect between the advertiser and message sidedness for IMI ( $F(2, 276) < 1, p = .702$ ). As displayed in table 3, IMI decreased for both advertisers when a two-sided message was used and the strength of this effect did not significantly differ between the low-credibility advertiser and high-credibility non-profit advertiser. Using a two-

sided message also had an equally strong (positive) effect on perceived credibility of the advertisement ( $F(2, 276) < 1, p = .468$ ), attitude toward the source ( $F(2, 276) = 2.76, p = .068$ ) and credibility of the news website ( $F(2, 276) < 1, p = .979$ ) (see table 3 for all mean scores). Thus, H3a – H3d are again rejected.

### Study 2 discussion

Study 2 showed that readers perceive a native advertisement from a high-credibility non-profit organization to be just as credible as a news article from a journalist. The difference between the two types of advertisers was larger in study 2 than in study 1. The results furthermore suggests that when new media publish native ads that are provided by an NPO it is less harmful for their reputation compared to when they allow native ads from commercial organizations. While study 1 showed that a native ad from both a high-credibility and low-credibility organization can lower readers' credibility perception of the news website, the NPO did not harm the perception of the news website. Non-profit organizations may be able to effectively use the native advertising format in a transparent manner, explicitly disclosing themselves as the source of the native ad, since this does not seem to have a negative effect on readers' credibility perceptions. Of course, more research is needed to generalize these results and it should also be noted that the differences were rather small.

The second study replicated the results of study 1 on the positive effects of using a two-sided message strategy. A two-sided message strategy for native advertising helped to decrease inference of manipulative intent, which subsequently positive influenced evaluations of the advertisement and advertiser. Although there was again no significant difference between the advertisers in terms of the strength of the positive effect of using a two-sided message, it may still be especially beneficial for low-credibility advertisers to use a two-sided message, as readers have the highest IMI and lowest credibility perception when they view a native ad from a low-credibility advertiser. For low-credibility commercial advertisers, concerns about the negative effect of native advertising recognition on readers' evaluations seem to be valid; yet, these negative effects can be decreased by using a two-sided message.

## General discussion

Although many studies have investigated the potential negative effect of native advertising recognition on readers' evaluations, results are inconclusive, which suggests that there are other factors that can influence the extent to which native advertising recognition leads to more critical processing and negative evaluations (Evans & Park, 2015). By means of two experimental studies, we investigated whether a two-sided message can decrease feelings of manipulation and subsequently positively influence readers' evaluations, once they are aware that they are viewing advertising. Additionally, the studies looked at whether one-sided and two-sided native ads are evaluated differently when they are provided by a low-credibility for-profit organization versus a high-credibility for-profit organization (study 1) or by a low-credibility for-profit organization versus a high-credibility non-profit organization (study 2)

The results suggest that making a native advertisement two-sided can decrease feelings of manipulation among readers, which positively influence readers' credibility perception of the advertisement and evaluations of the advertiser and news website. Thus, using a two-sided native advertising strategy may help advertisers implement native advertising in a transparent manner, while still minimizing critical processing. Second, the results also show that the extent to which advertising recognition leads to more critical processing (IMI) and negative evaluations is influenced by the type of advertiser behind the native ad. Regarding commercial organizations, a native ad from a high-credibility advertiser was perceived to be just as credible as a news article in both studies. This follows the suggestion of Evans and Park (2015) that in the context of hybrid advertising formats such as native advertising, consumers' awareness of persuasive intent does not necessarily need to result in more critical processing and negative evaluations. This may be influenced by the type of advertiser. For low-credibility advertisers, we found in both studies a negative effect of advertising recognition on evaluations of the advertisement and advertiser. Low-credibility advertisers might therefore suffer more from a transparent implementation of native advertising. Regarding readers' perceptions of the news outlet, the results showed that only the native ad from the NPO did not lower credibility evaluations. Readers' awareness of viewing native ads of both the high-credibility and low-credibility for-profit advertisers did decrease the credibility of the news website. News media

should therefore be careful with allowing all types of advertisers to publish native ads on their news website (Bachmann et al., 2019).

Based on previous work (e.g. Eisend, 2010), we also expected that the positive effect of using a two-sided message would be stronger for high-credibility profit organizations and for non-profit organizations, compared to low-credibility profit-organizations. This was in both studies not the case. One possible explanation for this might be that in an experimental study, participants process the information more elaborately than they would usually do. In this case, readers might have been more involved and motivated to process the information elaborately, which leads to a strong effect of content characteristics (such as message sidedness) regardless of other factors such as the source (Eisend, 2006; Petty & Cacioppo, 1981).

In sum, while the study showed that readers' awareness of viewing native advertising can indeed influence their processing and evaluations of the message, the study also showed two factors that news media and advertisers can take into account to decrease critical processing and evaluations among readers: message sidedness and source credibility. Previous research already indicated that the extent to which readers' native advertising recognition leads to more critical processing and negative evaluations can potentially be influenced by other factors, such as perceived information utility (Sweetser et al., 2016) and brand presence in the text (Krouwer et al., 2018). However, besides these studies, little research had been conducted on other factors that can contribute to a transparent and effective implementation of native advertising. The present study expands these preliminary findings, showing that readers' advertising recognition does not necessarily directly lead to more feelings of manipulation and more negative evaluations, but that this effect partly depends on the extent to which readers consider the advertiser to be credible and the information to be two-sided. These findings are in line with the remarks that Evans and Park (2015) made on the Persuasion Knowledge model in the context of hybrid advertising formats such as native ads, and they encourage more research on factors that can help to maintain the effectiveness of native advertisements, without deceiving readers about the fact that they are viewing advertising.



## Limitations and directions for future research

Some limitations should be noted, which can be addressed by future research.

First, the researchers made all readers aware that they were going to view a native advertisement (or news article). This decision has been deliberately made, as several studies suggest that if news media want to implement native advertising in a sustainable manner, they cannot, and should not, rely on deceiving readers into thinking that they are reading an actual news article (Amazeen & Wojdyski, 2018; Darke & Ritchie, 2007). This study therefore aimed to investigate different factors that can mitigate readers' critical processing and positively influence their evaluations of native ads, while also being transparent to readers that they are reading commercial content. In practice, however, it is likely that some readers would not have recognized the native ads as such, as current disclosure practices are not always transparent (Wojdyski, 2016). It would therefore be valuable to replicate the study in a natural setting, also among readers who do not recognize the native ads as such and/or readers who recognize native ads at a later point. This is also important in view of recent findings that show that perceptions of transparency can also moderate the effect of readers' advertising recognition on their evaluations (Evans et al., 2017). It would be interesting to further investigate three-way interaction effects between source, message sidedness and transparency perceptions among readers.

Furthermore, in order to be able to more widely generalize the findings on source credibility, future research should aim to replicate the present study using other (non-profit and for-profit) advertisers, news websites and products. The NPO used in this study is a health organization that aims to provide independent, credible information about topics related to (the prevention of) diabetes. However, native advertising is now also increasingly used by political parties and for agenda-setting and fundraising by NPOs (Lynch, 2018). It would be interesting to further test one-sided and two-sided native advertising for these different organizations and purposes.

Regarding message sidedness, the study showed that two-sided messages can indeed decrease inferences of manipulative intent among readers, which positively influences the credibility of the advertisement and readers' evaluations of the advertiser and news website. It would be

valuable to practitioners if future research would include more conversion-related measures, for instance the effect of a one-sided versus two-sided headline on readers' clicks to read the native ad, or the combined effect of message sidedness and source on the amount of time that readers spend on the advertisement's page.

