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Moving towards transparency for native advertisements on news websites: A test of more detailed disclosures

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Steve Paulussen is an associate professor in media and journalism studies at the Department of Communication Studies at the University of Antwerp. He is member of the research group Media, Policy and Culture (MPC). Most of his publications focus on different aspects of online journalism, participatory journalism, the professional profile of journalists, new media consumption and newsroom convergence. Paulussen is coauthor of the book Participatory Journalism: Guarding Open Gates at Online Newspapers (Wiley-Blackwell, 2011) and member of the editorial board of the new journal Digital Journalism.

Moving towards transparency for native advertisements on news websites: A test of more detailed disclosures

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

Keywords: native advertising, covert advertising, disclosures, news media, transparency

Introduction

Over the past decade the financial pressure on news organizations has been growing, as most consumers are reluctant to pay for online news (George 2015, Fletcher and Nielsen 2017). At the same time, readers have become adept in avoiding online display advertising, which they often perceive as intrusive and annoying (Newman, Fletcher et al. 2016). To overcome this issue of ad avoidance, news media and advertisers increasingly utilize in-feed 'native advertising': advertising that mirrors the editorial

news in style and content, seamlessly integrated into the publishers' website (sometimes also referred to as 'sponsored content' or 'advertorials') (Wojdynski 2016). Although readers generally evaluate native advertising more positively, compared to traditional online advertising formats (e.g. banner ads) (Tutaj and Van Reijmersdal 2012), the editorial format has also raised concerns about consumers' ability to recognize native advertising as such (Einstein 2016). "Native" implies that the sponsored content matches the news website's design and editorial content, which varies for each news platform (Wojdynski 2016). The ads are generally produced by publishers' so-called content studios (IAB 2018), external advertising agencies, or the advertiser itself (Levi 2015), yet readers may think that the ads have been written by journalists (Einstein 2016). In order to prevent deception and confusion among readers, there is a need for proper disclosures that indicate the commercial nature of the native ads (Federal Trade Commission 2015). However, study after study shows that the disclosures that are currently widely used, such as 'sponsored by...' or 'partner content', still seem rather weak in helping readers to discern native ads from editorial content (Levi 2015, Wojdynski and Evans 2015, Wojdynski 2016, Krouwer and Poels 2017). If the majority of readers cannot clearly distinguish native advertising from news, the credibility of the news platforms, advertisers and the advertising technique could eventually be eroded (Carlson 2014, Newman, Levy et al. 2015, Li 2017). Brands are currently benefiting from associating their message with the credibility of online publishers, but these positive associations are at stake if readers become concerned about deception, or when they start to question the editorial independence of the press (Levi 2015, Ferrer Conill 2016). Therefore, in order to maintain readers' trust and to ensure the effectiveness of native advertising in the long run, there is a need to significantly improve current disclosure practices.

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

increase readers' recognition and understanding of native advertising. As readers can only evaluate the transparency of a native advertisement if they actually recognize the advertisement as such, the study assesses readers' perceptions of transparency (due to the disclosure practice) and subsequent evaluations of native advertising, advertisers and news media after making all respondents aware of the fact that they had seen a native advertisement.

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

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

Findings of the study will advance current knowledge about the effects of using different types of labelling, and guide advertisers, media and legislators to develop appropriate labelling policies for native advertising.

