# University of Nebraska - Lincoln DigitalCommons@University of Nebraska - Lincoln

Theses from the College of Journalism and Mass Communications

Journalism and Mass Communications, College of

4-2014

# News Goes Native: An Examination of Online Media's Disclosure Practices for Sponsored Content

Joseph Dean Moore
University of Nebraska-Lincoln, moorjo86@gmail.com

Follow this and additional works at: http://digitalcommons.unl.edu/journalismdiss

Part of the Communication Technology and New Media Commons, Journalism Studies
Commons, Mass Communication Commons, and the Public Relations and Advertising Commons

Moore, Joseph Dean, "News Goes Native: An Examination of Online Media's Disclosure Practices for Sponsored Content" (2014). *Theses from the College of Journalism and Mass Communications*. 38. http://digitalcommons.unl.edu/journalismdiss/38

This Article is brought to you for free and open access by the Journalism and Mass Communications, College of at DigitalCommons@University of Nebraska - Lincoln. It has been accepted for inclusion in Theses from the College of Journalism and Mass Communications by an authorized administrator of DigitalCommons@University of Nebraska - Lincoln.

# NEWS GOES NATIVE: AN EXAMINATION OF ONLINE MEDIA'S DISCLOSURE PRACTICES FOR SPONSORED CONTENT

by

Joseph Moore

### A THESIS

Presented to the Faculty of

The Graduate College at the University of Nebraska

In Partial Fulfillment of Requirements

For the Degree of Master of Arts

Major: Journalism and Mass Communications

Under the Supervision of Professor Ming Wang

Lincoln, Nebraska

April, 2014

NEWS GOES NATIVE: AN EXAMINATION OF ONLINE MEDIA'S

DISCLOSURE PRACTICES FOR SPONSORED CONTENT

Joseph Dean Moore, M.A.

University of Nebraska, 2014

Adviser: Ming Wang

Online news publishers are increasingly using sponsored content that assumes the

format of the host site's editorial content. This has led to concern among some in

the journalism industry that readers will be unable to distinguish advertising from

news editorial. A content analysis and an experiment examined how publishers

are formatting sponsored content and how readers are processing disclosure

information for sponsored content. The results suggest that current labeling and

disclosure practices may be inadequate in alerting readers to the commercial

nature of sponsored content.

#### i

# TABLE OF CONTENTS

I. Introduction					
II. Literature Review					
A. Definition of Sponsored Content	3				
B. How Sponsored Content Affects Readers	5				
C. Advertorials	9				
D. Schema-Inconsistency and Source confusion	11				
E. Rationale	12				
III. Study 1: Content Analysis	14				
A. Method	15				
B. Results	17				
C. Discussion	20				
IV. Study 2: Experiment					
A. Label Recall and Credibility	24				
B. Method	27				
C. Results	30				
D. Discussion	33				
V. Conclusion	37				
Notes	39				
Appendices	42				

# **Tables**

Table 1. Label Wording	17
Table 2. Sponsor Name Size	18
Table 3. Label Prominence by Label Recall	31
Table 4. Label Wording by Label Recall	33

#### I. Introduction

The inability of news outlets to make up for the precipitous decline in print advertising revenue through online display ads, like banners and pop-ups, has led many publishers to start using sponsored content (native ads), which has the potential to blur the line between editorial and advertising. Native ads assume the look and feel of the host site's editorial content, and are often created by the host publication's advertising or marketing staff, and sometime even its editorial staff, in consultation with the sponsor. They are essentially the older print advertorial adapted for an online format.

Recently, native advertising has become commonplace on social networking sites like Twitter and Facebook, with promoted tweets and ads appearing in the newsfeed alongside status updates from friends and family. Several prominent online-only and legacy news publishers have adopted this form of advertising to various degrees including *The Atlantic, Forbes, The Huffington Post, Buzzfeed* and *The Washington Post,* among others. *The Washington Post* recently announced that it would begin including sponsored content on A1 of its print edition. In addition, local dailies like the *San Francisco Chronicle* and the *Chicago Sun-Times* are also embracing this trend.

Many voices in the journalism profession have expressed concern that sponsored content goes too far in eroding the traditional "church/state" separation between advertising and editorial content. They fear that readers may be unable to distinguish between journalism and commercial fare and that this could lead to an erosion of credibility for news outlets. Some organizations have adopted informal ethics guidelines to govern their use of sponsored content, especially after the fallout from an article promoting Scientology in *The Atlantic* that was sponsored by the Church of Scientology.

As of yet, there are no recognized industry-wide standards for the use of sponsored content. The Federal Trade Commission held a workshop on sponsored content in December 2014 in an attempt to persuade publishers and advertisers to self-regulate their use of this form of advertising.

To better understand the practice of sponsored content among online publications and its effect on readers, a content analysis and an experiment were conducted. Results show that current labeling and disclosure practices may be inadequate in alerting readers to the commercial nature of sponsored content.

#### **II. Literature Review**

#### **Definition of Sponsored Content**

Journalism is in crisis. Advertising revenue for print newspapers fell for a sixth consecutive year in 2012, by \$1.8 billion or 8.5%, according to the Pew Research Center's State of the News Media 2013 report. Newspapers across the country are being shuttered. Many of those remaining are reducing their print frequency, slashing their newsroom staff and transitioning to the Web. Some newspapers, like the *Philadelphia Inquirer* and the *Miami Herald*, are selling their news buildings and moving into smaller rented spaces to help cover operating costs. While an online presence has allowed some publications to stave off disaster, the Internet is by no means a panacea for news outlets. For every dollar gained in digital ad revenue in 2012, 15 print dollars were lost, according to Pew. Digital pay schemes like paywalls are generating some revenue, but not enough to compensate for declines in print circulation and advertising.

It is in this context that sponsored content has entered the scene. Because it is such a relatively new phenomenon in the world of digital publishing, there is no industry-wide consensus on the precise definitions of "native advertising" or "sponsored content." The two terms are often used interchangeably in the trade literature; however, "sponsored content" is more often used to refer to native advertising within online publications, particularly news publications. For the purposes of definition, I will also use the terms interchangeably.

A July 2013 article from *Media Industry Newsletter* reported the results of a survey of 29 online publishers, probing their definitions and use of "native advertising." Among the most popular definitions was "content either provided by, produced in

conjunction with or created on behalf of our advertisers that runs with the editorial stream." Eighty-one percent of publishers surveyed said the purpose of these ads "is to increase brand engagement or to leverage publisher brand to achieve advertiser brand lift "<sup>4</sup>

Forbes, a publication that both praises the benefits of sponsored content for marketers, and also makes extensive use of sponsored content on its own site, defines it as "a paid-for placement on a digital screen or within a content stream that promotes a brand's content marketing much the same way editorial content is promoted." This incontent placement is contrasted with more traditional display ads, like banners and popups, which are "disruptively placed and transport consumers away from the site they came to visit in the first place."

In a September 2013 article, *Advertising Age* defined "native ads" as those ads that "commonly mimic headline and editorial styles and fonts." The article goes on to say that "by wrapping ad messages in a format that looks like editorial content – and calling them something else, such as 'sponsored' or 'partner' content – they[marketers] hope to trade on the trust and goodwill editorial has built up with the audience."

A 2013 survey of publishers, brands and agencies by Hexagram and Spada revealed that different stakeholders defined native advertising in different ways.

Publishers were more likely to identify native advertising as "sponsored content," while brands are more likely to identify native advertising as content "brought to you by." The survey also revealed that blog posts and articles were the most commonly used forms of native advertising. It makes sense that brands would be more likely to define native ads as ads "brought to you by..." because this format gives recognition to the advertised

brand. "Sponsored content," on the other hand, does not reveal the brand and seems to be more from the perspective of the publisher.

While definitions of sponsored content vary slightly within the publishing, marketing and advertising literature, some common elements are always present. The placement is paid for by a third party who is not the publisher; it is often created by the host publication's advertising or marketing staff, and sometime even its editorial staff, in consultation with the sponsor; it appears within the content/editorial stream of the host publication's site (hence the "native" part); and it is clearly distinguishable from traditional display advertising.

## How Sponsored Content Affects Readers

Often, an article sponsored by a particular business will be accompanied by display ads for that same business. This technique is commonly referred to as "contextual advertising" or "congruency." Hervet, Guerard, Tremblay and Chtourou (2010) found that viewers of online ads were more likely to retain information, such as brand names, from a display ad when it was congruent with the editorial content. Using eye-tracking equipment, the researchers were also able to conclude that advertising avoidance is far more common on the Internet than on television. Slightly more than 63% of the banner ads displayed in the study were not fixated on, compared to an avoidance rate of less than 10% for television advertising.<sup>8</sup>

In a similar study using eye-tracking technology to measure attention to online ads, Dreze and Hussherr (2003) found that on average, participants looked at 3.96 display ads (out of 8) during the experiment. They also found that viewers actively avoid looking

at ads and "are able to recognize that an item is an ad without having to look directly at it." The poor performance of traditional display ads is a driving force behind the adoption of sponsored content. In a July 2013 article in *The Nation* about the rise of native advertising, Michael Serazio calls the click-through rates for banner ads "laughable" and writes that this "means marketers are eagerly exploring other alternatives to engage eyeballs." 10

In a 2012 survey of media agency executives conducted by the native advertising platform Sharethrough, nearly 50% of respondents "considered native video ads to be more effective than conventional ads at hitting key performance indicators." Sharethrough also commissioned an eye tracking study to determine the "effectiveness" of native advertising, the results of which were published in May 2013. The study concluded that "consumers visually engage with native ads more frequently than traditional banner ads and in an equivalent way to editorial content." Overall, consumers looked at native ads 53% more frequently than banner ads. The study also found that a slightly higher percentage of viewers looked at native ads than original editorial content. Content.