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## General discussion

When this research project started, almost all available research on native advertising focused on the (negative) relationship between readers' disclosure and advertising recognition (conceptual PK), and their critical attitudes and evaluations. The majority of these studies suggested that readers evaluate native ads more positively when their conceptual PK is not activated and they do not recognize the ads as such (Amazeen & Muddiman, 2017; Wojdyski & Evans, 2015). Following these results, several scholars (e.g. Einstein, 2016; Lynch, 2018) argued that native advertisements may solely work because readers do not recognize them as such. If this is indeed the case, native advertising may not be a sustainable advertising technique, as deceptive advertising practices can erode trust (Darke & Ritchie, 2007). However, previous work in other advertising contexts suggests that an increase in conceptual PK does not always result in higher attitudinal PK and/or negative evaluations, but instead that this could be influenced by other factors (Becker-Olsen, 2003; Wei et al., 2008). The question is whether this is also the case for native advertising on news websites. Since limited research had been conducted on other factors that could potentially influence readers' processing and evaluations of native ads besides disclosure and advertising recognition, the studies of this dissertation investigated if there are other factors that can contribute to an effective and sustainable implementation of native advertising on news websites, without deceiving the readers about the fact that they are viewing content from an advertiser.

Taken together, the results of the studies suggest that processing and evaluations of native advertisements do not solely rely on recognizing the accompanying disclosures and advertisements as such, but that it can be influenced by different factors related to disclosure characteristics, content characteristics, and context characteristics.

This final part of this dissertation comprises an overview of these different types of factors, followed by a discussion on how these findings contribute to theoretical advancements. The discussion section will also reflect on the limitations of the studies and highlight different avenues for future research on native advertising. The discussion section will conclude with an extensive discussion of practical implications for the news media, advertisers, and legislators.



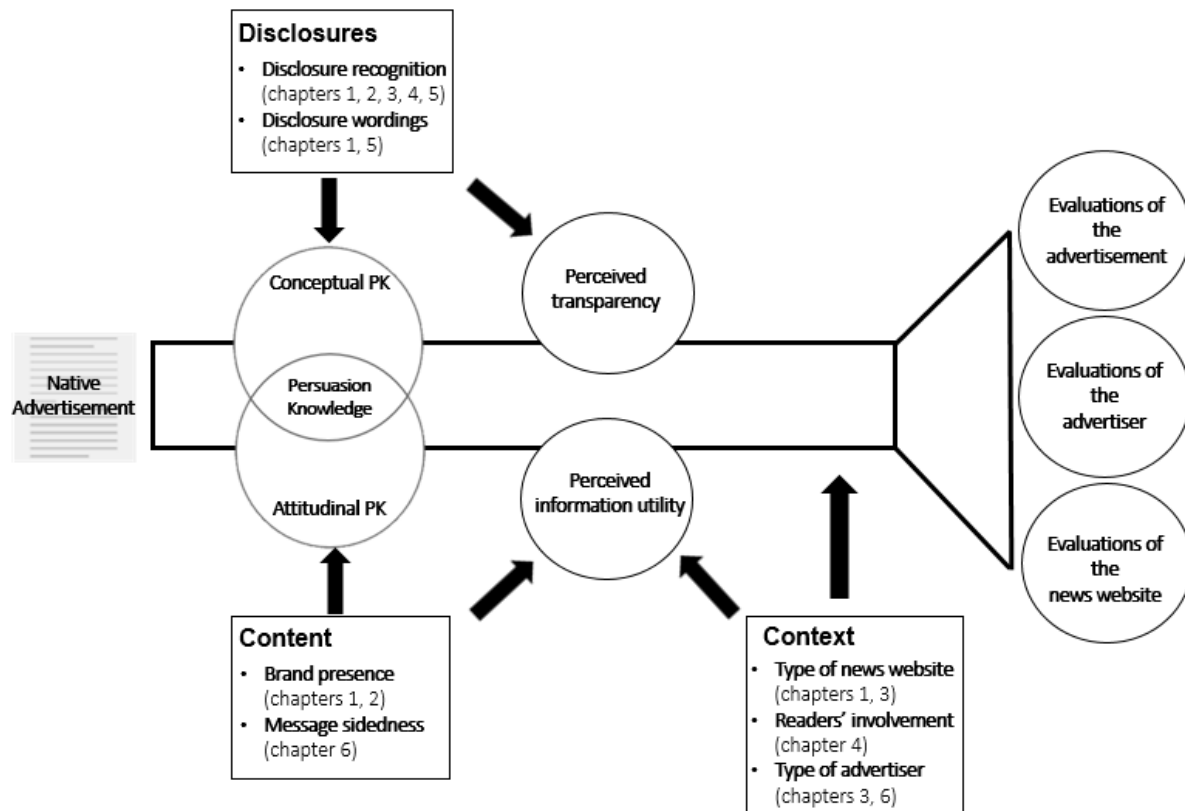


Figure 1: An overview of the factors that have been addressed in the studies

### Main findings of the dissertation

The studies that are presented in this dissertation enable a more comprehensive understanding of readers' processing and evaluation of native advertisements on news websites. Specifically, the results of the studies show that besides advertising recognition, the following factors can have an impact on how readers process and evaluate native advertisements:

- (1) Disclosure characteristics that can increase readers' recognition of the disclosures, understanding of native advertising, and perceived sponsorship transparency
- (2) Factors related to the content: brand presence, a one-sided versus two-sided message strategy, and perceived information utility among readers
- (3) Factors related to the context: readers' involvement with the topic of the native advertisement, whether a news website incorporates a paywall or not, and the credibility of the advertiser

The following paragraphs provide a more in-depth discussion of how these different factors are related to readers' processing and evaluations of the native ads, advertisers, and news platforms.

*Disclosure labels, advertising recognition, and transparency*

Several studies in this dissertation provide insight into the influence of disclosure characteristics on readers' recognition of the disclosures itself. The study discussed in chapter 2 shows, in line with research conducted by Wojdyski and Evans (2015), that readers are more likely to recall seeing a disclosure when the disclosure is positioned in the middle of the page. Study 3, an explorative study, shows that visual characteristics of a disclosure label, in this case a different color and the sponsor's logo, can help readers to quickly recognize the disclosures (and subsequently the native ads).

We also focused on how readers' recognition of the disclosures and perceptions of different types of disclosures subsequently influenced their conceptual and attitudinal PK, brand recall, and evaluations of the native ads, advertisers, and news outlets. The different studies in this dissertation all showed that noticing a disclosure can help to increase readers' conceptual PK (advertising recognition). Readers' disclosure recognition did not, however, directly lead to an increase in readers' IMI (attitudinal PK) and to more negative evaluations of the ads, advertisers, and news websites. Moreover, the study that is discussed in chapter 4 showed that readers who had noticed a disclosure considered native advertising in general to be more acceptable and less misleading.

