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## Native Advertising and Disclosure

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Native Advertising and Disclosure

A thesis submitted in partial fulfillment  
of the requirements for the degree of  
Master of Arts in Journalism

by

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University of Arkansas  
Bachelor of Arts in Journalism, 2013

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## **Abstract**

This paper reviews the growing combination of advertising and editorial content in the converged paid media form of native advertisements. Because native advertisements have the potential to negatively impact the credibility of traditional news organizations by misleading consumers through hidden persuasion attempts, this text reviews native advertisements in five prominent online newspapers for disclosure and source credibility.

Through a content analysis of 130 online newspaper native ads, this paper reviews disclosure according to FTC guidelines for native advertising proximity and placement, prominence, reputation, and language. In addition, this text reviews source credibility by attribution and source status: executives, professionals, public relations personnel, workers, celebrities, organizations, and students. This paper adds to research by its application of Agenda-Setting Theory in its sorting of native ads by their newspaper category and subject matter to determine which newspaper sections are utilizing native ads most frequently and ultimately driving the editorial agenda.

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## Introduction

There is no need for advertisements to look like advertisements. If you make them look like editorial pages, you will attract about 50 per cent more readers. You might think that the public would resent this trick, but there is no evidence to suggest that they do. (David Ogilvy, 1963, as cited by Benton, 2014, p. 1.)

Online newspapers are implementing integrated forms of advertising, called “native advertising,” according to the American Press Institute, with 75% of publishers running native ads and 41% of brands currently using them (Lieb, 2013; Hof, 2014). Native advertisements acquire their name from their objective to seamlessly blend an advertising message with the “form and function” of the platform it is placed on (Sharethrough, 2015, p. 1). These ads occur largely in online channels such as online newspapers and resemble the surrounding editorial content. The American Press Institute defines native advertising as a “form of converged media that combines paid and owned media into a form of commercial messaging that is fully integrated into, and often unique to, a specific delivery platform” (Lieb, 2013, p. 4). These definitions overlap and expand upon recent practices, such as the advertorial, and what many Websites label “sponsored content” or “branded content” (Lieb, 2013 p. 5). Studies have indicated that such advertisements, however, can negatively impact the credibility of traditional news organizations while potentially misleading consumers through hidden persuasion attempts (Cameron & Curtin, 1995; Sandler & Secunda, 1993).

The purpose of this study is to examine native advertisements in online news outlets for disclosure and types of sources to determine if there is ethical concern for consumer deception and implications for journalistic credibility loss. This study is unique in its assessment of sources found in native advertisements, as well its objective to determine which sections of online news outlets native ads are being placed in and which

product categories are utilizing native ads most frequently. While many studies investigate native advertising, sponsored content, and advertorials as they relate to source credibility and disclosure, this study adds to research by applying these variables to online newspapers using Agenda-Setting theory, asking which category of brands are advertising most frequently, and which section of online newspapers are the native advertisements appearing in. These measures parallel Agenda-Setting Theory of the first level—issue saliency, and asks which news categories are being discussed, such as politics, travel, food or fashion. This study also measures the Agenda-Setting concept of accessibility in that the advertisers that are most frequently using native advertisements should be the most accessible in consumers' minds, increasing brand awareness (Haigh, Bruce & Craig, 2008). As news outlets adopt native ads and create partnerships between their publication and its advertisers, it is crucial to ensure these practices minimize consumer and journalistic harm.

## **Literature Review**

### **Native Advertising**

The blurred line between editorial and commercial content is information pollution (Cameron and Curtin, 2000). The use of native ads is a recent source of controversy according to a December 2013 Federal Trade Commission workshop entitled, "Blurred Lines: Advertising or Content," which focused on how publishers and advertisers can keep consumers from being deceived by native advertisements. This meeting included executives from Procter & Gamble, The Huffington Post, Hearst, Mashable, and Sharethrough. When consumers discover undisclosed sponsorship in online content, or native advertising, an advertiser faces a major credibility problem because the undisclosed

sponsorship can be perceived as deception (Boynton, 2007). Goodman (2006) explained that perceived source credibility, measured on a 7-point semantic scale based on trust and expertise, is highest when a covert message, such as a native advertisement, is placed in an outlet that the audience trusts highly, such as an online news publication, and yields the most opportunity for persuasion. Because credibility in journalism is believed to build a loyal audience and lead to economic success, a potential decrease in credibility caused by native advertising is of concern to journalists (Pew, 2014). While maintaining disclosure and transparency, publishers must also avoid crossing the line between church/state and allowing editors and media buyers to determine the publication's news agenda (Marshall, 2013).