The positive results of these industry-sponsored studies may explain the recent increase in spending on native advertising. An eMarketer study from May 2013 revealed that spending on native advertising accounted for about 40% of overall ad expenditures on social media platforms in 2012. That share is projected to increase to 42% by 2017. The media analytics firm BIA Kelsey estimated in April 2013 that native ad spending on social media would reach \$4.7 billion in 2017, from \$1.63 billion in 2012. In every year

of the forecast period, native ad spending is projected to grow faster than spending on traditional display ads.<sup>14</sup>

Time Inc. recently announced it would be dramatically expanding its native ad business. Representatives from the company said that while the native ads would be denoted as "Sponsored Content," they should "practically mirror the look and feel of what users interact with when viewing any piece of standard content." In October 2013, the Associated Press announced plans to introduce sponsored articles into the stream of news stories on its mobile app and website. The decision is part of a larger effort to increase the AP's revenue from advertising, which is currently only around 2% of its total revenue. Most of that money comes from banner ads on AP's mobile app, as well as units from websites carrying the AP's content. Jim Kennedy, senior vice president of digital strategy and products at the AP, said the company plans to err on the conservative side when demarcating sponsored posts as ads, to avoid jeopardizing the company's reputation. <sup>16</sup>
Kennedy might have reason to be cautious.

Both marketers and publishers seem to be embracing native advertising as a way of preventing viewers from avoiding ads by placing them directly in the content stream itself, making it impossible for viewers to avert their eyes. In order to do this successfully, marketers and publishers must give the sponsored content the look and feel of the host site's editorial content. If viewers can easily identify the content as advertising, they will employ learned avoidance techniques to evade the ad altogether. But the blurring of editorial and advertising can also be problematic for viewers.

In November 2012, MediaBrix, a company that offers advertising platforms within social and mobile apps, published the results of a survey it commissioned focusing

on the perceptions among U.S. adults of ads "that attempt to appear as part of the content in any medium, including in print, on television and on digital, social and mobile platforms." The results revealed that a majority of online adults who had experienced some form of native advertising in the previous 12 months said that the ads either negatively impacted or had no impact on their perceptions of the brand being advertised. According to the survey, a majority of adults who had experienced native advertising in the previous 12 months found the ads misleading. Eighty-six percent of respondents said they found video ads that appear as content to be misleading. Sixty-six percent of respondents also said they found traditional magazine advertorials misleading. <sup>17</sup> Perhaps unsurprisingly, disguising commercial content as editorial may lead to confusion among readers.

Writing in *The Wall Street Journal*, Farhad Manjoo emphasizes the problematic nature of sponsored content by pointing out that the appeal of native ads for brands, their equal placement with editorial content, is precisely what makes them so dangerous. He predicts that it will become increasingly difficult to distinguish between paid and unpaid content online and that advertisers will put pressure on publishers to weaken disclosure requirements. Finally, he notes that publishers often use vague wording in their disclosures, such as "featured partner," that may not accurately convey the commercial source of the content to readers.<sup>18</sup>

Disclosure information on the article page is becomingly increasingly more important than labels identifying the article as sponsored content on the publisher's homepage or newsfeed. This is because, overall, more Internet traffic comes to online news sites from a combination of search and social media, than direct traffic to news

sites. A 2014 study by Define Media Group found that 57% of traffic to online publishers originated from either search or social media, with search accounting for the most traffic. However, the researchers note that these percentages can vary dramatically by individual publication.<sup>19</sup>

On December 4, 2013, the Federal Trade Commission hosted a one-day workshop to examine native advertising's blending of advertisements with news. The workshop brought together publishing and advertising industry representatives, consumer advocates, academics and other groups to explore the ways in which sponsored content is presented to consumers. Writing in *Poynter*, Rick Edmonds posits that by scrutinizing native advertising, the government is inviting publishers and advertisers to self-regulate and clearly label sponsored messages.<sup>20</sup> So far, the FTC has not announced any decision to regulate the use of native advertising on the Internet.

Several commentators point out that sponsored content is not a new trend, but simply a resurrection of the older advertorial form for use on the Internet. The World Association of Newspapers and News Publishers, in their *World News Publishing Focus*, posits that "sponsored content is not a revolutionary concept, despite all the hooplah – the revolution was merely shifting and expanding the age-old advertorial concept to digital platforms." In an August 2013 article in *Advertising Age* about *The Washington Post's* embrace of sponsored content, the author notes the similarities between sponsored content and "the classic advertorial, which publishers have run for decades." Magazine and newspaper advertorials, introduced in the 1980s, are advertisements that appear as articles in the host publication, often with headlines, bylines and other editorial trappings that make them look similar to the publication's native content. Because so little

academic research has been done thus far on sponsored content in online publications, and sponsored content bears such a striking resemblance to advertorials, the research literature on advertorials will be used to inform the examination of sponsored content.

#### Advertorials

Stout, Wilcox and Greer (1989) defined "advertorials" as "those advertiser paid blocks that combine clearly identifiable advertising with simulated editorial text." The researchers conducted a content analysis of eight different magazines published between 1980 and 1986 to determine if the frequency of advertorial use increased during that period. They found that the total number of advertorials appearing per year in the selected magazines increased dramatically from 1980 to 1986 (from a low of 8 in 1980 to a high of 43 in 1986). The researchers hypothesized that this increase was related to the need for new revenue on the part of magazines. The largest increase in the use of advertorials took place between 1984 and 1985. The year 1985 was the first time since 1982 that magazines experienced a loss in ad-page totals and only a minor rise in ad revenue. <sup>23</sup> If this is accurate, it parallels the increased adoption of sponsored content during a period when ad revenues for print publications are stagnating or declining.

In their content analysis of Mobil Oil advertorials appearing in the op-ed pages of *The New York Times* between 1985 and 2000, Brown and Waltzer (2005) distinguished between two types of advertorials: "image advertorials" and "advocacy advertorials." Image advertorials are designed to create a positive perception of the advertised company and a favorable climate of public opinion for that company. Advocacy advertorials are designed to win public support for the company's viewpoint on controversial issues of

public policy. The researchers define advertorials as a form of "outside lobbying" intended to influence public opinion and, in the process, bring public pressure to bear on decision makers for the benefit of the company. The researchers identified 819 advertorials sponsored by Mobil, accounting for 29.4% of all advertorials on the *Times* op-ed page. About half of those were image advertorials and half were advocacy advertorials.<sup>24</sup>

In another content analysis of magazine advertorials, Cameron, Ju-Pak and Kim (1996) looked at publishers' compliance with industry guidelines governing the use of advertorials, specifically labeling and formatting recommendations. The study revealed frequent violations of the American Society of Magazine Editors (ASME) guidelines for use of advertorials. Nearly one-third of advertorials in the sample were not labeled as advertisements. Most of the sample advertorials did not include the recommended label on each page. Of the sample advertorials that did use labels, 83% placed the label at or near the top, while about 16% used the bottom. Only 19% of advertorial labels were noticeably larger than the editorial type size, with more than two-thirds actually smaller. Only 51% included the sponsor's name or logo and such information typically appeared towards the bottom of the copy. From these findings the researchers concluded that "readers may very well be confused about what is editorial and what is commercial copy." They also warn that because advertorials borrow from the editorial credibility of the publication, editorial credibility may be eroded by unethical advertorial practices. <sup>25</sup>

## Schema Inconsistency & Source Confusion

Warlaumont (1997) examined the effects of magazine ads incorporating elements of realism on reader involvement. Specifically, he selected ads featuring black and white documentary-style photographs depicting "visual naturalness" (as opposed to commercial poses, props, settings, etc.) with little or no copy except for a brand name or logo. Participants in the study were shown several "realistic" ads and then given a survey to gauge their surprise at encountering elements of realism in an advertisement, as well as their level of involvement with the ad. The study concluded that respondents generally found realism in the ads to be "schema-inconsistent." In other words, the realistic elements conflicted with their expectations for commercial advertisements. This conflict of expectations led to cognitive dissonance and forced viewers to pay more attention to the ads in order to attempt to reconcile the schema discrepancies. Respondents used more connotative responses (thoughts, arguments, etc.) to describe the ads and their reactions to them, suggesting higher cognitive involvement with the ads themselves.<sup>26</sup>