We proposed that a potential explanation for this positive effect is that readers appreciated the fact that the news outlet and advertiser are transparent about native advertising. Following this suggestion, the objective of study 5 was to investigate the role of disclosure explicitness and perceptions of Sponsorship Transparency (ST) on readers' evaluations. The results of study 5 showed indeed that a more detailed disclosure can increase perception of ST, and that high perceived ST has a positive influence on readers' credibility evaluations of the native ads, advertisers, and news outlets in general. When the disclosure clearly mentioned the paid

nature of the ad and the name of the advertiser, both readers' brand memory and perceived ST significantly increased. The perceived ST further increased when this disclosure was also accompanied by a more detailed explanation that stressed the importance of advertising revenue to the survival of news media, or when the disclosure provided a more detailed explanation that stresses the independence of the journalists. The interviews conducted in study 3 also confirm the importance of (1) being transparent and (2) clearly stating the separation between the editorial and advertising department of the news outlet. The readers that we interviewed furthermore indicated that it is important that news media provide a disclosure upfront, before readers click to read the native advertisement. When readers notice a disclosure upfront, they feel in control (as they can consciously decide to click to read a native advertisement). This is an important finding that has not been taken into account in most research on readers' disclosure recognition, as these studies all showed directly the (static) web page with the native ad on a computer (Amazeen & Muddiman, 2017; Wojdyski, Bang, et al., 2017; Wojdyski & Evans, 2015). Our results therefore suggest that, even though a disclosure positioned in the middle of the page may be noticed more often (Wojdyski & Evans, 2015), it is also important to provide a disclosure upfront to readers, as readers who notice the disclosure at a later point (in the middle of the page, when they are already reading the native ad) might feel that the native advertisement lacks transparency and may also feel less in control. This might also (partially) explain why in some studies readers respond more negatively when they noticed the disclosure and recognized the advertisement.

Overall, the different studies that we have conducted on disclosures enrich our knowledge on disclosure labels for native advertising, by focusing not only on readers' recognition of the disclosures and subsequently advertising recognition and evaluations, but also on how the way disclosures are designed and implemented (e.g. the position, wordings, colors) influence the extent to which disclosure recognition leads to more or less critical processing and evaluations of the native advertisements, advertisers and news media. The studies show that by designing the disclosures in a transparent manner, disclosure recognition can actually have a positive effect on readers' evaluations.

*Factors related to the content of native ads*

Second, several studies in this dissertation have been focused on content factors that could potentially influence the extent to which readers' awareness of viewing advertising leads to feelings of manipulation and critical evaluations of native ads, advertisers and news outlets. These studies depart from the idea that critical processing (attitudinal PK/IMI) and negative evaluations are not necessarily a response to recognizing a persuasion attempt (in this case, a native ad), but instead that responses can vary depending on whether readers consider the native ad to be appropriate and valuable to them (Friestad & Wright, 1994).

Following this line of thinking and the fact that the editorial format of native advertisements can potentially provide readers high informational value, we proposed that when readers perceive that the content is valuable, they may still respond positively to a native advertisement, even though they are aware that they are viewing content from an advertiser. In line with this suggestion, the study presented in chapter 6 shows that providing a two-sided message decreases readers' IMI when they know that they are viewing an advertisement. This decrease in IMI subsequently results in positive evaluations of the ad, advertiser and news website. The study that we present in chapter 2 illustrates that brand presence (i.e. when the advertising brand is mentioned several times in a native ad, versus just one time) is another factor that influences readers' IMI and subsequent evaluations. A high brand presence in the text increases IMI, which in turn leads to more negative evaluations of the native ad, advertiser and news website. These two studies confirm that readers' IMI and critical evaluations are not solely influenced by advertising recognition (conceptual PK), but rather by the extent to which readers believe that there is a fair balance between the personal benefits of the advertisement, and the benefits for the advertiser (Campbell, 1995; Wei et al., 2008). Results from the qualitative study among online news readers (chapter 3) also suggests that when readers assess native advertisements, they partly base their opinions on the extent to which they perceive the advertisement provides value to them. Perceptions of information utility thus seem to play an important factor in explaining differences in IMI and subsequent evaluations of native advertisements, advertisers and news websites (Ducoffe, 1995; Sweetser et al., 2016). High information utility might also (partially) explain why in some studies advertising recognition did

not lead to feelings of manipulation or negative evaluations: readers may not be bothered by the ad because they considered the article-style native ad to be valuable. It seems the enjoyment of consuming a highly informative or entertaining advertisement can diminish the negative effect of advertising recognition (Evans & Park, 2015; Hwang & Jeong, 2018). After we investigated the influence of brand presence in native advertisements, Hwang and Jeong (2018) also studied the influence of brand presence in native advertising on news websites, but in this case they also manipulated the quality of the content by providing either more or fewer arguments. In addition to our study, they found that high brand presence in the article only resulted in negative evaluations when the quality of the content was low, which again suggests that high perceived information utility can decrease critical processing, resulting in more positive evaluations of native advertising.

Another noteworthy finding is that content factors (in this case: brand presence and message sidedness) seem to not only influence readers' perceptions of native ads and the advertisers, but also the credibility of the news outlets. While previous research mainly discussed potential spill-over effects of the perceived quality of media contexts on evaluations of (native) advertisements (Van Reijmersdal et al., 2005; Van Reijmersdal, Smit, & Neijens, 2010), our research shows that perceptions of the native advertisements can also influence perceptions of the media outlets. Native ads that are two-sided (study 6), that provide valuable information to readers (study 3), and that do not refer too often to the advertising brand (study 2), evoke less IMI among readers, which positively influences perceptions of the news websites.

### ***Factors related to the context around native ads***

Third, our research demonstrates that different contextual characteristics related to the advertiser, news reader and news outlet also influence readers' perceptions of native advertisements. First, the qualitative study (chapter 3) and two of the experimental studies (chapter 6) that we present in this dissertation show that readers are less critical of native advertisements when they consider the advertiser to be credible (i.e. to be an expert and/or trustworthy). It may be the case that when readers consider an advertiser to be an expert and/or trustworthy, they feel that they can benefit from the information, which in turn

decreases IMI and leads to positive evaluations (Goldsmith et al., 2000; MacKenzie & Lutz, 1989). Second, the results of several experimental studies (in which readers' involvement was included as either the main factor or as a covariate) suggest that readers' involvement with the subject also influences their perception of native advertisements. Study 4 shows that readers who are highly involved with a certain subject respond less critical and more positive to a native advertisement when the advertisement is about that subject. A notable finding is that readers' involvement with the subject of the native advertisement also influenced the extent to which disclosure recognition leads to more negative evaluations. Results of study 4 furthermore showed that disclosure recognition only decreased the credibility of the news outlet among readers who were less involved with the subject of the native ad, but not among readers who were more involved with the subject. It could be that highly involved readers are more open to native ads because it fulfills their need for information (Rollins et al., 2010) and/or that highly involved readers are more influenced by their assessments of the content rather than source cues (Petty, Cacioppo, & Schumann, 1983; Rollins et al., 2010). Third, one of the experimental studies also looked at whether the credibility of the news website can 'spill over' on readers' perceptions of native ads (Pelsmacker, Geuens, & Anckaert, 2002). Against our expectations, this study did not find a spill-over effect. It may be that the difference in the credibility of these two news websites was too small. Research in a magazine context showed that readers' perceptions of hybrid ads varied depending on the authority and informational value of the magazines, but these differences mainly occurred between 'low-authority and low-informational value magazines' and 'very high authority versus very high informational value magazines', but not between 'high-authority and high informational value magazines' versus 'very high authority and very high informational value magazines' (Van Reijmersdal et al., 2005). This suggests that there may be only a difference in spill-over effects of media contexts when there is a large difference between the media outlets. Other more recent research on the influence of media credibility on readers' perceptions of online native ads also did not find a main spill-over effect of the type of news website on readers' evaluations (Amazeen & Muddiman, 2017; Wu et al., 2016).

