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# **Exploring readers' evaluations of native advertisements in a mobile news app.**

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## **Exploring Readers' Evaluations of Native Advertisements in A Mobile News App.**

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 recognise 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 recognise 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) recognisability. The results suggest that besides readers' advertising recognition, the advertisements' content and context play an important role in explaining readers' perceptions of native advertising.

Keywords: native advertising, online news, mobile advertising, online advertising

### **Introduction**

As digital news outlets often cannot survive through subscription revenues alone, advertisements are an important element of their business model (Newman, Fletcher, Kalogeropoulos, Levy, & Nielsen, 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, Kirmani, & Smit, 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 (Wojdynski and Evans, 2015). Native advertisements' editorial format and subtle placement between the editorial news aim to minimise ad avoidance and increase engagement among readers (Wojdynski, 2016b). 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, Neijens, & Smit, 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 and 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 (Wojdynski, 2016b). 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; Wojdynski, 2016a). 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 and 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 and Poels, 2017) and perceived utility of the content (Sweetser, Ahn, Golan, & Hochman, 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 and Muddiman, 2017; Krouwer, Poels, & Paulussen, 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 and 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 and 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 and Karnowski, 2016; Wolf and 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, 2016a). 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 and Muddiman, 2017; C. Campbell and Evans, 2018; Wojdyski and 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 and 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 and 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 and 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 already 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 advertisement. 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) (Wojdynski, 2016b). 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 and 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 and Van Reijmersdal, 2016; Wojdynski, 2016a). 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 and 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, 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 and 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 and 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. informational value, 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, Blumler, & Gurevitch, 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' ad recognition but also their (native) advertising preferences and evaluations of the news outlet (Struckmann and 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 and 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 and 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 and Muddiman, 2017; Wojdyski and 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 shown that when readers are not willing to pay for online news, they are more likely to accept advertising (Gundlach and 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 need 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 a 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 interview, 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.

Furthermore, readers' ad 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 (M. C. 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 and De Lima-Turner, 1997); it seems that readers are tolerating native advertisements in exchange for free access to news (Gundlach and 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 as 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)”.

## **Conclusion and Discussion**

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, 2016a; Wojdyski and 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, 2016a). 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 and Muddiman, 2017; Wojdyski and 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 (M. C. 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 and 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. Wojdynski and 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 and 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; Wojdynski, 2016b) 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 and 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 (Wojdynski & 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 and 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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Appendix 1. Disclosures of the native advertisement on the front page and the native ad page.