In a similar study involving televised political ads, Yegiyan and Grabe (2007) looked at campaign commercials that employ news production techniques, like first-person camera perspective and natural lighting, and viewers' ability to identify the source of the ads. The researchers showed participants news stories, conventional political ads and political ads that looked like news stories and asked them to identify the source of each. They found that, over time, subjects became increasingly unable to accurately match information with the source it originated from, despite remembering the content. The researchers note that "source confusion was most prominently associated with news-like ads." Information presented in news-like ads was attributed to a news source more

often than actual news was attributed to a news source. This confusion occurs because viewers associate certain structural elements like natural lighting and eyewitness camera perspective with news. When remembering the source, viewers match these details with their schemas for news. In the case of news-like ads, this results in a false identification of commercial content as news content.<sup>27</sup>

#### Rationale

Because native advertising and sponsored content are relatively new phenomena in the world of online publishing, as yet, little academic research has been devoted to this topic. No formal, industry-wide standards have been adopted governing the use of sponsored content by online news sites, and the Federal Trade Commission is only now in the earliest stages of examining the effects of native advertising on consumers. As professional organizations like the Society of Professional Journalists and the American Society of News Editors, as well as the federal government, seek to understand this new advertising trend, and the guidelines/regulations that may be necessary to ensure its ethical use, they will benefit from empirical analyses of the current formatting and disclosure practices of online publishers. The potential of sponsored content to deceive readers, damage brand image and erode the credibility of news outlets requires that everyone involved in the creation of sponsored content be aware of these potential consequences and how best to mitigate or eliminate them.

Two separate studies were conducted to examine the formatting of sponsored content and its potential impact on readers. The first study is a content analysis of the labeling, source disclosure and formatting practices of prominent online news publishers with respect to sponsored content. The second study, informed by the findings of the first,

is an experiment designed to test the effects of sponsored content label prominence and wording on readers' recall of the presence of a label, as well as their perception of the nature of the content and the credibility of the news publisher. Both studies attempt to gain greater insight into how publishers are displaying sponsored content to readers, and how readers are processing that information, with the goal of informing professional ethics guidelines and/or governmental regulations governing the use of such content.

#### **III. Study 1: Content Analysis**

The results of schema inconsistency and source confusion studies can be useful for examining sponsored content. Native advertising that appears on news sites is, by definition, news-like and appropriates many of the structural elements associated with news articles (headlines, bylines, AP style copy, etc.). If the news-like nature of a sponsored article conflicts with readers' schema of what an advertisement should look like, the dissonance may increase their cognitive involvement with the sponsored content, thereby improving their memory of the material. However, if readers are matching these structural elements with their schemas for news, this may contribute to source confusion over time. Readers may attribute commercial content with persuasive intent to an objective news source, lending the commercial content the credibility of news editorial. Source disclosure early in the copy, such as above the headline of a sponsored article, may mitigate or erase the effects of differential memory decay by allowing readers to store source information as semantic memory, which has greater longevity than episodic memory. Therefore, the following research questions are posed:

- **RQ 1**: Are online news outlets clearly labeling sponsored content as such?
- **RQ 2**: Are online news outlets disclosing source information for sponsored content like sponsor name and logo?
- **RQ 3**: Where do label and source information appear on the sponsored content page (at the top, in the middle or at the bottom)?
- **RQ 4**: What structural elements of news stories (headlines, bylines, etc.) are being appropriated by sponsored content?
- **RQ 5**: Are display ads congruent with the sponsored content?

**RQ 6**: Are the formatting standards (labeling, source disclosure, etc.) for sponsored content different between online-only and print-based publications?

#### Method

This study employed a content analysis of sponsored articles from several online news sites. A sample of 10 online-only and online/print news publications was selected based on a careful reading of news articles and marketing/advertising industry literature about sponsored content. The following 10 news sites are mentioned frequently in the literature as heavy users of sponsored content: Buzzfeed, Quartz, Gawker, Business Insider, The Huffington Post, Forbes, The Washington Post, The Atlantic, Mashable, and Slate. This selection is not based on a formal study of the number or frequency of sponsored articles on these sites, but on the frequency with which these publications are cited as users of sponsored content in news articles and marketing/advertising industry literature. The sample includes seven online-only publications (Buzzfeed, Quartz, Gawker, Business Insider, The Huffington Post, Mashable and Slate) and three online publications with a print component (The Washington Post, Forbes, and The Atlantic). Traditional newspaper sites, special and general interest magazine sites, and news aggregator sites that also publish original content are represented in the sample.

Because it is not possible to isolate sponsored articles through a search database, and most online publishers do not archive their sponsored content, a convenience sample of sponsored articles pulled from the above news outlets was used for this study. A sample size of 100 articles was selected from the 10 publications over a three-month period beginning in December 2013 and ending in February 2014. Sites that are more

frequent publishers of sponsored content were more heavily represented in the sample.

"Sponsored" articles were operationally defined as those articles labeled as "sponsored,"

"branded," etc., or with a publication-specific label like "WP BrandVoice." This method necessarily excluded unlabeled sponsored articles, but the goal of this study is to examine labeled articles to determine the prominence and location of the label, as well as source information.

The following 15 units were selected for analysis: label position, label wording, label size, label color, presence of sponsor name, name of sponsoring entity, sponsor name position, sponsor name size, presence of sponsor logo, sponsor logo position, sponsor logo prominence, presence of byline, presence of author identifier in the byline, presence of headline and display ad congruency. For the purpose of this study, a "byline" had to give the name of a person (e.g. by Jane Doe), not just the name of a company (e.g. by IBM). Display ads were considered "congruent" if the entity being advertised and the entity sponsoring the article were the same. Content categories for each unit were chosen using emergent coding based on a preliminary examination of sponsored articles.

Two coders were employed in the analysis. Each coder was familiarized with the operational definitions for units of analysis and content categories. Coders participated in a two-hour training session and two pilot studies were conducted before reliability scores reached satisfactory levels. From the final sample of 100 articles, coders coded 50 of the same articles. The results from these 50 articles were used to calculate intercoder reliability. The following are reliability scores for each unit of analysis expressed using Krippendorff's Alpha: label wording ( $\alpha = 0.804$ ), label size ( $\alpha = 0.733$ ), label color ( $\alpha = 0.849$ ), sponsor name ( $\alpha = 0.66$ ), sponsor name position ( $\alpha = 0.637$ ), sponsor name size

 $(\alpha = 0.562)$ , sponsor logo  $(\alpha = 0.832)$ , sponsor logo position  $(\alpha = 0.854)$ , sponsor logo prominence  $(\alpha = 0.853)$ , byline  $(\alpha = 0.828)$ , author identifier  $(\alpha = 0.608)$ , display ad congruency  $(\alpha = 0.67)$ . Agreement was 100 percent for presence of a headline and close to 100 percent for label position. For six units, Krippendorff's alphas were greater than 0.8, indicating strong agreement. For four units, alphas were less than 0.667, the lowest value for which coders can be said to be in agreement for an exploratory study.<sup>28</sup> As a result, caution should be used when drawing conclusions from these four units.

#### Results

RQ1 regarding the clarity of sponsored content labels was broken down into three separate categories: label wording, label size and label color. The findings indicate that "publication-specific identifiers" (e.g. "WP BrandConnect") were the most frequently used labels in the sample (53%), followed by labels including the word "sponsored" (34%) and "other" wording (13%). "Advertisement" was not used as a label for any of the articles in the sample. Table 1 below presents the frequency for label wording.

Table 1. Label Wording

					Cumulative
		Frequency	Percent	Valid Percent	Percent
Valid	Sponsored	34	34.0	34.0	34.0
	Publication-Specific Identifier	53	53.0	53.0	87.0
	Other	13	13.0	13.0	100.0
	Total	100	100.0	100.0	

With regard to label size, 66% of the articles in the sample had a "small" label, 24% had a "large" label and 10% had a "medium" size label. In 70% of sample articles,

the label was either highlighted or presented in a color distinct from that of the surrounding text. In 30% of sample articles the label was presented in a color similar to that of the surrounding text.

RQ2 asked whether online news sites were disclosing source information for sponsored content. The findings reveal that in 98% of the sample articles the name of the sponsoring entity was identified. However, these results must be viewed with caution because intercoder agreement for this unit was low. The sponsoring entity's logo was displayed in 79% of the sample articles. Sponsor name size was "small" for 62% of sample articles, "medium" for 31% and "large" for only 5%. Table 2 below displays frequency for sponsor name size. Again, intercoder agreement was low for this unit so results should be viewed with some caution.

Table 2. Sponsor Name Size

					Cumulative
		Frequency	Percent	Valid Percent	Percent
Valid	Large	5	5.0	5.0	5.0
	Medium	31	31.0	31.0	36.0
	Small	62	62.0	62.0	98.0
	N/A	2	2.0	2.0	100.0
	Total	100	100.0	100.0	

Sponsor logo prominence was "low" in 32% of sample articles, "high" in 28% and "moderate" in 18%. For 22% of articles, a sponsor logo was not present so the prominence categories did not apply.