Although we did not find a spill-over effect on the credibility of the news website, our research suggests that readers' 'tolerance' (or 'acceptance') of native advertisements in general might be influenced by another characteristic of the news websites, namely whether the news website incorporates a paywall or not. In the interviews with online news readers of a (free) news app, most readers mentioned that they are open to native ads because the ads allow the news website to be free. Hence, for free news websites, it might be possible to establish a 'social contract' with readers by explaining to them that the advertisements help to support the news website and thus lower the 'fee' that readers need to pay to access the news content (Gordon & De Lima-Turner, 1997). As this study was rather explorative in nature, further experimental research is needed to test the relationship between a news website's business model and readers' perceptions of native advertisements.

Taking the results of the different studies of this dissertation together, it can be concluded that aside from advertising recognition, there are many other factors that influence readers' perceptions of native ads, advertisers and news websites. Our research shows that it is too short-sighted to solely focus on readers' (lack of) disclosure and advertising recognition (conceptual PK) when explaining evaluations of native advertisements. The findings on the influence of disclosure characteristics in relation to perceptions of transparency and subsequent evaluations, the influence of content characteristics in relation to perceived utility and IMI, and the influence of reader characteristics and media characteristics on readers' perceptions of native advertisements, advertisers and news outlets provide a more comprehensive understanding of readers' processing of native advertisements. The next paragraph will more deeply discuss the theoretical implications of these findings.

## **Theoretical Implications**

### ***Toward a nuanced view of the PKM for native advertising***

When this research project started, almost all available research on native advertising was centered around the PKM. Most of these studies hypothesized a negative relationship between conceptual PK (readers' recognition and understanding of the ad) and evaluations. To explain this relationship, the studies referred to Brehm's reactance theory (Brehm, 1966), which poses

that consumers do not want to be (unwillingly) influenced. It is therefore often assumed that readers automatically become resistant and critical when they recognize native ads as such (which can potentially influence them). In our research, we also hypothesized that this negative effect would occur, yet we also proposed that the extent to which this happens may be moderated by different factors related to the disclosures, content, and context of native advertisements. In line with this proposition, the results of the studies in this dissertation suggest that in the context of native advertising, recognition and understanding of the persuasion attempt does not necessarily need to result into negative attitudinal responses and coping behaviors, but that attitudinal responses and coping behaviors can also be neutral or positive. This is in line with the suggestion of Friestad and Wright (1994) in their original conceptual paper on PK that consumers' coping reaction to persuasion attempts do not necessarily need to be negative. In line with this suggestion, our research shows that it is not the mere recognition of disclosures and conceptual PK that leads to more negative evaluations. Instead, readers' evaluations seem to mainly depend on whether their attitudinal PK is activated, which is related to their critical feelings to the persuasion attempt (such as perceived appropriateness, IMI, and ad skepticism) (Ham et al., 2015). While some research shows that the activation of consumers' conceptual PK directly results in higher attitudinal PK (Bachmann et al., 2019; Boerman et al., 2012; Van Reijmersdal et al., 2015), our research expands this relationship and suggests that the attitudinal dimension of PK (in this case: readers' IMI) is not solely influenced by whether conceptual PK is activated or not, but also by other factors related to the content and context of native ads.

### *The influence of perceived utility*

Several factors that we found to have an influence on the extent to which readers' have critical attitudinal responses when they are exposed to native ads are related to the extent readers perceive they can get value out of the native advertisements, such as whether there is a match between the topic of the ad and readers' interests (i.e. involvement), whether the advertiser provides balanced information (i.e. message sidedness), how often the advertising brand refers to itself in the text (i.e. brand presence), and whether the advertiser is considered to be a credible information provider. We therefore argue that more studies on native advertising



should be built around the advertising value framework (Ducoffe & Curlo, 2000), which posits that high perceived value (utility) of an advertisement may result in a more positive attitude to the ad and advertiser. Precisely because native advertisements take the form and appearance of editorial news content, readers may still (partially) use them to fulfill their needs for information and entertainment, even though they are aware that they are viewing an advertisement (Evans & Park, 2015; Katz et al., 1973). The results also imply that researchers should use a holistic approach when investigating the influence of readers' disclosure and advertising recognition on their processing and evaluations of native ads, by also taking the content and context into account. When discussing the relationship between readers' advertising and disclosure recognition and their evaluations, scholars should reflect on the type of advertiser, readers' involvement with the topic of a native ad, and content characteristics of the native advertisements, as our research shows that these elements make a difference in readers' perceptions of information utility and / or feelings of manipulation, which subsequently influence their evaluations of the native ad, advertiser and news website.

### ***The influence of Sponsorship Transparency***

Perceived Sponsorship Transparency (ST) is another factor that could moderate the extent to which readers respond more or less critically towards native ads. Our results suggest that one reason readers respond more negatively when they become aware that they are viewing a native advertisement is because they feel that the native ads lack transparency about their paid nature. Conversely, when readers perceive that native ads are implemented in a more transparent manner, they respond more positively to them. This may be because readers consider a native ad to be more appropriate and less deceptive when it is implemented in a transparent manner (Evans et al., 2017; Ham et al., 2015). For researchers who want to study the influence of disclosure and advertising recognition (conceptual PK) on critical processing and evaluations of native ads, our research suggests that it is important not to solely focus on whether readers notice a disclosure and recognize a native ad, but to also take into account to what extent readers perceive the native advertising practice (and disclosure) to be transparent. In line with our research, other studies that have been recently conducted (Amazeen & Wojdyski, 2018; Campbell & Evans, 2018; Evans et al., 2017) also show that high perceived ST

can mitigate the negative effect of disclosure and advertising recognition on evaluations. Regarding the type of disclosure that news media should use to increase perceived ST, our work suggests that the ‘transparency approach’ that has been traditionally used to increase readers’ trust in journalists and editorial content on news websites (Karlsson, 2011), may also be important for native advertising. Following this transparency model for news media, news organizations are expected to clearly communicate how their content is produced, the author of the content, and the internal decision processes (Deuze, 2003; Karlsson, 2011). Our studies show that these factors also seem to be helpful to increase perceptions of transparency and readers’ trust in the context of disclosing native advertisements on the news websites.

#### *A social contract perspective for native ads on free news websites*

When studying readers’ acceptance of native advertising on different types of news websites, our results furthermore suggest that the social contract perspective for internet advertising, which proposes that consumers are willing to make tradeoffs when it comes to online advertising depending on the benefits they get out of it, might be an interesting model for native advertising (Gordon & De Lima-Turner, 1997). This model suggests that readers are either more or less likely to accept online advertisements, depending on the advantages and disadvantages they perceive they get out of consuming the advertisement. The results from the interviews with readers about native advertising suggest that this may be indeed the case. In the interviews that we have conducted, readers often referred to the fact that the native ads allowed the news app to be free, and they therefore were willing to accept native advertisements. As the nature of this study was explorative, we encourage more research that investigates which tradeoffs readers are willing to make in different types of news contexts. It may be the case that readers respond more critically to native ads that are incorporated into news websites that also use a paywall.

In sum, while the Persuasion Knowledge Model remains important for explaining readers’ processing and evaluations of native advertisements, our research provides a broader insight into the different factors and underlying theoretical foundations that can explain differences in readers’ processing and evaluations of native advertisements. Future research can continue to

build on these different factors, and further expand the model that we presented at the beginning of the discussion.