On January 8, 2014, The New York Times online edition ran its first native advertisement as part of a 3-month campaign for Dell. The approximately 700-word article entitled, "Will millennials ever completely shun the office?" appeared under the traditional New York Times logo and a blue header: "Paid for and Posted by Dell." Underneath the body copy, another disclosure stated, "This page was produced by the Advertising Department of The New York Times in collaboration with Dell (Anderson, 2014). The news and editorial staffs of The New York Times had no role in its preparation." It should be noted that The New York Times, both print and online editions, have committed to transparency. In a January 2014 staff memo, New York Times Executive Editor Jill Abramson addressed the new practice, "We will ensure that there is never a doubt in anyone's mind about what is Times journalism and what is advertising" (Sebastian, 2014, p. 5).

Distinguishing characteristics between editorial and commercial content were proposed in a study of advertorials by Ju-Pak, Kim and Cameron (1996), in which the advertiser's vested interest in the message, the intention to persuade, and bias were considered defining characteristics of an advertisement, even when presented in an editorial format. While advertisers and publications vary on how to differentiate (previously) advertorials from native advertising and sponsored content, one important distinction of the newer forms of these brand/publisher relationships is the direct involvement of the brand with the published content. For example, the Huffington Post paired their own reporters with writers for Johnson & Johnson and Cisco Systems to create collaborative pieces about brand-chosen content, such as motherhood by Johnson & Johnson, and how technology transforms lives by Cisco Systems (Vega, 2013).

Many online newspapers are forming their own brand/publisher liaison organizations, such as the New York Times "Brand Studio" to collaborate with and create editorial material for advertisers. Other online newspapers have adopted the practice of native advertisements, such as the Wall Street Journal in March, 2014, which formerly labeled such ads as "Narratives." USA Today, the Guardian, and The Washington Post were among the first national news publications to publish native advertisements with direct brand involvement in the editorial content. Other current online sources for news currently hosting native ads include: Forbes, Fox News, The Huffington Post, MSNBC, NBC Universal, The Atlantic, The Economist, and The Chicago Tribune (Lieb, 2014; Hof, 2014).

Even considering the growing percentage of (particularly younger) people who read news online, the shift "has not offset the decline in print readership" (Lieb, 2014, p. 4).

Looking for an increase in the bottom line, publishers have turned to the Internet, with 34

percent of publishers likely or very likely to adopt native advertising, according to a recent survey (Dedicated Media Marketing, 2013). Business Insider found that native ad spending will reach \$7.9 billion in 2014 (\$4.7 billion in 2013), and is projected to grow to \$21 billion in 2018 (Hoelzel, 2015). Native advertisements are appealing to advertisers, because consumers discount advertisements less when they come from high-credibility sources, such as online news sources (Yoon, Kim & Kim, 1998). In comparison with banner ads, native ads are viewed 53 percent more often, and 32 percent of consumers said they would share a native ad with their friends and family (Dedicated Media Marketing, 2013). Because native advertising is designed to appear similar to the editorial content of its location, studies have indicated a more positive reaction to native advertising than traditional online advertisements as consumers are more willing to pay attention to editorial messages than commercial messages (Cameron, 1994).

It is important, however, to consider the types of advertisers that are using native ads. Publications like TribTalk, an extension of the Texas Tribune, have started implementing “Paid Placement” of op/eds, such the February, 2015 example of TexasWay, a hospital association with interest in reducing the number of uninsured individuals sponsoring a health care policy piece (Barrett et, al. 2015). Such ads arguably alter their platform’s news agenda to certain attributes of the selected issue.