RQ3 asked where label and source information appear on the article page. The analysis reveals that in 96% of sample articles the label appeared within the top one-third of the Web page, near the headline. Labels appeared in the middle one-third of the page

in only 4% of articles and never appeared in the bottom one-third of the page. Source information including sponsor name and logo also appeared most frequently at the top of the page. In 94% of sample articles sponsor name appeared in the top one-third of the page. Sponsor logos appeared in the top one-third in 70% of sample articles.

RQ4 was concerned with the structural elements of news stories (headlines, bylines, etc.) being appropriated by sponsored articles. Headlines were present in 100% of sample articles, usually appearing in larger and bolder font than the article content. A majority of sponsored articles (67%) did not use bylines with a person's name (rather than that of a company). Only 33% did employ such a news-style byline, usually directly below the headline. Only 27% of articles identified the institutional affiliation of the author named in the byline.

RQ5 asked whether display ads (banners, pop-ups, etc.) are congruent with the sponsored content of the article. In other words, is the company being advertised in the displays the same company that sponsored the article? The analysis found that in 36% of articles the display ads were congruent with the article content; 16% were not congruent. For the remaining 48%, the categories did not apply because, either the sponsoring entity was unknown, or there were no display ads on the page.

RQ6 asked if the formatting standards were different between online-only and online publications with a print component. The findings reveal several significant differences between the formatting standards of online-only and online/print publications. In the categories of "label size" and "label color," online/print publications were more likely to use a larger label size than online-only sites, although both still use mostly small labels, and online/print publications are more likely to display their labels highlighted or

in color. In fact, 100% of online/print labels were colored compared with 56.5% of online-only labels. Label size was "large" in 41.9% of online/print articles, but only 15.9% of online-only articles. Both units were statistically significant,  $\chi^2(2) = 10.49$ , p < .01 for label size and  $\chi^2(1) = 19.26$ , p < .01 for label color. Online/print publications were far more likely than online-only publications to use publication-specific wording in the sponsored content label (83.9% v. 39.1%).

In terms of disclosing source information, online/print publications were more likely than online-only publications to display the logo of the sponsoring company (93.5% v. 72.5%). Online/print articles were also more likely than online-only articles to display bylines with the name of a person (58.1% v. 21.7%). Finally, online/print articles were more likely than online-only articles to have congruent display ads (52.8% v. 47.2%).

#### Discussion

As in Cameron et al.'s (1996) analysis of magazine advertorials, the majority of sample articles in this study placed the sponsored content label at or near the top of the page. This is significant because it allows readers to store information about the commercial nature of the message, alongside the content of the article, as semantic information rather than episodic information. This reduces the chance for differential decay between information about the commercial nature of the article and the article's content. Thus, this decreases the likelihood that, after a certain period of time, the content of the article will be remembered but the knowledge that it is an advertisement will not.

Similar to Cameron et al.'s (1996) findings, the majority of labels in this study appeared smaller than the font size of the surrounding text. This is problematic because it may increase the likelihood that readers will not see the label when reading the article. Although a majority of labels did appear highlighted or in a color distinct from the surrounding text, size is still an important factor in making the label visible to the reader. If readers do not see a label identifying the article as an advertisement, they are likely to assume that what they are reading is genuine editorial content. This could have potential negative consequences for both the credibility of the news publication and the brand being advertised. A majority of publishers in the sample used publication-specific wording in their sponsored content labels, such as *The Washington Post's* "BrandConnect." No articles in the sample identified content as an "advertisement." This is potentially problematic because publication-specific identifiers do not clearly indicate that the content is an advertisement. A majority of readers are unlikely to know exactly what "BrandConnect" means. Many publishers do provide a link next to the label where readers can go to for further clarification, but it is unlikely that many readers will take the additional time to inform themselves.

Unlike Cameron et al.'s (1996) analysis, this study found a majority of sample articles placing source information such as sponsor name or logo at the top of the page. This is important because it has the potential to prime readers to the commercial nature of the content they are about to read. Source information is also more likely to be stored as semantic information if it appears at the top of the page, decreasing the chance that message content could become untethered from source information over time. This is beneficial for news publications because it reduces the possibility that readers will

attribute advertising information to the publication itself, rather than the advertised brand. However, in a majority of articles sponsor name size and sponsor logo prominence were "small" and "low" respectively, meaning they were generally smaller and less noticeable than the surrounding text. Again, this increases the chance that readers will not see this important source information, potentially erasing the beneficial effects of placing the information at the top of the page.

All of the sponsored articles in this study used news-like headlines at the top of the article. One-third of the articles also used a byline with the name of a person to identify authorship. Walraumont (1997) found that the presence of realistic elements in commercial ads is "schema-inconsistent" for viewers, forcing them to pay closer attention to the ads in order to attempt to reconcile the schema discrepancies. This effect can be beneficial for advertisers because it leads to deeper engagement with the ad. However, this phenomenon may be detrimental to news publishers if readers are confused about the news-like elements within the ad. Headlines and bylines in sponsored articles may help to disguise the commercial content as editorial, but in the process they may confuse readers as to the true nature of the content. Yegiyan and Gabe (2007) found that after subjects viewed ads that looked like news stories, over time they became increasingly unable to match the information from the ad with the source it originated from. Subjects were more likely to attribute information from a news-like ad to a news source than information from actual news to a news source. The news-like elements present in sponsored articles have the potential to cause similar confusion among readers.

Online publications with a print component, such as *Forbes* and *The Washington*Post, are more likely to have larger labels with colors that stand out from the surrounding

text. The reason for this could be that these legacy publishers feel they have a greater obligation to their readers to clearly distinguish between editorial content and advertising. These publishers have to uphold reputations as serious and ethical news providers. More than online-only publications, legacy publications rely on high credibility among readers as a key to their business model. Online/print publishers are also more likely than online-only publishers to use publication-specific identifiers in their labels, probably because they have stronger brand recognition than many lesser-known online news sites.

Advertisers want to be associated with the prestige of these publications' brands.

Unfortunately, their embrace of publication-specific identifiers may hurt their credibility by making it more difficult for readers to identify sponsored content as advertising. A label clearly indicating the content as advertising would be more likely to communicate to readers the commercial nature of the content. If readers feel they are being misled, their faith in the brand as an ethical news provider could be damaged.

#### **IV. Study 2: Experiment**

#### Label Recall & Credibility

Cameron, et al. (1996) emphasize the importance of label and source notification placement on readers' ability to recall information about advertorials. Source information like sponsor name, logo or the advertorial label itself are more likely to be stored as episodic memory, whereas the message content of the advertorial is more likely to be stored as semantic memory. Episodic memory decays faster than semantic memory so, over time, readers may forget the commercial source of an advertorial message while still remembering the message itself. This has the effect of lending the advertisement more credibility as editorial content. The effect can be mitigated or erased altogether if source notification is placed before the message at the top of the advertorial page, for example. In this case, source information may be stored with other semantic information so that the commercial nature of the message does not become untethered from the message content. In light of this, the researchers' findings that source information typically appears at the bottom of the advertorial page, if at all, is problematic.

In an experiment on the effects of advertorials on dimensions of reader involvement, Kim, Pasadeos and Barban (2001) found that readers' memory of the presence or absence of an advertorial label was poor (less than one-third recalled the presence of a label). More people were confused about the presence or absence of a label than those who remembered the absence of a label well. Even when they didn't recall the label, readers recognized the advertorial as commercial based on the nature of the advertorial content itself. As a result of readers' inability to recall labels, the researchers

conclude that public policy should focus on how advertorials could be identified as such in their content.<sup>29</sup>

Cameron and Curtis (1994) had similar results from an experiment designed to determine whether readers notice advertising labels on feature ads. The researchers also looked at the effects of complexity in page design on readers' ability to notice an advertising label. They found that memory for advertising labels was low and the ability of subjects to remember whether a story was labeled or not differed little from chance. Participants were much more likely to remember the content of the ad than the label identifying it as advertising. They also found no significant interaction between the complexity of the ad format and readers' ability to recall the presence of a label. The researchers concluded that labels are not effective disclaimers for feature ads and, as a result, more effective methods for notifying readers of the commercial source of an ad should be explored, or such ads should be prohibited altogether.<sup>30</sup>

In a related study examining how readers process editorial information versus advertising information, Cameron (1994) found that memory for message content was considerably higher than memory of the presence or absence of an advertising label.

Again, memory of the presence of a label varied little from chance. Cued recall of the presence of a label was higher than recognition recall. Interestingly, recall of the article content was higher for the non-labeled condition than for the labeled condition. When the presence of the label was remembered well, the labeling of the message did have an impact on how the message was encoded into memory. Content in the article labeled as advertising was not as well remembered as the same content appearing in an unlabeled article. Cameron concluded that readers view content believed to be editorial as more

credible than advertising content because of the "third-party endorsement" of the publication's editorial staff. This increases reader engagement with the editorial content leading to better recall.<sup>31</sup>

Tewksbury, Jensen and Coe (2011) studied the effects of labels for video news releases on how viewers perceive the credibility of the news source. The researchers hypothesized that labels explicitly identifying the source of the news video would lower viewer assessment of the bias of a news story, its reporter, the news station, the news industry and the content source. They found that clear labels had no effect on participants' judgments of news and news producer bias. They concluded that perceptions of the credibility of news creators and programs are unaffected by audience awareness that external and interested parties were involved in the creation of the news. The researchers note that although participants expressed concern about the presence of unlabeled third-party content in the news, they did not employ this knowledge when evaluating the credibility of the news.<sup>32</sup>

The following hypotheses and research question are posed:

**H1**: Overall reader recall of the presence of a label will be low.

**H2a**: Readers will be more likely to recall the presence of a label if the label is highly prominent.

**H2b**: Readers will be more likely to recognize the article as an advertisement if the label is highly prominent.

**H3**: Readers will be more likely to recognize the article as an advertisement if the label's wording identifies it as an "advertisement."