Literature Review

Disclosures, Sponsorship Transparency and Credibility

Previous research has been mainly focused on the relationship between readers' disclosure recognition and the activation of their Persuasion Knowledge (PK), which is the knowledge that helps readers to recognize and critically evaluate advertising (Friestad and Wright 1994, Wojdynski and Evans 2015). As the native advertising format often does not contain typical advertising characteristics (Evans and Park 2015, Wojdynski, Evans et al. 2017), disclosure labels that indicate the persuasive nature of the ads are deemed to be necessary to activate readers' PK (Boerman and Van Reijmersdal 2016). However, in past studies readers' disclosure recognition was rather low (Wojdynski 2016). As current disclosure labels appear to be ineffective, readers who do recognize native ads as such could perceive that native advertisements lack in transparency and aim to deceive them, and these feelings of deception can lead to more negative evaluations of both advertisers and publishers (Darke and Ritchie 2007, Sweetser 2010). This might explain why some studies showed that readers' recognition of the disclosures and native advertisements decrease their trust in advertisers and news outlets (Van Reijmersdal, Boerman et al. 2015, Wojdynski and Evans 2015), whereas others did not (Becker-Olsen 2003, Krouwer, Poels et al. 2018). Furthermore, although research that is built on the Persuasion Knowledge Model suggests that there is a negative relationship between readers' recognition of the disclosure labels and

advertisements and their evaluations (Van Reijmersdal, Fransen et al. 2016), other studies on readers' perspectives on advertising point out that readers are concerned about mixing commercial messages in news content, and that they therefore support the use of clear labels (Tewksbury, Jensen et al. 2011, Newman, Levy et al. 2015). Additionally, a study on sponsored content showed that when sponsored content was perceived as being clearly labeled, readers felt less tricked and contained less negative feelings towards the website that incorporated the sponsored content, compared to when there was no clear disclosure (Becker-Olsen 2003). A more recent study on disclosing sponsored blog posts showed similar results (Carr and Hayes 2014). At the same time, a lack of clear disclosures and other deceptive advertising practices can make readers feel fooled, which subsequently evokes negative feelings and reactions towards the advertisement and sometimes also the advertiser and medium (Darke and Ritchie 2007, Ashley and Leonard 2009, Thomas, Fowler et al. 2013). Thus, even though readers' recognition of the disclosures and advertisements might initially lead to more critical processing of the content (Wojdynski and Evans 2015), perceptions of transparency might on the other hand to lead to more positive evaluations of native advertising, advertisers and publishers.

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

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

Disclosing the Paid Nature of Native Advertisements and the Advertiser

Previous studies suggest that disclosures that specifically mention the paid nature of the advertisements and the name of the sponsor that is involved (e.g. *sponsored by [brand]*) are more effective in helping readers to recognize native ads as commercial content, compared to less explicit disclosure language such as 'partner content'. In terms of

transparency, native ads that contain the disclosure 'sponsored by [brand]' may also be perceived as more transparent, as this disclosure explicitly indicates to readers the paid nature of the ads and it also explicitly mentions to readers the name of the advertiser that is involved, which are key characteristics of sponsorship transparency (Wojdynski, Bang et al. 2017, Wojdynski, Evans et al. 2017). 'Partner content', on the other hand, does not mention the name of the advertiser, so readers need to discover this in the content of the native advertisement. Making a disclosure very implicit can make consumers feel deceived and manipulated when they realize that they were unknowingly viewing native advertising, which subsequently evokes negative feelings and reactions towards the advertisement and sometimes also future advertisements (Darke and Ritchie 2007, Ashley and Leonard 2009, Thomas, Fowler et al. 2013). Contrariwise, when readers perceive the native advertisement as clearly labeled and highly transparent, they might consider native advertising as less deceptive and more appropriate once they recognize it as such (Becker-Olsen 2003, Wei, Fischer et al. 2008, Carr and Hayes 2014). Following these insights, we posit the following hypotheses:

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

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

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

Explaining the Authorship of Native Advertisements

Even though the disclosure wordings 'sponsored by [brand]' indicate to readers that an advertiser has paid for the piece of content, this disclosure does not explicitly mention the author of the native advertisement. Readers could therefore reason that the content is created by journalists and paid for by advertisers (Hoofnagle and Meleshinsky 2015, Krouwer and Poels 2017), which can jeopardize the credibility of the news website and its journalists (Taiminen, Luoma-aho et al. 2015, Wellbrock and Schnittka 2015). Journalists are expected to seek the truth, independent from any commercial influence (Levi 2015) and if readers think that journalists are involved with creating native advertisements, the advertising/editorial boundaries will erode, which could harm readers' credibility evaluations (Balasubramanian 1994, Levi 2015). It may therefore be necessary that news media provide explicit information about the authorship of native ads, and the separation between its editorial and advertising staff (Karlsson 2010, Van der Wurff and Schönbach 2014). Readers want to be able to directly understand which content is created by advertisers and which content is created by journalists (Gordon and De Lima-Turner 1997), so they can make informed decisions on whether they will expose themselves to the content or not. If news media clearly communicate how and by whom native ads are created, it is likely that this will further increase the perceived transparency of native advertisements (Taiminen, Luoma-aho et al. 2015) and as reasoned before, this transparency can further increase the credibility of native advertising, advertisers and news media in general. We therefore propose the following hypotheses:

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

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

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

Explaining News Media's Business Model

In general, readers' willingness to pay subscription fees for online (news) content is low, which has increased the pressure on media's business models (Newman, Fletcher et al. 2016, Fletcher and Nielsen 2017). News media therefore increasingly legitimize native advertising practices by referring to the additional revenue streams that native advertising creates, which supports the quality of the editorial news (Artemas, Vos et al. 2016, Ferrer Conill 2016, Li 2017). However, readers may not be aware that the advertising dollars support news media to maintain independent, but instead infer that due to the integration of native advertising, news media's editorial independence is compromised, and that advertisers can also influence the editorial content (Harro-Loit and Saks 2006, Carlson 2014, Levi 2015, Wellbrock and Schnittka 2015). Educating readers about the financial relationship between advertisers and news media may help to increase their economic media literacy and understanding of the importance of advertising for news media's revenue models (Rosenbaum, Beentjes et al. 2008, Maksi, Ashley et al. 2015). Additionally, this openness about news media's internal processes and decision making is a key aspect of transparency in news contexts (Karlsson 2011, Taiminen, Luoma-aho et al. 2015) and this transparency could positively influence readers perceived appropriateness and credibility of native advertising, compared to

merely disclosing the aspect of sponsorship without any further motivation (Wei, Fischer et al. 2008, Ashley and Leonard 2009). A study on adults' perceptions of free news tabloids showed that participants were more tolerating towards advertisements if they realized that without the advertisements, there would also be less editorial content (Zerba 2013). In this case, a so-called implicit social contract between readers, news media and advertisers can be established (Gordon and De Lima-Turner 1997). Readers may be more open and understanding towards native advertising when an explicit disclosure helps them to understand that the native advertising revenue funds the news websites, which provides them the benefit of accessing high-quality editorial news for a reduced fee (Gordon and De Lima-Turner 1997, Zerba 2013, Gundlach and Hofmann 2017). We therefore hypothesize the following:

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

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

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

Effects on the credibility of news media and advertisers

The two more detailed disclosures both aim to increase the transparency of native advertisements, yet each disclosure sheds light on different aspects of native

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

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

Methodology

Participants

To test the hypotheses and answer the research questions, a single-factor experiment with four disclosure conditions was conducted. Participants were recruited via the

networks of undergraduate students who received course credit. This resulted in a sample of 453 participants (60,7% female) between 18 and 72 years of age (Mage = 35 years, SD = 13.93). The majority (75,7%) of the participants was higher educated (i.e. minimum a bachelor's degree).