### **Reflections and recommendations for future research**

The studies of this dissertation have increased our understanding of readers' processing and evaluations of native advertisements on news websites. Nevertheless, there are of course some limitations to the studies, and the findings have opened many new pathways for future research.

First, the results of the studies show that besides readers' conceptual PK, different characteristics of the content, context, and disclosures of native advertisements can influence readers' evaluations of native ads, advertisers and news websites. These results also imply that caution should be considered when transferring the results of one experimental study directly to different types of news outlets and advertisers. We already mentioned that practitioners should aim to test different types of native ads more often themselves, but we also encourage scholars to replicate our research for different advertisers and industries. For instance, the native ads that we have used for our experimental research were mainly focused on consumer goods. However, native advertising is increasingly used by political parties and industry alliances to influence public opinion (Lynch, 2018). This is a completely different context, and responses to native ads might subsequently also differ.

Second, the studies in this work are all revolved around native advertisements that take the form and appearance of an editorial article. Native advertising is, however, quickly evolving, and the development of online news platforms has resulted into many new advertising formats that also fall within the native advertising spectrum, such as native ads that take the form of a news video, sponsored podcast sections, interactive quizzes, and even sponsored VR-experiences. One cannot simply apply the findings of this dissertation to these different contexts. Therefore, continuous research on different native advertising formats will be necessary.

Regarding the influence of readers' disclosure recognition and conceptual PK on evaluations, it was notable to see that in some of our studies the majority of the readers recognized the native ads as such. This contradicts with other studies in which less than 25 percent of the readers recognized the native ads (e.g. Wojdyski, 2016; Wojdyski & Evans, 2015). It could be that in our research, readers' perceptions of transparency were therefore higher, and this might have had an impact on the relationship between advertising recognition and evaluations. However, at the beginning of the research project, the Sponsorship Transparency scale had not been developed, and we therefore did not measure ST in most of our studies. We recommend that future research on the relationship between disclosure recognition and readers' processing and evaluations of native advertisements always takes into account readers' perceived ST (as a control factor). Another limitation of our findings on readers' PK is that in our studies, we did not specifically focus on readers' dispositional PK (although in some studies we took into account readers' experience with native advertising, as a control factor). As PK is partially developed throughout experience with an advertising technique (i.e. dispositional PK) (Friestad & Wright, 1994), readers might eventually become better at recognizing the native ads as such. On the other hand, the variety of online news websites and native advertising formats may make it more challenging for consumers to develop the appropriate schemes for recognizing native ads as such (Campbell & Grimm, 2019; Evans & Park, 2015). Future research can further focus on the development of readers' dispositional PK in the context of native advertising. A final issue with investigating PK in relation to native advertising is that there are many different ways to measure PK (Ham et al., 2015). Differences in the measurement scales make it in some cases difficult to compare our research to other studies. For instance, our research focused on readers' Inferences of Manipulative Intent when measuring the attitudinal part of readers' PK, while other research measures attitudinal PK by focusing on credibility perceptions (Ham et al., 2015). Future research would therefore benefit from a standardized measurement of PK, for instance, by using the recently developed PK scale for sponsored content (Boerman et al., 2018).

The integration of native ads into different types of news contexts is also a factor that needs to be further investigated. Our usability study was the first that tested readers' interactions with native ads on mobile devices (using a free national news application). In this study, readers'

disclosure recognition was notably high. However, in order to draw causal inferences about the relationship between the device and readers' recognition and perceptions of native ads, we need experimental research that directly compares different devices. Furthermore, as our results suggest that readers seem to approach native advertising in a pragmatic manner, future research can further explore to what extent different business models of news websites have an influence on readers' acceptance of native advertising. The results of one of our studies suggest that it might be that readers are more open to native advertising on news websites that do not have a paywall. However, this study had a limited amount of participants and was focused on only one news website. The number of native ads that readers are willing to accept on news websites with different types of business models (i.e. paywalls, donations, free news websites that are fully supported by advertisements) is therefore an interesting topic that requires more attention.

The studies in this dissertation were mostly conducted on real news websites and used real brands and existing native advertisements, which increases the ecological validity of the results. Nevertheless, the experimental studies were still limited by the initial, self-reported measurements of readers' brand memory and disclosure memory and attitudes to the ads, advertisers and news websites. Any generalization to delayed responses should be made with great caution. It would be useful if future research includes both more behavioral metrics, such as the influence of readers' disclosure recognition on clicks to read a native ad, as well as longitudinal research on readers' brand memory and perceptions of the news outlet. It could be that there is a difference in the influence of native advertising on readers' short-term perceptions of the advertising brand and news outlets, and the long-term consequences. Research in a television context showed for instance that readers who initially recognized the advertiser behind ads in the form of a news story, became increasingly unable to match the information that they learned to the advertiser (Yegiyan & Grabe, 2007). It could be that readers initially recognize that they are viewing a native advertisement and remember the advertiser as the source, but at a later point forget that the information they have learned came from an advertiser. In order to protect consumers and to increase our understanding of the long-term effectiveness of native advertisements, future research should also be focused on readers' long-term brand memory and attitudes.

Last, the studies in this dissertation were conducted from the perspectives of news readers. We considered that focusing on the readers would provide the most practical value to both advertisers and publishers, as differences in implementation practices seem to be partially caused by the fact that both news publishers and advertisers do not have a clear understanding of when and how native advertising works (Harms et al., 2017). It is, however, important that scholars also study the impact of native advertising on news publishers and journalists. One point of concern is that with native advertising, advertisers can get a disproportionate amount of attention for their own message, and advertisers might be able to overrule critical news articles with native advertisements (Lynch, 2018). Another worrying practice is the fact that some (especially smaller) news organizations could potentially use their own editorial staff members for the creation of both native ads and editorial news without readers knowing (Sirrah, 2019). It is therefore important that scholars also continue to focus on how native ads affect the news organizations, both in terms of their external reputation, as well as their internal processes.

### **Implications for practice**

As we have mentioned before, although the native advertising industry has rapidly grown over the past several years, news media, advertisers, and legislators still have many questions when it comes to how native advertising should be implemented. Most of the studies of this doctoral dissertation directly address the contemporary concerns of news media, advertisers and legislators.

This final part of the doctoral dissertation extensively outlines the practical implications of the findings. Three different paragraphs will together help publishers, advertisers, and legislators implement native advertising in an effective and sustainable manner.

### ***Implications for current disclosure guidelines***

In the past several years, there has been resistance from the industry to previous legislative attempts (such as the FTC) to make more explicit regulation for disclosing native ads (Campbell & Grimm, 2019). This may be caused by an underlying belief that native advertising solely works when readers are not aware that they are viewing advertising. In line with other recent research work (Amazeen & Wojdyski, 2018; Evans et al., 2017), the results of this dissertation suggest,

however, that the negative effect of disclosure and advertising recognition on evaluations of native ads can possibly be reduced by making disclosures more transparent. It seems that readers are more accepting of native advertising when media and advertisers clearly disclose the source of native ads. Additionally, providing more transparency about the creation of native ads (i.e. guarantee that the native ads have not been created by the journalists that also write the editorial content), and stressing the importance of native advertising for the news media business model may further increase readers' acceptance of native advertising. It is therefore recommended that legislators create more explicit guidelines that encourage higher levels of disclosure transparency. This may not only be important in view of readers' initial evaluations of native ads, but also to the future of news media and native advertising, as feelings of deception can erode trust in news outlets (Wojdyski, 2016). Our research suggests five important ways in which advertisers and news media publishers can increase the transparency of disclosures:

1. Provide a disclosure upfront, before readers click to read the native advertisement
2. Include the name of the advertiser in the disclosure
3. Use distinctive visual characteristics that help readers to quickly notice and process the label, such as a logo from the advertiser, or a different color
4. Provide information about the production process of native advertisements. If the native ads are created by a separate advertising department, explicitly state the separation between the editorial and advertising staff
5. Explain the relationship between native advertising and the news outlet. (i.e.: explain that native advertisements support the news outlet)

The diversity of news outlets and the quick development of different native advertising formats make it challenging to develop concrete legislation. Legislators should therefore encourage, or even oblige news publishers to test their own disclosure label on different devices among different news readers, using the Sponsorship Transparency scale that Wojdyski et al. (2017) have developed.