**RQ1**: Will label presence, prominence and/or wording effect readers' perceptions of the publication's credibility?

#### Method

Design

A 2 (prominence: high-prominence or low-prominence) X 3 (label wording: sponsored content, NHT Brandlink, or Advertisement) factorial experiment plus one control condition was carried out at a Midwestern university. Each participant read one "sponsored" article or one article without a sponsor label (control condition), resulting in seven conditions in the experiment. Prominence was manipulated as follows: (1) high prominence: a highlighted text label with a font size larger than the surrounding text and (2) low prominence: a gray text label with a font size smaller than the surrounding text. The conditions in the label wording manipulation were (1) a label that read "Sponsored Content," (2) a publication-specific label that read "NHT BrandLink" and (3) a label that read "Advertisement."

Participants were sent an email with a link to a survey-embedded experiment on Qualtrics. Two-hundred and eleven students participated in this study from March 11 to March 24, 2014. Nine questionnaires were removed from the final sample because they were completed in less than 3 minutes, the minimum threshold established by the researchers, leaving a sample size of 202 questionnaires. Participants were 60.4% female and the majority were juniors and seniors selected from journalism and mass communication courses. Thirty-nine participants experienced the control condition, which left 163 participants in the six experimental conditions.

#### Stimuli

Researchers created a webpage for a mock online newspaper called "The New Haven Tribune." An article about President Obama's response to revelations regarding NSA metadata collection was adapted from a sponsored article that appeared on Forbes.com. The original article was sponsored by a large software company specializing in business management software. The article discusses the development of a software program that utilizes an individual's email metadata to map the evolution of their personal relationships. Some identifying information within the article was changed, including the name of the program, where the program was developed and the names of its co-creators. The adapted article was placed in the "Tribune" webpage with a new headline, "Obama Considers Changes to Surveillance Programs," and a photo of President Obama beneath the headline. A list of recommended articles appeared on the right-hand side of the webpage. Two display ads, one at the top of the page above the headline and one to the right of the page, were included. Both ads were for a fake software company called "MetaSoft." These ads were included to mimic congruency between article content and display ads, a common feature of sponsored articles.

Inserted at the top of the webpage, above the article headline, were labels for the six experimental conditions. The top of the webpage was chosen because a prior content analysis revealed this to be the area where sponsored content labels most frequently appear. The three label wording conditions were also chosen based on the results of a content analysis. "Sponsored Content" and publication-specific labels like "WP BrandConnect" (for the *Washington Post*) were the most frequently used labels to identify sponsored content. "NHT BrandLink" was used for the publication-specific label condition. A third label that read simply "Advertising" was also included to determine if

the straightforward wording would be more effective at communicating the commercial nature of the content to readers. The two prominence conditions were a yellow highlighted label with a font size considerably larger than the headline font and a gray label with a font size considerably smaller than the headline font. The control condition had no label. One sample of the experimental stimuli is shown in Appendix C.

#### Measures

Several questions were used to determine the extent to which participants noticed the labels and processed their content. One item asked respondents how they would characterize the article they read. They were given the options of "news," "opinion-editorial," "advertisement" and "other." Three dichotomous variables were created from this question: "news" (M = .63, SD = .48), "opinion-editorial" (M = .28, SD = .45), "advertisement" (M = .04, SD = .20).

Another question asked if participants noticed a label identifying the article as news, op-ed or an advertisement with the options of "yes" (1) and "no" (0). These results were also coded a binary (1 and 0) (M = .099, SD = .30). Those participants who reported seeing a label were asked to recall what the label said unaided.

To determine if label manipulations affect how participants perceive the credibility of the news publication, six credibility items on a 5-point Likert scale, of which two were reverse coded, were included. They were worded as follows: (1) "New Haven Tribune is a fair news source" (2) "New Haven Tribune is a biased news source" (3) "New Haven Tribune is an accurate news source" (4) "New Haven Tribune separates fact from opinion" (5) "New Haven Tribune cannot be trusted" (6) "New Haven Tribune's primary concern is informing the public." These were adapted from Gaziano

and McGrath's (1986) credibility measures.<sup>33</sup> A factor analysis of these six items results in a one-factor solution. The six items were averaged to create a publication credibility index ( $\alpha = .71$ , M = 3.26, SD = .46).

#### Results

H1 predicted that overall participant recall of the presence of a label would be low. Overall, only 9.9% of participants in all conditions recalled seeing a label identifying the article as a news story, an opinion-editorial or an advertisement. The overwhelming majority of participants, 90.1%, did not notice a label. This is despite the fact that 81% of participants were in a label condition, the rest were in the control condition with no label. As a result, H1 was supported.

H2a predicted that participants experiencing the high-prominence label condition would be more likely to recall the presence of a label. Of the participants who did recall seeing a label, 73.7% were in the high-prominence condition as opposed to only 21.1% in the low-prominence condition and 5.3% in the control condition. The difference was statistically significant ( $\chi^2(2) = 8.23$ , p < .05), so H2a was supported. Table 3 shows the relationship between prominence conditions and participants' ability to recall a label.

Table 3.
Label Prominence Conditions by Label Recall

				Total		
			HiProminence	LoProminence	Control	
Noticed a		Count	68	74	30	172
label		% within	39.5 %	43.0%	17.4%	100.0%
identifying		noticed a				
as news,	No	label				
op-ed or ad		% within	82.9%	94.9%	96.8%	90.1%
		prominence				
		% of total	35.6%	38.7%	15.7%	90.1%
		Count	14	4	1	19
		% within	73.7%	21.1%	5.3%	100.0%
		noticed a				
	Yes	label				
		% within	17.1%	5.1%	3.2%	9.9%
		prominence				
		% of total	7.3%	2.1%	0.5%	9.9%

H2b predicted that participants in the high-prominence label condition would be more likely to recognize the article as an advertisement. Overall, 63.4% of participants in all conditions characterized the article as "news," 28.3% characterized it as an "opinion-editorial," 4% as an "advertisement" and 4% as "other." In other words, 95.8% of participants did not recognize the sponsored article as an advertisement, with the majority identifying it as a news story. In the high prominence condition, 4.9% of subjects characterized the article as an ad whereas in the low prominence condition, 2.6% did. Of those who recognized the article as an ad, 66.7% were in the high prominence condition and 33.3% in the low prominence condition. The prominence of the label had no significant effect on readers' ability to recognize the article as a form of advertising ( $\chi^2$  (1) = .59, p > .05). As a result, H2b was not supported.

H3 predicted that readers would be more likely to recognize the article as advertising if the label explicitly identified it as such. The results show that in the "Sponsored Content" condition, 4 subjects (7.7%) characterized the article as an ad, compared to 1 (1.8%) in the "NHT BrankLink" condition, 1 (1.9%) in the "Advertisement" condition, and 1 (6.5%) in the control condition. The differences were not statistically significant ( $\chi^2(3) = 3.46$ , p > .05). This hypothesis was also not supported. The wording of the label had no significant effect on readers' ability to recognize the article as an advertisement.

Rather unexpectedly, label wording was found to have had a significant effect on readers' ability to recall the presence of a label. Of the 9.9% of participants who did recall seeing a label, a majority (57.9%) were in the "sponsored content" label wording condition, 21.1% were in the "advertisement" condition, 15.8% were in the publication-specific "NHT BrandLink" condition and 5.3% were in the control condition. This result was significant ( $\chi^2(3) = 10.45$ , p < .05). Table 4 shows the relationship between label wording conditions and participants' ability to recall a label.

Table 4.

Label Wording Conditions by Label Recall

			Label Wording				
			Sponsored Content	NHT BrandLink	Advertisement	Control	
Noticed a		Count	41	53	48	30	172
label		% within	23.8%	30.8%	27.9%	17.4%	100.0
identifyin		noticed a					%
g as news,	No	label					
op-ed or		% within	78.8%	94.6%	93.3%	96.8%	90.1%
ad		label					
		wording					
		% of total	21.5%	27.7%	25.1%	15.7%	90.1%
		Count	11	3	4	1	19
		% within	57.9%	15.8%	21.1%	5.3%	100.0
		noticed a					%
	Yes	label					
		% within	21.2%	5.4%	7.7%	3.2%	9.9%
		label					
		wording					
		% of total	5.8%	1.6%	2.1%	0.5%	9.9%

RQ1 asked if label presence, prominence and/or wording would affect readers' perceptions of the publication's credibility. An ANOVA was conducted with prominence, label wording, and the interaction term in the model. The model was not statistically significant (F(6,184) = .96, p > .05). The p values associated with all three variables are larger than 0.05. H3 was also not supported. Neither label prominence nor label wording conditions had a significant impact on how readers' perceived the credibility of the publication. Overall, participants' responses tended to indicate ambivalence about the credibility of "The New Haven Tribune" with a mean of 3.26 (SD = .46).