Stimulus Materials

All participants read the same native advertisement about the importance of drinking water during exercise, only the disclosure varied. The first version contained a disclosure that solely indicated the involvement of an external party: 'partner content'. The second mentioned the paid nature and the name of the advertiser: 'Sponsored by Spa Water'. The two more detailed disclosure conditions also contained the disclosure 'Sponsored by Spa Water', plus an additional explanation. In one condition the explanation was focused on the authorship of native ads and the distinction between the editorial and commercial departments of news websites: 'This sponsored article has been created for an advertiser. The journalists of the news website have not been involved in the creation of the content'. The other more detailed disclosure was focused on news media's business model: 'This sponsored article has been created for an advertiser. The advertising revenues support the news website, helping us to fund our journalism and to keep providing you your news'. All four disclosures were positioned directly below the headline of the article and distinguished from the text via two blue borders (3 px) above and below the disclosure. The stimuli are displayed in attachment 1.

Procedures and Measures

Participants were invited to click on a link to participate in an online study, and were subsequently randomly assigned to one of the four disclosure conditions. They

were displayed a random page of a fictitious national news website and were asked to imagine that this was a news website that they visit on a regularly basis. Participants spend on average 106 seconds looking at the page. Next, they continued to an online questionnaire. To avoid suspicion, readers were first asked to answer several questions about the text they had just read.

The dependent variables were measured in two stages. In the first stage, readers' ad recognition was measured by asking them whether there was any advertising on the page they viewed. If they indicated that this was the case, they were subsequently asked to describe the advertisement and to recall the name of the advertiser. Participants were also asked why they thought it was advertising, and their answers to this question were coded into a binary measure of disclosure recall. In total, 30.2 percent of the participants recalled seeing a disclosure. These participants either mentioned the fact that the native advertisement contained a disclosure and / or they recalled the text of the disclosure.

After answering these questions, a brief text explained to the participants that they had been exposed to a native advertisement and participants were again shown the same disclosure: 'The page that you've been looking at contained a native advertisement. The native advertisement also contained the following disclosure: (...)'. In the second part of the questionnaire, readers' perceptions of sponsorship transparency and general evaluations of native ads with that specific disclosure, advertisers and publishers were measured, now that they had all become aware of the fact that they were viewing native advertising.

The second part of the questionnaire started with two questions that served as a manipulation check, to seek whether the two more detailed disclosures were understood and led to the intended effects. Participants' *understanding of authorship* was measured

on a two-item seven-point scale, asking them to what extent they thought that native advertisements with this type of disclosure had been created by an advertising department or the advertisers themselves, or had been written by journalists (R) (M = 5.20, SD = 1.21, $\alpha = .82$). Participants' *understanding of the economic model* of native advertising was measured on a four-item, seven-point scale (Boerman, Van Reijmersdal et al., forthcoming) (M = 5.08, SD = 1.12, $\alpha = .83$).

Sponsorship transparency was measured using the twelve-item, seven-point scale of Wojdynski, Evans et al. (2017) (M = 4.15, SD = 1.07; $\alpha = .85$).

Credibility of native advertisements in general was measured on a five-item scale (Wojdynski and Evans 2015). Participants indicated on seven-point scales to what extent they agreed that native advertisements with the disclosure type are honest, trustworthy, biased (R), convincing and not credible (R) (M = 3.82, SD = 1.09, $\alpha = .82$).

Credibility of advertisers in general was measured on the same scale (M = 3.90, SD = 1.01, $\alpha = .78$), only this time asking to what extent they consider advertisers that place native advertisements with the disclosure type as honest, trustworthy, biased (R), convincing and not credible.

Credibility of news websites in general (M = 3.80, SD = 1.09, $\alpha = .83$) was also measured on the same scale, asking the participants about the credibility evaluations of news websites that implement native advertisements with the specific disclosure type. Furthermore, the demographics age, gender and level of education, and the control variable familiarity with native advertising were measured. Participants rated their familiarity with native advertising on a seven-point scale ranging from 'very unfamiliar' to 'very familiar' (M = 3.68, SD = 2.01). It is important to take familiarity with native advertising as a control measure into account, as consumers who are more familiar with

native advertising may already have developed knowledge and strategies to process and respond to the advertisements (Wojdynski, Bang et al. 2017).