*Implications for advertisers*

Advertisers are using native advertising to increase content views and to improve consumers' perceptions of the brand (Harms et al., 2017; Wojdyski, 2016). Yet, the resistance of the IAB and other advertiser alliances against more concrete disclosure regulation from the FTC suggests that some advertisers are afraid to clearly disclose native advertisements. They may think that readers become more critical of the ad when a more transparent disclosure is used (Campbell & Grimm, 2019). Yet, our research suggests that advertisers should think the opposite: readers are actually appreciative of transparent native advertising practices, which result in more positive evaluations of native ads and advertisers. We therefore suggest that advertisers follow our five disclosure recommendations (that are listed in the previous paragraph) to increase the clarity and transparency of their disclosures.

Another complex question that many advertisers struggle with is the optimal level of brand prominence for native advertising (Harms et al., 2017). Our research suggests that a more prominent position of the brand (in this case both in the text and disclosure) may increase brand memory, yet, high brand presence in the text can also lead to feelings of manipulation and negative evaluations. Study 5 showed that readers' brand recall increased from 15.9 percent to 45.1 percent when the name of the advertising brand was simply added to the disclosure, yet, mentioning the name of the advertising brand in the disclosure is still not a standard practice for in-feed native advertising (Wang & Li, 2017). Therefore, based on our findings, we first recommend advertisers clearly mention the name of the advertising brand in the disclosure (e.g. use a disclosure such as '*paid content from...*' instead of '*partner content*'). This will help readers link the content to the advertiser, and it may also increase perceptions of transparency. Second, our research suggests that the perceived quality and value of the information may largely determine whether readers are positive and accepting to a native ad. We recommend advertisers provide balanced, two-sided information to readers in order to increase the trustworthiness of their native advertisements. Third, our results also suggest that the native advertising format may be especially beneficial for advertisers that are already perceived to be credible. Thus, advertisers that are perceived to have high expertise or to be



trustworthy (e.g. health organizations, universities) are especially encouraged to distribute their content via native advertisements.

A general conclusion that we can draw from several studies together is that it is key that the native advertisements are developed based on the readers' interests and preferences. It seems that if readers feel that they get enough value out of a native advertisement and the advertisement is not implemented in a deceptive manner, they are more open to native advertising. A challenge that we cannot solve with our research is the fact that each news website and its audience is unique. Advertisers should therefore allocate some of their time and budget to conduct research themselves so that they truly understand their readers' informational needs and preferences.

### ***Implications for publishers***

News media has received a lot of criticism for incorporating native ads on news websites and many scholars have written about the (un)ethical aspects of native advertising (Coddington, 2015; Einstein, 2016; Ferrer Conill, 2016; Levi, 2015). The studies in this dissertation were, to a lesser extent, focused on whether news media should implement native advertisements or not, but instead aimed to investigate if there are any factors that can contribute to preserving readers' credibility perceptions of news websites and the factors that can increase readers' acceptance of native advertising on news websites. The results suggest that readers' perceptions of news outlets may not be solely influenced by whether they are aware that news websites implement native advertising or not, but also by the way in which the news website implements native advertisements.

First, it is recommended that news websites follow our recommendations for the accompanying disclosures. Helping readers recognize and understand native advertising can increase perceptions of transparency and subsequently trust in news outlets. Second, our research shows that news media should not ask their editorial staff (journalists) to create native advertisements. At some (especially smaller and digitally-native) news outlets, the editorial staff is responsible for both the editorial content and native advertisements (Lynch, 2018).

However, our interviews showed that if journalists created both native ads and editorial content, this will raise concerns about the mixed interests and credibility of the journalists. News media should therefore create/use a separate department for the creation of native ads or hire freelancers (that do not work on the editorial side).

Third, as our results show that readers' perceptions of the content of native ads can spill-over to the news outlets, we recommend that news websites have an active role in creating the advertisements (via a separate content studio or advertising department), or at least review ads carefully before they are being published. Similarly, news outlets should be careful in allowing all types of advertisers on their news platform, as our research suggests that the effect of native advertising on readers' credibility perceptions of the news website can be influenced by the type of advertiser that provides the ad. The 'content studio' (a separate department that help advertisers to create content campaigns) may be helpful to avoid 'native advertising scandals' and to implement native advertising in a sustainable manner. Fourth, readers' acceptance might differ depending on whether the news website incorporates a paywall or not. It might be useful for free news websites to stress the fact that native advertisements help to financially support a news outlet. However, these results are preliminary and need to be further empirically tested. Moreover, there are many types of paywalls, which may also have an influence. It is therefore recommended that each news website not only assesses its own disclosure label, but also readers' acceptance of native ads on the news websites in general. Allowing readers to comment below a native ad might be helpful to gauge reader sentiment and to quickly take action when a certain native advertising practice evokes negative responses.

### **A final note for the industry**

The native advertising industry has quickly developed over the past several years, and I have noticed some positive changes when it comes to transparency and the quality of the content of native ads. For instance, some Belgian and Dutch news organizations have changed (improved) their disclosure label and have become more transparent since we've shared our insights on the positive effects of providing more detailed and visually prominent disclosures. That being said, there are also still many poorly written and poorly disclosed native

advertisements on the web. In order to prevent readers from having a negative predisposition toward native ads, or that they willing to click on any native ads at all, we need to keep improving the industry standards for native advertising. I therefore hope that the studies of my dissertation will not only inspire academic scholars, but also practitioners to keep conducting research that contributes to an effective and transparent implementation of native advertisements on news websites. Let's strive together for a sustainable implementation of native advertising.



## English Summary

## Native advertising on news websites

An online news article about "The five advantages of eating chocolate" written by a chocolate manufacturer; or an article with "Tips to prevent hackers from breaking into your computer" coming from an internet service provider. More than ever, news websites contain so-called 'native advertisements': integrated online advertisements that mirror editorial news in style and content.

Consumers often consider traditional online advertisements (e.g. banners and pop-up advertisements) to be irritating and they therefore try to avoid these ads by, for instance, using an advertising blocker. By using the less intrusive native advertisements, advertisers hope to combat ad avoidance and to get more attention for their stories within the reliable context of a news website. In recent years, almost all news websites have also opened themselves to native advertising, mainly due to financial pressure.

At the time this research project started (in 2016), a number of studies had shown that native forms of advertising often receive more attention and are also more positively evaluated compared to other, more overt advertising formats, such as online banners. However, there has been quite some discussion about *why* readers respond more positively to native advertisements.