#### Discussion

Mirroring the results of previous studies examining reader recall of advertising labels, this study found that, overall, participant recall of the presence of a label was extremely low. Only 9.9% of participants recalled seeing a label identifying the article as a news story, an opinion-editorial or an advertisement. This seems to support Cameron and Curtis' (1994) conclusion that labels are not effective disclaimers for advertisements mimicking editorial content. However, this study did find a relationship between label prominence and participant recall of the presence of a label. Of the participants who did recall seeing a label, a significant majority were in the high-prominence condition. This result suggests that although overall label efficacy may be low, a larger, more colorful label is still more likely to attract reader attention, leading to higher label recall.

Interestingly, higher label recall for participants in the high-prominence condition did not translate to recognition of the article as an advertisement. A majority of participants in all conditions (63.4%) identified the article as a news story. Only 4% of participants identified the article as an advertisement. This contradicts the findings of Kim, et al. (2001) that even when participants could not recall seeing a label identifying the content as advertising, they still recognized the advertorial as commercially sourced. The overwhelming majority of participants in this study were unable to recognize the commercial nature of the content, with the presence or absence of a label having no effect on recognition. This is possibly a result of the incorporation of news-like elements, such as a headline, a photograph and a by-line, in the sponsored article. Readers associate these elements so closely with their schemas for news that, even when presented with contradictory information, they are still likely to identify the article as news. Even those

participants in the "advertisement" label wording condition overwhelmingly identified the article as news.

The content of the article itself was also news-like, drawing on current events that other media outlets were heavily reporting on. The persuasive element of the sponsored article was imbedded within the newsy information, making it extremely difficult for readers to decipher. The presence of display ads for a software company around an article extolling the virtues of a particular software program did little to signal to readers the persuasive intent of the article. This suggests that any effects from the advertisement would have to be on a subconscious level because readers are not consciously aware they are being subjected to advertising. Future studies should explore the potential subliminal effects of news-like sponsored content.

This study found no relationship between label presence, prominence or wording and readers' perceived credibility of the news publication. Credibility ratings for all conditions remained near the middle of the 5-point Likert scale, suggesting a lack of strong feelings either way towards the credibility of the publication among participants. These results reinforce the findings of Tewksbury, Jensen and Coe (2011) that clear labels had no effect on participants' judgments of news and news producer credibility, while contradicting Cameron's (1994) findings that non-labeled advertorials were given a higher credibility rating. However, it could be the case that because label recall was universally low across all conditions, there was not sufficient differentiation between label categories to measure label effect on credibility.

Future studies of reader response to sponsored articles should look at the effect of news-like elements on reader ability to identify the content as advertising. Elements like

headline, byline, photographs, AP-style copy and newsy content should be manipulated to determine the effects of these elements on source confusion. Also, future studies should exaggerate high-prominence label conditions to determine approximately how prominent a label has to be before a majority of readers are able to recall its presence. This would also provide an opportunity to further test the relationship between label presence and perceptions of news credibility.

#### V. Conclusion

The use of sponsored content as a form of native advertising for online news sites continues to accelerate as news publishers look to combat declining ad revenues. The results of these studies support the chorus of voices in the journalism industry calling for caution and warning of a potential blurring of the editorial/advertising divide. A content analysis of online sponsored articles from prominent news publishers like *The*\*Washington Post, Forbes\* and The Huffington Post\* revealed that a majority of articles used labels smaller than the surrounding text to identify the content as advertising. A majority of the sample articles also used publication-specific labels like Washington Post's "BrandConnect" to disclose the commercial nature of the article. These labels are problematic because they do not clearly indicate to the reader that the article is an advertisement. Potentially even more problematic, most of these publishers are incorporating news-like elements, such as headlines, bylines and photographs, into their sponsored posts, creating the possibility for reader confusion.

Even if labels were prominently displayed with explicit wording identifying the content as advertising, an experimental study revealed that many readers do not recall the presence of a label. Recalling an advertising label does not necessarily translate to identifying the article as advertising. The overwhelming majority of participants in the study who read an article labeled as advertising identified the article as news. This may be the result of the presence of news-like elements, which readers associate with their schemas for news.

Further research should be done in this area, but these preliminary findings suggest that publishers and regulators need to do more to ensure that consumers are not

confusing advertising with news content. Placing a label at the top of the page is not enough. Readers generally do not register the presence of labels. The link between news-like elements and readers' perception of the content as news raises the question of whether these elements should be used at all. But this blending of news editorial and advertising is precisely what sponsored content is about. The whole notion of allowing sponsored content in news publications may need to be revisited.

### NOTES

- <sup>6</sup> Sebastian, M. (2013, September 23). News organizations face tricky trade-off with 'sponsored content'. *Advertising Age*, Retrieved from http://adage.com/article/media/publishers-sponsored-content-cash-fear backlash/244276/
- <sup>7</sup> Loechner, J. (2013, November 19). Where's the state of native advertising? *MediaPost*, Retrieved from http://www.mediapost.com/publications/article/213640/wheresthe-state-of-native-advertising.html
- <sup>8</sup> Hervet, G., Guérard, K., Tremblay, S., & Chtourou, M. (2011). Is banner blindness genuine? Eye tracking Internet text advertising. *Applied Cognitive Psychology*, 25(5), 708-716. doi:10.1002/acp.1742
- <sup>9</sup> Dreze, X., & Hussherr, F. X. (2003). Internet advertising: Is anybody watching?. *Journal of Interactive Marketing*, 17(4), doi: 10.1002/dir.10063
- Serazio, M. (2013, July 1). Selling out for sponsored content?. *The Nation*, Retrieved from http://www.thenation.com/article/174880/selling-out-sponsored-content
- All eyes on native advertising, despite uncertainties. (2013, May 16). eMarketer, Retrieved from http://www.emarketer.com/Article/All-Eyes-on-Native-Advertising-Despite-Uncertainties/1009895

<sup>&</sup>lt;sup>1</sup> The state of the news media 2013. (2013, July 18). *The Pew Research Center's Project for Excellence in Journalism*, Retrieved from http://stateofthemedia.org/2013/newspapers-stabilizing-but-still-threatened/

<sup>&</sup>lt;sup>2</sup> The state of the news media 2012. (2012, April 11) *The Pew Research Center's Project for Excellence in Journalism*, Retrieved from http://stateofthemedia.org/2012/newspapers-building-digital-revenues-provespainfully-slow/

<sup>&</sup>lt;sup>3</sup> The state of the news media 2013. (2013, July 18).

<sup>&</sup>lt;sup>4</sup> You are all "native" now. (2013, July 29). Media Industry Newsletter, 66(29), 4-4.

<sup>&</sup>lt;sup>5</sup> DVorkin, L. (2013, July 8). Inside Forbes: What's next for native ads? controversy gives way to market realities *Forbes*, 9-9. DOI: Forbes.com

- Ad effectiveness study reveals native ads drive more attention and brand lift over banner ads. (2013, May 03). *PRWeb*, Retrieved from http://www.prweb.com/releases/2013/5/prweb10697565.htm
- <sup>13</sup> All eyes on native advertising, despite uncertainties. (2013, May 16). *eMarketer*
- <sup>14</sup> All eyes on native advertising, despite uncertainties. (2013, May 16). *eMarketer*
- Sass, E. (2013, November 20). Time Inc. plans big native ad push, 'people,' 'ew' first to use. *Media Daily News*, Retrieved from http://www.mediapost.com/publications/article/213924/time-inc-plans-big-native-ad-push-people-ew.html?utm\_source=API's Need to Know newsletter&utm\_campaign=ac6f559072-Need\_to\_Know\_December\_2\_201312\_2\_2013&utm\_medium=email&utm\_term =0 e3bf78af04-ac6f559072-45793009
- <sup>16</sup> Sebastian, M. (2013, October 18). Associated Press is the latest news organization to try sponsored content. *Advertising Age*, Retrieved from <a href="http://adage.com/article/media/press-sponsored-content/244817/">http://adage.com/article/media/press-sponsored-content/244817/</a>
- <sup>17</sup> Survey reveals that digital, social and mobile advertising appearing as content can be damaging to brand trust. (2012, November). *MediaBrix*, Retrieved from http://www.marketwired.com/printer\_friendly?id=1721566
- Manjoo, F. (2013, November 20). Why 'native ads' muddy the water for web surfers. *The Wall Street Journal*. Retrieved from http://online.wsj.com/news/articles/SB10001424052702304607104579210452935 522822
- <sup>19</sup> Simmons, M. (2014, February 6). Hey Buzzfeed, search traffic is doing just fine. Define Media Group. Retrieved from http://www.definemg.com/hey-buzzfeed-search-traffic-is-doing-just-fine/
- Edmonds, R. (2013, December 02). Federal Trade Commission will put native advertising under the microscope Wednesday. *Poynter*, Retrieved from http://www.poynter.org/latest-news/business-news/the-biz- blog/231868/federal-trade-commission-will-put-native-advertising-under-the-microscope-wednesday/?utm\_source=API's Need to Know newsletter&utm\_campaign=ce6b0f010f-Need\_to\_Know\_December\_3\_201312\_3\_2013&utm\_medium=email&utm\_term =0 e3bf78af04-ce6b0f010f-45793009
- <sup>21</sup> Sponsored content weasles into print. (2013, June 28). *World News Publishing Focus*, Retrieved from http://blog.wan-ifra.org/print/2013/06/28/sponsored-content-weasels-into-print