Results

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

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

Second, ANCOVA analysis also shows that disclosure type significantly influenced readers' understanding of news media's economic model (F(1, 448) = 3.18 p = .024). Results of the subsequent pairwise comparisons analyses confirm that this was higher in the disclosure condition with the additional explanation about news media's business model (M = 5.35, SD = .98), compared to the detailed disclosure about the

authorship (M = 4.88, SD = 1.15, p < .05), the disclosure 'partner content' (M = 5.01, SD = 1.13, p < .05) and the disclosure 'sponsored by [brand]' (M = 5.03, SD = 1.14, p < .05). Thus the manipulations of both detailed disclosures were successful.

Ad recognition and disclosure recall. The results of binary logistic regression analysis show a significant effect of disclosure type on ad recognition, $\chi^2(3) = 22.27$, p < .001. The disclosure type variable explains 7.1% (Nagelkerke R^2) of the variance in advertising recognition. The results support H1a: the disclosure 'sponsored by Spa Water' significantly increased the odds that participants recognized the ad, compared to 'partner content': $\beta = 0.757$, Wald = 6.71, p = .01. The results also confirm H2a and H3a, as both of the more detailed disclosures about the authorship ($\beta = 1.039$, Wald = 11.61, p < .001), and about news media's business model ($\beta = 1.389$, Wald = 17.58, p < .001) further increased the odds of ad recognition, compared to 'sponsored by Spa Water'. RQ1a explored which of the detailed disclosures would lead to the highest ad recognition among readers. Results show that the two detailed explanations were equally effective in terms of ad recognition (see table 1). Overall, 75.9% of the participants recognized the advertising on the page. Although not hypothesized, it is noteworthy to mention that readers' brand recall and disclosure recall also significantly increased when more detailed disclosures were provided (see table 1).

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

	Partner content	Sponsored by Spa	Detailed authorship disclosure	Detailed business model disclosure	Total
Ad recognition	60.2% a	77% b	80.7% c	85.8% c	75.9%
Brand Recall	15.9% a	45.1% b	58.8% c	58.4% c	44.7%

Disclosure recall	4.4% a	29.2% b	45.6% c	41.6% c	30.2%	
Disclosure recair	τ.τ/0 α	27.2/00	- 3.070 €	71.070 C	30.270	

^{*}Significant difference between cells with a different letter (p < .05)

Direct and indirect effects of disclosure type on readers' evaluations

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

Sponsorship transparency (ST). Results of the ANCOVA analysis show that disclosure type significantly influenced perceived ST: F(3, 448) = 38.74, p < .001. In line with H1b, the perceived ST was significantly higher for the disclosure 'sponsored by Spa Water' (M = 4.16, SD = .96) compared to 'partner content' (M = 3.34, SD = .82), p < .001. In line with H2b and H3b, the additional explanations about news media's business models (M = 4.64, SD = .98) and the authorship of native ads (M = 4.45, SD = 1.03) significantly further improved perceived ST (all p's < .001). With regards to RQ1b, both of the more detailed disclosures were more effective than using solely 'sponsored by Spa water' and 'partner content', yet these two explanations did not significantly differ from each other in terms of ST (p > .05). Although not hypothesized,

it might be noteworthy to mention that perceptions of ST also differed between readers who initially recognized native advertisements as such (M = 4.28, SD = 1.05) and the ones who did not (M = 3.74, SD = 1.02): t(451) = -4.68, p < .001.

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

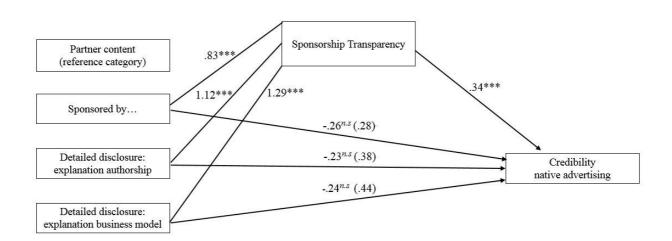


Figure 1. The mediation model of sponsorship transparency between disclosure type and credibility of native advertising. $n.s. = not \ significant, *p < .05, **p < .01, ***p < .001.$ Reference category = 'partner content'.