Little scholarly research has been published on native advertising as it relates to online news sites, and scholars differ on their theoretical application across advertising and disclosure studies (Abendroth & Heyman, 2012; Carl, 2008; Boerman, Reijmersdal & Neijens, 2012), including the elaboration likelihood model theory (Shuk & Bodoff, 2014; Fu & Chen, 2012) and persuasion knowledge model (Eckler, Heim & Rodgers, 2009). From a

news standpoint, research has measured news coverage in the form of advertorials (Bærug, Richard, Harro-Loit & Halliki, 2012; Golan & Viatchaninova, 2014) or political advertising (Young & Soroka, 2012) through theories of Information Processing (Howe & Teufel, 2014) and Framing (Kao, Chuang, Wang & Zhang, 2013). When selecting a communication theory of advertising or news, it is important to consider the intent behind native advertising: advertisers and publishers aim to create native advertising content so cohesive with the platform that consumers “simply feel that they belong” (IAB, 2013, p. 3). As native advertisements seek to mimic the format and contents of news stories with a particular intent, this paper seeks a new application of Agenda-Setting theory to the news/advertising hybrid of native ads. Concepts of Agenda-Setting Theory will now be applied to native advertisements (for the purpose of this study) instead of just traditional news.

### **Theoretical Framework**

Odriozola, Chené and Llorca Abad, (2014) found that external sources make up one of five layers of influence that determine the constitution of the media agenda. Regarding the origin of these contacts, the prevalence of the institutional over individual sources has been proven, thanks to the amount of information they provide to the media for the elaboration of their products. They, therefore, become privileged sources within the context of journalistic practice.

Agenda-setting refers to the power of the news media to influence which issues are considered salient among the general public (Roberts & McCombs, 1994) The power to control the news conversation can have notable implications politically, economically, and socially (Boyle, 2001). While agenda-setting was first conceptualized as a strictly news

media related theory relative to political communication, applications expand the scope across multiple disciplines and topics, such as advertising (Boyle, 2001 & Camage, 2014).

While not explicitly named, agenda-setting theory was first conceptualized by prominent newsman Walter Lippman in 1922. Lippman's first chapter of *Public Opinion*, entitled, "The World Outside the Pictures in our Heads," theorized that the media serve as a window, or filter, through which the public processes its "pseudo-environment" (p. 15). Truth, according to Lippman, lies in our interpretation of reality through the limited lens of our intermediaries: the media (Lippmann, 1922). Expanding Lippmann's initial premise, Cohen (1963) coined the following conceptual definition of agenda-setting: "[The press] may not be successful much of the time in telling people what to think, but it is stunningly successful in telling its readers what to think about" (p. 13).

McCombs and Shaw (1972) formalized the hypotheses of Lippmann (1922) and Cohen (1963) by measuring issue saliency in the 1968 presidential race between Hubert Humphrey and Richard Nixon. Utilizing a random sample of 100 registered voters, McCombs and Shaw (1972) measured the correlation between what respondents stated key issues of the campaign were and what a content of the local news media reflected them to be. The resulting study indicated a strong relationship between the perceived agenda of the public and the actual agenda set by the media, leading to the emergence of agenda-setting theory. "The media engenders public awareness and concern on the basis of the assumptions that (1) the press and the media do not reflect reality but, rather, filter and shape it, and (2) media concentration on a few issues and subjects leads the public to perceive those issues and subjects as more important than others" (Barnes, Hanson & Novilla; Meacham, McIntyre & Erickson, 2008, p. 3).