- <sup>22</sup> Sebastian, M. (2013, August 27). The Washington Post starts selling native ad units for print. *Advertising Age*, Retrieved from http://adage.com/article/media/washington-post-starts-selling-native-ad-units-print/243851/
- <sup>23</sup> Stout, P. A., Wilcox, G. B., & Greer, L. S. (1989). Trend in magazine advertorial use. *Journalism Quarterly*, 66(4), 960.
- <sup>24</sup> Brown, C., & Waltzer, H. (2005). Every Thursday: advertorials by Mobil Oil on the op-ed page of The New York Times. *Public Relations Review*, *31*(2), 197-208.
- <sup>25</sup> Cameron, G. T., Ju-Pak, K. H., & Kim, B. H. (1996). Advertorials in magazines: Current use and compliance with industry guidelines. *Journalism and Mass Communication Quarterly*, 73(3), 722-733.
- Warlaumont, H. G. (1997). Appropriating reality: consumers' perceptions of schema-inconsistent advertising. *Journalism and Mass Communication Quarterly*, 74(1), 39-54.
- Yegiyan, N. S., & Grabe, M. (2007). An experimental investigation of source confusion in televised messages: News versus advertisements. *Human Communication Research*, 33(3), 379-395. doi:10.1111/j.1468-2958.2007.00304.x
- <sup>28</sup> Krippendorff, K. (2004). Reliability in content analysis. *Human Communication Research*, *30*(3), 411-433.
- <sup>29</sup> Kim, B., Pasadeos, Y., & Barban, A. (2001). On the deceptive effectiveness of labeled and unlabeled advertorial formats. *Mass Communication & Society*, *4*(3), 265-281.
- <sup>30</sup> Cameron, G. T., & Curtin, P. A. (1995). Tracing sources of information pollution: A survey and experimental test of print media's labeling policy for feature advertising. *Journalism & Mass Communication Quarterly*, 72(1), 178-189.
- <sup>31</sup> Cameron, G. T. (1994). Does publicity outperform advertising? An experimental test of the third-party endorsement. *Journal of Public Relations Research*, 6(3), 185-207.
- <sup>32</sup> Tewksbury, D., Jensen, J., & Coe, K. (2011). Video news releases and the public: The impact of source labeling on the perceived credibility of television news. *Journal of Communication*, 61(2), 328-348.
- <sup>33</sup> Gaziano, C. & McGrath, K. (1986). Measuring the concept of credibility. *Journalism Quarterly*, 63, 451-462.

# **APPENDIX A Sponsored Content Code Sheet**

Coder Number:	Sample Article Number:				
Units of Analysis					
1. Label Position: (1)Top	(2)Middle	(3).	Bottom		
2. Label Wording: (1)Sponsored	(2)Branded	(3)Adverti	sement		
(4)Publication-Spec	cific Identifier	(5)Other			
3a. Label Size: (1)Large	(2)Medium	(3)Small	<u>.</u>		
3b. Label Color: (0)No	(1)Yes				
4a. Sponsor Name: (0)No	(1)Yes				
4b. (Identify:	)				
5. Sponsor Name Position: (1)Top	(2)Middle	(3)Bottom	(4)N/A		
6. Sponsor Name Size (1)Large	(2)Medium	(3)Small (4)N	/A		
7. Sponsor Logo: (0)No	(2)Yes				
8. Sponsor Logo Position: (1)Top	(2)Middle	(3)Bottom	(4)N/A		
9. Sponsor Logo Prominence: (1)High_	(2)Moderate	(3)Low	(4) N/A		
10. Byline: (0)No	(1)Yes				
11. Author Identifier: (0)No	(1)Yes	(2)N/A			
12. Headline: (0)No	(1)Yes				
13. Display Ad Congruency: (0)No	(1)Yes	(2)N/A			

# **APPENDIX B Coding Instructions**

# **Sponsored Content Format Code Sheet Instructions**

- 1. **Label Position**: If the label first appears in the top one-third of the article page, check "top." If the label first appears in the middle one-third of the article page, check "middle." If the label first appears in the bottom one-third of the article page, check "bottom."
- 2. **Label Wording**: If the label includes the words "sponsored," "branded," or "advertisement," or shortened versions of those words like "ad" or "sponsor," followed by words like "content" or "article," then check the appropriate word. Publication-specific labels are unique to that publication but may include one of the above words, for example "BrandConnect" or "AdVoice". If multiple labels appear in close proximity to one another, count the one with the largest font size.

#### 3a. Label Size:

**Large** - Label size will be "high" if the label font size is larger than the surrounding text. If the label appears in close proximity to the headline, it should be compared to the size of the headline font.

**Medium** – Label size will be "medium" if the label font size is about the same as the size of the surrounding text. If the label appears in close proximity to the headline, it should be compared to the size of the headline font.

**Small** – Label size will be "small" if the label font size is smaller than the surrounding text. If the label appears in close proximity to the headline, it should be compared to the size of the headline font.

- 3b. **Label Color**: If the label is highlighted or presented in a color that makes it stand out from the surrounding text, check "yes." If the label is presented in a similar color as the surrounding text or a color that obscures the label compared to surrounding text, check "no."
- 4. **Sponsor Name**: If the name of the sponsoring entity is present, check "yes" and identify. If the name is not present, check "no."
- 5. **Sponsor Name Position**: Use the same standard as "Label Position." If there is no sponsor name, check "n/a."
- 6. **Sponsor Name Size**: Use the same standard for size as "Label Size." If there is no sponsor name, check "n/a."

- 7. **Sponsor Logo**: If the logo (image) of the sponsoring entity is present, check "yes." If the logo is not present, check "no."
- 8. **Sponsor Logo Position**: Use the same standard as "Label Position." If there is no sponsor logo, check "n/a."

### 9. Sponsor Logo Prominence:

**High** – Sponsor logo prominence will be "high" if the width of logo takes up as much or more space than eight characters of the surrounding text. If the logo appears in close proximity to the headline, it should be compared to the size of the headline font.

**Moderate** – Sponsor logo prominence will be "moderate" if the width of the logo takes up four or more characters of the surrounding text but less than eight. If the logo appears in close proximity to the headline, it should be compared to the size of the headline font.

**Low** – Sponsor logo prominence will be "low" if the width of the logo takes up less space than four characters of the surrounding text. If the logo appears in close proximity to the headline, it should be compared to the size of the headline font.

- 10. **Byline**: If the name of the article's author is provided (this does not include sponsor name), check "yes." Usually the byline will appear between the headline and the body of the article, but may also appear elsewhere near the top of the article. If the author's name is not provided, check "no." **Note: the name of the author and not just the publication or sponsor must be present.**
- 11. **Author Identifier**: If the byline includes a description of the author's institutional affiliation (either with the sponsoring entity, the publication or a third party), check "yes." If there is not description, check "no." **Note: If there is no byline, check "n/a."**
- 12. **Headline**: If the article includes a news-style headline, check "yes." If it does not, check "no."
- 13. **Display Ad Congruency**: If the display ads surrounding the text are advertising the same entity that sponsored the content, check "yes." If the display ads surrounding the text are advertising a different entity, check "no." If there are no display ads or the sponsoring entity in unknown, check "n/a." **Note: Articles, links or social media related to the sponsoring entity are NOT display ads.**

# **APPENDIX C Stimuli Example**



# APPENDIX D Label Conditions

**Low Label Prominence Conditions:** 

**Sponsored Content** 

**Obama Considers Changes to Surveillance Programs** 

NHT BrandLink

**Obama Considers Changes to Surveillance Programs** 

Advertisement

**Obama Considers Changes to Surveillance Programs** 

**High Label Prominence Conditions:** 

**Sponsored Content** 

**Obama Considers Changes to Surveillance Programs** 

NHT BrandLink

**Obama Considers Changes to Surveillance Programs** 

Advertisement

**Obama Considers Changes to Surveillance Programs** 

# APPEDIX E Consent Form

IRB Approval # 20140314105 EX

Thank you for your interest in this research project conducted by a graduate student at UNL's College of Journalism and Mass Communications. You must be 19 or older to participate in this study. Here is more information about this study.

### **Purpose:**

This research project aims to investigate how individuals process information on online news websites.

#### **Procedures:**

You will be asked to read an article from an online news publication and then fill out a short questionnaire. When you are done with the study, you will be directed to a separate page where you will provide your student ID number and the class you want your extra credits to count for. This information is only used for identifying individuals to be awarded extra credits.