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

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

SE = .07, 95% BCBCI [.212, . 505]), as the direct relationship between the disclosure and advertiser credibility becomes insignificant when ST is added as mediator (see figure 2). Answering RQ1d, the explanation about news media's business model led to the highest advertiser credibility, and pairwise comparisons analyses show that this was significantly higher than for the authorship disclosure (p < .05).

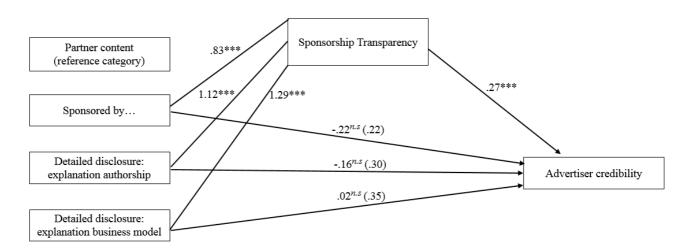


Figure 2. The mediation model of sponsorship transparency between disclosure type and advertiser credibility. $n.s. = not \ significant, *p < .05, **p < .01, ***p < .001.$ Reference category = 'partner content'.

Credibility of the news website. The ANCOVA results show a direct influence of disclosure type on news website credibility: F(3, 448) = 5.63, p = .001. Labelling native ads as 'sponsored by Spa water' did however not directly increase news website credibility (M = 3.59, SD = 1.06) compared to using the label 'partner content' (M = 3.64, SD = 1.03), p > .05. Yet, the mediation analysis indicates a significant indirect-only effect via sponsorship transparency for using the disclosure 'sponsored by...' (b = .25 boot SE = .05, 95% BCBCI [.147, .382]) compared to using 'partner content'. This partially confirms H1e. In line with H2e, the disclosure with the explanation about the authorship (M = 3.91, SD = 1.02) significantly increased news website credibility,

compared to the 'sponsored by...' disclosure (p < .05). Mediation analysis confirms that this is fully explained by the increase in sponsorship transparency (b = .34, boot SE = .07, 95% BCBCI [.210, .509). The findings also support H3e, as the detailed disclosure about news media's business model (M = 4.14, SD = .92) also directly significantly increased news website credibility, compared to the 'sponsored by...' disclosure (p < .05). Mediation analysis shows that this effect is again fully explained by the increase in sponsorship transparency (b = .39, boot SE = .08, 95% BCBCI [.254, . 562]), as the direct relationship between the disclosure and advertiser credibility becomes insignificant when ST is added as mediator (see figure 3). Answering RQ1e, the disclosure with the explanation about authorship led to the highest news website credibility, and pairwise comparisons analyses suggest that this is significantly higher than for the business model explanation disclosure (p < .05).

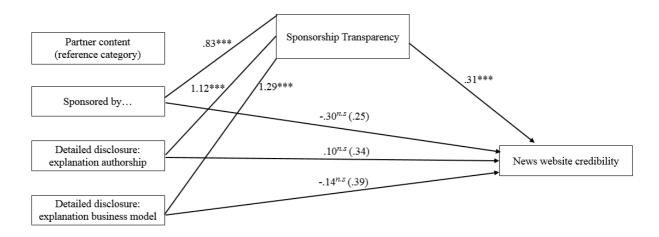


Figure 3. The mediation model of sponsorship transparency between disclosure type and news website credibility. $n.s. = not \ significant, *p < .05, **p < .01, ***p < .001.$ Reference category = 'partner content'.