Critics argue that readers mainly respond positively to native advertisements not because they like the advertisements more but because they do not realize that they are looking at an advertisement. Following this criticism, a number of studies have shown that readers indeed find it difficult to distinguish native advertisements from editorial news content. Also, several studies have shown that once readers are aware that they are viewing an advertisement, they often become more critical of the advertiser and news website. Therefore, if native ads only work because readers are misled and are no longer capable of distinguishing between advertisements and news content, then there may be no sustainable future for native advertising. Eventually, misleading advertising practices may lead to an erosion of trust in news media, advertisers and advertisements. The question is therefore: can we implement native advertisements in an effective manner without deceiving readers and damaging trust,

and if so, which factors can contribute to this? The aim of this research project was to investigate whether there are other factors that could help implement native advertising in an effective and sustainable manner.

This doctoral dissertation consists of six studies that focus on various factors related to native advertisements, news readers and news websites. The studies show altogether that a lack of advertising recognition is certainly not the only factor that influences readers' processing and evaluations of native advertisements.

First, several studies have shown that the way in which the content is designed in native advertisements influences readers' critical processing and evaluations of native advertisements. Second, the interviews that we conducted with readers (see chapter three) suggest that the extent to which readers respond positively or negatively to native ads partly depends on the extent to which they feel that the advertisement provides personal value (i.e. information utility). Two other online experimental studies that are part of this dissertation seem to confirm the importance of informational value for readers. For example, the online experiment that we discuss in chapter two shows that readers who had noticed a label (for example: "sponsored by brand X") recognized the advertisement more quickly, but did not automatically evaluate the advertisement, advertiser, and news website more negatively. However, if the advertising brand often referred to itself in the text (i.e. 'a high brand prominence'), readers felt manipulated, which resulted in more negative evaluations of the advertisement, advertiser and news website. The experiments that are being discussed in chapter six also show that readers are less critical of native advertisements when the advertisers provide more balanced, two-sided information (so-called 'message sidedness'). These three experimental studies together show that different content factors can influence the perceived value and subsequently the extent to which readers feel manipulated. These feelings of manipulation in turn influence readers' evaluations of the ads, advertisers, and news websites.

In addition to the content, contextual factors also play a role. First, the experimental study discussed in chapter four shows that readers evaluate native advertisements

more positively when the advertisements match their interests (i.e. when readers are highly involved with the subject of the advertisement). Second, the type of advertiser also seems to play a role. The interviews that we carried out for the third study (which are discussed in chapter three) suggest that readers do not want to read native advertisements from all advertisers, but that readers' openness to the ads depends on the extent to which they perceive the source (i.e. the advertiser) to be trustworthy. The two experimental studies that are discussed in chapter six confirm this: readers were more critical when they read a native ad (instead of a genuine news article) from a commercial, less reliable advertiser, but this negative effect was mitigated or even completely disappeared when the exact same native advertisement came from a more reliable advertiser. Furthermore, several studies discussed within this dissertation show that news media should implement native advertisements in a careful manner, as readers' experience with a native advertisement can also influence readers' perceptions of the news website.

Another factor that we have investigated in several studies is the disclosure label that is meant to help readers with recognizing native advertisements as such (e.g. "sponsored content"). The disclosure labels that news media and advertisers are currently using are often unclearly formulated and presented inconspicuously. This would suggest that advertisers and news media are afraid to be transparent about native advertising. However, two studies in this dissertation (see chapters two and four) did not find a negative effect of label recognition on their evaluations of the native ads, advertisers and news websites. A third study that focused on the disclosure labels even showed that when the label was more detailed, readers rated the native advertisements as having more transparency. This higher perceived transparency resulted in positive evaluations of the advertisements, advertisers and news websites. Thus, using a clear and transparent disclosure can actually have a positive influence on readers' evaluations. Furthermore, the interviews that we have conducted for the third survey (see chapter three) also show that readers consider it important that native advertisements are clearly labeled. It is important to note that readers want to see the disclosure label before they click on the headline to read the native advertisement. By



providing a disclosure label upfront, readers can consciously decide whether or not they want to pay attention to a native advertisement. On the basis of these four studies, it can be concluded that news media and advertisers should not only provide a disclosure label, but should also try to make the disclosure label as transparent as possible, as this transparency leads to more positive evaluations among readers.

Together, the six studies of this dissertation show that perceptions of native advertisements are not solely influenced by recognition of the native ads as such. The studies show various other factors that can influence readers' evaluations of native advertisements, advertisers, and news websites. News media and advertisers can influence the extent to which advertising recognition leads to negative evaluations. Based on these studies, it is recommended to advertisers and news media that they implement native advertisements in a transparent way and that they aim to make the native advertisements as valuable as possible to the news readers.



## Dutch Summary

Een online nieuwsartikel over “de vijf voordelen van chocolade eten”, afkomstig van een chocoladefabrikant. Of een artikel met “tips om te voorkomen dat hackers in uw computer breken”, afkomstig van een internetprovider. Steeds meer nieuwswebsites bevatten zogenoemde ‘native advertenties’: geïntegreerde online advertenties, die dezelfde vorm hebben als de redactionele artikelen op een nieuwswebsite.

Consumenten vinden traditionele online advertenties (zoals banners en pop-up advertenties) vaak irritant en proberen deze daarom te vermijden, bijvoorbeeld door een advertentieblokker te gebruiken. Adverteerders hopen met de minder intrusieve native advertenties deze advertentievermijding tegen te gaan en meer aandacht voor hun verhalen te krijgen, binnen de betrouwbare context van een nieuwswebsite. Ook de nieuwswebsites hebben zich in de afgelopen jaren opengesteld voor native advertenties. Zij zien native advertising als een broodnodige nieuwe inkomstenbron, want er zijn nog altijd weinig lezers bereid om voor online nieuws te betalen, de advertentieblokkers en online platformen zoals Facebook en Google bedreigen de online advertentie-inkomsten en ook de verkoop van de papieren dagbladen loopt al jaren terug.

Op het moment dat dit onderzoeksproject startte (in 2016), waren er enkele onderzoeken gepubliceerd die aantoonde dat native advertentievormen vaak meer aandacht krijgen en ook positiever beoordeeld worden in vergelijking met meer opvallende advertentievormen, zoals de online banners. Er was echter nogal wat discussie over waarom dit het geval is.

Critici stelden dat lezers voornamelijk positief op native advertenties reageren omdat ze niet doorhebben dat ze naar een advertentie kijken en denken dat ze daadwerkelijk een nieuwsartikel van een journalist lezen. In navolging van deze kritiek toonden enkele onderzoeken aan dat lezers inderdaad moeite hebben om native advertenties van het gewone nieuws te onderscheiden. Ook lieten verschillende onderzoeken zien dat zodra lezers zich bewust zijn van het feit dat ze een advertentie bekijken, ze vaak kritischer

zijn ten opzichte van de adverteerder en nieuwswebsite. Echter, als native advertenties enkel werken wanneer lezers misleid worden en niet meer de advertenties van nieuws kunnen onderscheiden, dan ligt er geen duurzame toekomst voor native advertenties in het verschiet. Met misleidende advertentiepraktijken is de kans immers groot dat op de lange termijn het vertrouwen van lezers in de nieuwsmedia verloren gaat. De vraag is daarom: kunnen we native advertenties wel op een effectieve manier implementeren, zonder dat het vertrouwen van lezers wordt beschadigd en zo ja, op welke manier? Dit doctoraat had als doel om te onderzoeken of er andere factoren zijn die kunnen bijdragen aan een effectieve en duurzame implementatie van native advertenties op nieuwswebsites.