This study can be completed online and may be taken on any computer with a high-speed Internet connection at a time and location of your convenience. Your participation is expected to last no more than 20 minutes.

Alternatively, you can choose to attend a 25-minute public presentation to be held in Rm 109, Andersen Hall at 8 a.m. on April 17 to receive your extra credits. Please note that you can get your extra credits only once through either participating in the two waves of this research study OR attending the public presentation. Doing both will NOT earn you double the amount of extra credits. In addition, your participation in this project will earn your extra credit for one class only. You will be able to indicate which class you want your extra credits to count for at the end of the survey. Please do not take this study more than once.

### **Benefits:**

There are no direct benefits from your participation in this study. However, findings from this project will help the research community, and potentially the larger public, better understand how individuals process online information. If you want to know the results of the study, you can attend the public presentation at the place and date specified in the previous section.

#### **Risks and/or Discomforts:**

Participation in this study should not put you at any risk, nor should it cause you any discomfort. However, if you should feel any discomfort during your participation in this study, you have the right to skip any questions or stop at any time.

### **Confidentiality:**

Your responses will be entered through the computer directly to the website and any information obtained during this study that could identify you will be kept strictly confidential. Every possible measure will be taken to protect your privacy, including storing your responses on a secure server.

After you finish this study, you will be directed to a separate page where you will provide your student ID number and the class you want your extra credits to count for. This information is only used for identifying individuals to be awarded extra credits and will not be connected to the answers you provide in the main study.

While I expect academic publications to result from this study, your responses will in no way be identifiable as your own. Individual level data will never be reported or exposed in the investigator's presentations, either narrative or table format, at conferences or in journals. The information obtained in this study may be published in scientific journals or presented at scientific meetings, but only aggregated data will be reported.

# **Compensation:**

You will be awarded extra credit points as a result of taking part in both waves of this study OR attending the public presentation. The number of extra credit points will be determined by your course instructor.

### **Opportunity to Ask Questions:**

You may ask any questions concerning this research and have those questions answered before agreeing to participate in or during the study. You may contact the investigator at the email and phone number provided below whenever you have questions. You are also free to contact the Institutional Review Board of the University of Nebraska-Lincoln at (402) 472-6965 to voice concerns about this research or if you have any questions about your rights as a research participant.

#### Freedom to Withdraw:

Participation in this study is completely voluntary. You can refuse to participate or withdraw at any time without harming your relationship with the researcher or the University of Nebraska-Lincoln, or in any other way receive a penalty or loss of benefits to which you are otherwise entitled.

### Consent, Right to Receive a Copy:

You are voluntarily making a decision whether or not to participate in this research study. Clicking the "I agree" button below certifies that you are 19 or older and have given your consent to participate, having read and understood the information presented. Save or print out and keep a copy of this form so that you will be able to contact me if questions occur to you at a later date.

During the survey, please DO NOT hit the return key as many browsers interpret that as the same as clicking on the "submit" button.

When you are ready, please click the "I agree" button to proceed.

Thank you.

Joseph Moore, Principal Investigator College of Journalism & Mass Communications University of Nebraska-Lincoln moorjo86@gmail.com

Phone: (732) 948-5718

Dr. Bryan Wang, Co-investigator College of Journalism & Mass Communications University of Nebraska-Lincoln mwang10@unl.edu Phone: (402) 472-2984

# APPENDIX F Recruitment Email

Dear Student,

This is Joseph Moore, graduate student of media studies in the College of Journalism and Mass Communications at the University of Nebraska-Lincoln.

I am conducting a research project on how individuals process information on online news websites. If you are 19 or older, we would appreciate your participation. Simply click on the URL below and you will be directed to our site. This link will be active until the end of the day on **March 24**.

### https://ssp.qualtrics.com/SE/?SID=SV 8Cas6ZYo4QHwGyx

This study can be completed online and may be taken on any computer with a high-speed Internet connection at a time and location of your convenience. We expect your participation to last no more than 20 minutes.

Alternatively, you can choose to attend a 20-minute public presentation to be held in Rm 109, Andersen Hall at 8 a.m. on April 17 to receive your extra credits. Please note that you can get your extra credits only once through either participating in the two waves of this research study OR attending the public presentation.

All of the information you provide will be kept completely confidential. You can stop at any phase of the study if you want.

If you have any questions about this study, please feel free to contact me at moorjo86@gmail.com.

Thank you so much for your time.

Sincerely,

Joseph Moore

# **APPENDIX G Debriefing Statement**

Thank you for participating in this study.

The online publication you read earlier, *The New Haven Tribune*, is not a real online newspaper but was created for the purpose of this study. The article you read was adapted from one that appeared on Forbes.com.

The purpose of this study is to measure the impact of sponsored content labeling practices on readers' ability to recall information, their perceived credibility of the news publication and their attitudes toward the advertised brand. The ultimate goal of this study is to inform future industry guidelines and governmental regulations regarding the labeling of sponsored content.

Sponsored content is a form of native advertising that assumes the look and feel of the host publication's editorial content. Online news publishers are increasingly embracing this form of advertising to make up for the sharp decline in print ad revenues over the last several years.

In order for this study to be successful, it was necessary to conceal the true purpose of the study from the participants. If participants knew what to look for, the study could not accurately measure the impact of labeling practices on the variables mentioned above.

It is also very important that you not share information about the true purpose of this project with other participants who have not yet completed the study. If you have any further questions about this study or would like more information from the researcher, feel free to contact me at the email addresses listed below.

Thank You

Joseph Moore (moorjo86@gmail.com)

# **APPENDIX H Survey Questions**

## 2014 Native Advertising Experiment Questionnaire

### **Media use battery**

# How many days in a typical week do you get news from the following media?

Newspapers - print version

Newspapers - online version

Online-only news sites or publications (e.g. Huffington Post, Slate, Salon)

Television

Radio

Magazines

Social media (e.g., Facebook, Twitter, blogs)

Mobile devices

### **Media content**

### How closely do you follow the following types of news?

Local news

National news

International news

**Sports** 

Entertainment

Science & Technology

Health

**Business & Finance** 

Travel

Politics and public affairs

### **Advertising exposure**

### How often do you look at, listen to, or watch advertising in the following media?

Print newspapers

Magazines

Television

Radio

Online

Mobile devices

### Perceptions of media credibility

# On a five-point scale, to what extent do you agree with each of the following statements?

The news media is fair.

The news media is biased. (R)

The news media is accurate.

The news media separates facts from opinions.

The news media cannot be trusted. (R)

The news media's primary concern is informing the public.

# **Atttiudes toward advertising (Skepticism Toward Advertising)**

# On a five-point scale, to what extent do you agree with each of the following statements?

We can depend on getting the truth in most advertising.

Advertising's aim is to inform the consumer.

I believe advertising in informative.

Advertising is generally truthful.

Advertising is a reliable source of information about the quality and performance of products.

Advertising is truth well told.

In general, advertising presents a true picture of the product being advertised.

I feel I've been accurately informed after viewing most advertisements.

Most advertising provides consumers with essential information.

I believe there should be clear separtion between news and advertising.

### **Content Recall**

Who said the following: "Rather than eliminate or curtail major intelligence programs, Obama is expected to pledge more transparency, plus some outside advocacy in the process"?

At which university was the Submersion program developed?

What is the name of one of Submersion's co-creators?

According to the article, the Obama administration is "crammed between protecting citizens from attack and..."

### **Publication credibility**

New Haven Tribune is a fair news source.

New Haven Tribune is a biased news source. (R)

New Haven Tribune is an accurate news source.

New Haven Tribune sepates facts and opinion.

New Haven Tribune cannot be trusted. (R)

New Haven Tribune's primary concern is informing the public.

### Manipulation check (randomize)

Did you notice a banner advertisement above the headline?

Did you notice social media sharing options?

Did you notice a list of recommended articles?

Did you notice a label identifying the article as news, an op-ed or an advertisement?

(If yes) what did the label say?

(If yes) How noticeable was the label?

### Attitude toward the brand

Do you recall display ads around the article?

(If yes) What is the name of the company being advertised?

(If no) Skip the following questions in this block.

How do you feel about the company?

Unappealing/Appealing

Bad/good

Unpleasant/Pleasant

Unfavorable/Favorable

Unlikable/Likable

# **Manipulation Check**

Did you notice a banner advertisement above the headline?

Did you notice social media sharing options?

Did you notice a list of recommended articles?

Did you notice a label identifying the article as news, an op-ed or an advertisement?

(If yes) what did the label say?

(If yes) How noticeable was the label?

# **Validity Check**

What do you think is the purpose of the study?

Do you have anything to say to the researchers?

# **Demos**

What year in school are you?

What is you sex?

What is your major?

Generally speaking, do you think of yourself as a Republican, a Democrat, an Independent, or what?

{If Democrat or Republican} Would you call yourself a strong

[Republican/Democrat] or a not very strong [Republican/Democrat]?

{If Independent} Do you think of yourself as closer to the Republican Party or to the Democratic Party?