Discussion and Conclusion

Previous research already shed light on the direct influence of the disclosures 'partner content' and 'sponsored by [brand]' on readers' PK, ad recognition and subsequent direct evaluations of one specific advertiser and / or news website (e.g. Wojdynski and Evans 2015, Wojdynski 2016). However, in these studies the disclosures were generally ineffective, so consequently, ad recognition was still relatively low. Moreover, an increase in disclosure- and ad recognition did not always lead to more negative evaluations, which suggests that there may be other factors that could mitigate the negative effects of readers' advertising recognition on their evaluations (Becker-Olsen 2003, Krouwer, Poels et al. 2018). As previous research suggested that readers do not want to be deceived and appreciate transparency (Sweetser 2010, Carr and Hayes 2014), the present study investigated whether and how more detailed disclosures may not only increase readers' recognition of native advertisements, but also influence perceived transparency for native advertising. Next, the study sheds light on whether this transparency can positively influence readers' evaluations of the advertising technique, advertisers, and news websites once they recognize a native advertisement as such, which is important for the implementation of native advertising in a sustainable manner (Campbell and Marks 2015, Wojdynski 2016, Wojdynski, Evans et al. 2017). Together with two 'standard' disclosures, two different types of more detailed disclosures were tested, focusing either on the authorship of the native ads or on the importance of advertising revenue to news media's business models and survival. Both types of information are considered as important to reach transparency for native advertising in news contexts (Taiminen, Luoma-aho et al. 2015, Ferrer Conill 2016).

The results suggest a positive effect of making disclosures more detailed, both in terms of explaining the authorship of native ads and stressing the importance of native

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

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

advertisements and thus supports news media's survival (Gordon and De Lima-Turner 1997, Wei, Fischer et al. 2008).

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

Limitations and Directions for Future Research

This study has some limitations, which can be addressed by future research. First of all, the study utilized only one disclosure position, directly below the headline of the native ad, and only one type of disclosure design. However, past research showed that both

disclosure position and visual characteristics of disclosures (e.g. the size and color) can also influence readers' disclosure- and ad recognition (Wojdynski and Evans 2015, Wojdynski 2016, Wojdynski, Bang et al. 2017). As the size of the disclosure increases when the text provides more information, this increase in size may also have played a role in the effect of more detailed disclosures on readers' ad recognition. Furthermore, due to the experimental design of the study, participants might have been more focused when assessing the page with the native advertisement, compared to when they are browsing news websites in a real life context. It would be interesting to further test the effectiveness of the disclosures in practice and to also look at whether the disclosures have an influence on typical advertising success metrics, for example clicks and shares. As the two detailed disclosures differed in their effects for news outlets and advertisers, future research can further test in different contexts which type of information will be most beneficial for all stakeholders involved. Finally, previous research mainly focused on the effects of disclosures on readers' PK and ad recognition and the subsequent effect on readers' evaluations. This study sheds light on another factor, perceptions of transparency, and suggests that when readers have become aware that they are viewing native advertising, high perceived sponsorship transparency can positively influence readers' credibility perceptions of native advertising, advertisers and news media. After measuring advertising recognition, but upon measuring readers' perceptions of ST and subsequent evaluations, the researchers first made all readers aware of the fact that they were viewing native advertising (since readers are likely to only assess the transparency of a native advertisement if they recognize it as such). However, one should keep in mind that readers' advertising recognition is generally rather low (Wojdynski and Evans 2015, Amazeen and Muddiman 2017), which limits the generalizability of the study's

findings. Still, the study's findings may help to increase both readers' advertising recognition and perceptions of ST in future native advertising practices.

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

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

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Attachment 1 - Stimuli

Figure 4. Native advertisement with the disclosure 'partner content'.



Figure 5. Native advertisement with the disclosure 'Sponsored by Spa Water'.



Figure 6. Native advertisement with a detailed disclosure about the authorship.



Figure 7. Native advertisement with a detailed disclosure about news media's business model.