Deze dissertatie bevat zes onderzoeken die gericht zijn op diverse factoren die gerelateerd zijn aan native advertenties, lezers en nieuwswebsites. De onderzoeken tonen tezamen aan dat een gebrek aan advertentieherkenning zeker niet de enige factor is die bepaalt hoe lezers native advertenties beoordelen.

Ten eerste speelt de manier waarop de inhoud van de native advertenties is vormgegeven een rol. De interviews die we met lezers hebben gehouden (zie hoofdstuk drie) suggereren dat lezers niet automatisch negatief ten opzichte van native advertenties staan, maar dat dit deels afhangt van de mate waarin ze het gevoel hebben dat de advertentie ook daadwerkelijk waarde (bruikbare informatie) aan hen biedt. Twee andere online experimentele studies lijken het belang van de informationele waarde voor lezers te bevestigen. Zo liet het online experiment dat we in hoofdstuk twee bespreken zien dat lezers die een label hadden gezien (bijvoorbeeld: “gesponsord door merk X”) wel sneller de advertentie herkenden, maar niet automatisch de advertentie, adverteerder en nieuwswebsite negatiever beoordeelden. Echter, wanneer het adverterende merk vaak naar zichzelf verwees in de tekst, dan voelden lezers zich meer gemanipuleerd, wat tot een negatievere beoordeling van de advertentie, adverteerder en/of nieuwswebsite leidde. De experimenten die in hoofdstuk zes worden besproken tonen verder aan dat lezers minder kritisch tegenover

native advertenties staan wanneer de advertenties meer gebalanceerde, tweezijdige informatie aan lezers bieden. (Denk aan een artikel over de voor- en nadelen van een product, in plaats van een artikel dat enkel de voordelen benadrukt). Opnieuw had de inhoud invloed op de mate waarin lezers zich gemanipuleerd voelden, wat vervolgens beïnvloedde hoe lezers de advertentie, adverteerder en nieuwswebsite beoordeelden.

Naast de inhoud spelen ook contextuele factoren een rol. Zo laat hoofdstuk vier zien dat lezers meer openstaan voor native advertenties wanneer de advertenties sterk aansluiten op hun interesses en informatiebehoeftes (i.e. wanneer ze betrokken zijn bij het onderwerp). Ook het type adverteerder lijkt een rol te spelen. De interviews met lezers die we in hoofdstuk drie bespreken suggereerden dat lezers niet van alle adverteerders een native advertentie willen lezen, maar dat dit afhangt van de betrouwbaarheid en expertise van de adverteerder. De twee experimentele studies die in hoofdstuk zes worden besproken bevestigen dit: lezers waren kritischer wanneer ze een native advertentie van een commerciële, minder betrouwbare adverteerder lazen (in plaats van een nieuwsartikel), maar dit negatieve effect verminderde of verdween zelfs volledig wanneer precies dezelfde native advertentie van een meer betrouwbare adverteerder afkomstig was. Verder tonen diverse onderzoeken in dit doctoraat aan dat nieuwsmedia op een voorzichtige en goed doordachte manier native advertenties moeten plaatsen, aangezien lezers' ervaring met de native advertenties ook een invloed kan hebben op hoe betrouwbaar ze de nieuwswebsite beoordelen.

Een laatste factor die we in verschillende onderzoeken hebben onderzocht zijn de labels die lezers moeten helpen om native advertenties als zodanig te kunnen herkennen (denk aan een label zoals: "gesponsorde inhoud"). Deze labels zijn niet altijd even duidelijk, wat suggereert dat adverteerders en nieuwsmedia bang zijn om transparant te zijn. Twee onderzoeken in dit doctoraat (zie hoofdstuk twee en vier) vonden echter geen negatief effect van lezers' labelherkenning op hoe ze de native advertentie, adverteerder en nieuwswebsite beoordeelden. Een derde onderzoek rondom de labels voor native advertenties liet zelfs zien dat wanneer het label meer gedetailleerd was,

lezers de native advertenties als transparanter beoordeelden. Deze hogere gepercipieerde transparantie resulteerde vervolgens in een positievere evaluatie van de advertenties, adverteerder en nieuwswebsite. Ook uit de interviews die we voor het derde onderzoek voerden (zie hoofdstuk drie) blijkt dat lezers het belangrijk vinden dat native advertenties duidelijk gelabeld zijn. Lezers willen dit label al zien nog voordat ze doorklikken om de native advertentie te lezen. Op die manier kunnen ze zelf bewust beslissen of ze wel of geen aandacht aan een native advertentie geven. Op basis van deze onderzoeken kunnen we dus concluderen dat nieuwsmedia en adverteerders niet enkel een label moeten toevoegen, maar deze het beste ook zo transparant mogelijk maken, aangezien deze transparantie uiteindelijk leidt tot een positievere evaluatie onder lezers van de advertenties, adverteerders en nieuwswebsites.

De zes onderzoeken van dit doctoraat laten gezamenlijk zien dat native advertenties niet enkel werken omdat lezers misleid worden. De onderzoeken bieden inzicht in diverse andere factoren die lezers' evaluaties van native advertenties, adverteerders en nieuwswebsites beoordelen. Nieuwsmedia en adverteerders hebben het succes van native advertising zelf grotendeels in de hand door native advertenties op een transparante manier te implementeren en het lezersbelang voorop te stellen. Toekomstig onderzoek kan zich richten op het verbeteren van de transparantie van de native advertenties en op het verder zoeken naar factoren die kunnen bijdragen aan een effectieve en duurzame implementatie van native advertising op nieuwswebsites.





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*In life*

*It is not about where you go*

*It is about who you travel with*



# Curriculum Vitae

**Articles in scientific journals (with peer review)**

Krouwer, S., Poels, K., & Paulussen, S. (2018). To Disguise or to Disclose? The Influence of Disclosure Recognition and Brand Presence on Readers' Responses Toward Native Advertisements in Online News Media. *Journal of Interactive Advertising*, 17(2), 124-137. doi:10.1080/15252019.2017.1381579

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**Presentations at peer-reviewed academic conferences**

- ICORIA 2016 – Ljubljana, Slovenia
- Etmaal van de Communicatiewetenschap 2017 – Tilburg, The Netherlands
- ICA 2017, San Diego, California, USA
- Etmaal van de Communicatiewetenschap 2018 – Gent, Belgium

- AAA 2018 – New York City, USA
- ICORIA 2018 – Valencia, Spain
- ICORIA 2019 – Krems, Vienna

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### **Presentations for practitioners, including:**

- Content Rules Congress – 2017 – Antwerp, Belgium
- KIM Branded Content Event – 2017 – Hilversum, The Netherlands
- Branded Content Research Network Meeting – 2017 – London, United Kingdom
- TMG Advertising Impact Boost Event – 2018 - Antwerp, Belgium
- Stop de Persen – 2018 - Amsterdam, The Netherlands
- Employer Branding Bootcamp – 2019 – Gent, Belgium
- Hands-on Digital Event – 2019 – Gent, Belgium
- Native Advertising Days – 2019 – Berlin, Germany.
- Branded Content Event – 2020 – Utrecht, The Netherlands
- Seminars at different media and advertising companies, including: Wunderman, Bubka, Giving Brands Energy, Telegraaf Media Groep, Sanoma, Mediahuis Limburg, VRT Media.



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