Agenda-setting takes place through the cognitive process of accessibility, which functions on the basis that the more frequently and prominently news media cover a particular issue, the more times the issue is accessed in an individual's memory (Dearing & Rogers, 1988). This process is similar to Lippman's mention of cognitive mapping in his original explanation of the public's understanding of its environment (Lippmann, 1922). Each time a particular issue is covered by the media, the issue increases in ease of access. It is important to note that accessibility should not be confused with applicability, which distinguishes agenda-setting theory from framing theory (Dearing & Rogers, 1988). The concept of accessibility can be measured in native advertisements by determining what types of products and industries are being reported on in the native ads. Brands and industries with the most native ads and resulting coverage lead to a higher level of accessible information for consumers. McCombs (2005) measured accessibility in agenda setting as "strictly a descriptive term for a prioritized list of items the major topics found in newspapers, television news programs, and other mass media messages, for example, or those topics that the public and policy makers regard as important" (p. 156). According to McCombs (2005) a list of the most common topics found in media (or native advertising) could reflect their saliency. Tan and Weaver (2004) measured accessibility and saliency by comparing a list of issues of public importance to stories in the media from 1946-2004. Their findings revealed 52 of the 54 (96%) yearly correlations were positive between the public agenda and the media, implying a strong correlation between overall media and public agenda.

Another concept of agenda-setting is saliency, and is generally classified within two levels. Level one agenda-setting refers to object or issue saliency, news coverage or a

specific issue as a unit of analysis (Lee & Choi, 2004). Object agenda-setting involves the selection of the initial object for attention or the selection of the particular issue to be covered. Level two agenda-setting theory involves attribute saliency through characteristics and properties that describe the issue selected (Lee and Choi, 2004). Attribute saliency involves the images associated with an issue or topic rather than the object itself, such as positive and negative cues and basic characteristics. Lee and Choi (2004) measured attribute saliency in their content analysis of online news stories about Iran, Iraq and North Korea by counting country characteristics (mentioned in the stories) as attributes. For native advertising, saliency plays a level one agenda-setting role (the importance of the object or issue itself) through the product category/news section that an advertisement falls under, such as travel, or airlines (Lee and Choi, 2004).

A critical component of agenda-setting involves an individual's need for orientation (Lippman, 1922). The most widely accepted psychological explanation for the agenda-setting effect, need for orientation explains individual differences in the desire for orienting cues and background information (McCombs, 2004). Need for orientation describes individual differences among people in their motivations to understand their environment by using the media as a source of knowledge and influence (Tolman, 1951). Need for orientation is defined by two lower order concepts: relevance and uncertainty. If an issue is not relevant to an individual, agenda-setting theory hypothesizes that individuals will require less need for orientation. For example, economic issues such as a national budget deficit, which may be unobtrusive in the daily lives of individuals would require more need for orientation from external sources, such as media (McCombs, 2004).

Relevance and uncertainty then determine whether an issue is classified as obtrusive or unobtrusive (Tolman, 1951 & McCombs, 2004). Obtrusive issues refer to experiences or issues that individuals are personally familiar with and therefore do not rely as heavily on media for information. Unobtrusive issues, on the other hand, occur when people do not have direct, personal experience with an object or experience and are highly correlated with strong agenda-setting effects. Relevance, uncertainty, and whether an issue is obtrusive or unobtrusive are highly subjective to individual experience and determine the overall need for orientation. Agenda-setting theory and an individual's need for orientation would be supported by the high level of cognitive involvement required for processing news content versus a traditional advertisement (McCombs, 2004). An audience seeking news information on an online news site may be predisposed to high need for orientation, for example, by searching for information on healthcare, banking, new technology, or other relevant issues that an individual has lack of personal experience with. These issues would result high-involvement with the advertised message (McCombs, 2004).

Barnes, Hanson, Novilla, Meacham, McIntyre, and Erickson (2008) outline two assumptions of agenda-setting:

The media engenders public awareness and concern on the basis of the assumptions that (1) the press and the media do not reflect reality but, rather, filter and shape it, and (2) media concentration on a few issues and subjects leads the public to perceive those issues and subjects as more important than others. (p. 3).

Sutherland and Galloway (1981) tested this relationship between the media agenda and advertising in a survey of 267 participants, who were asked to determine what brand of a particular product category was purchased by the highest number amount of people. Thirty-five percent of respondents justified their answer based on the brand's frequency of

advertising, revealing a correlation with brand awareness. Based on these results, the study concluded that more frequent advertising was a determinant in consumer perception of which brands are salient among other consumers. In this study, participants chose a particular advertised brand because of its accessibility in their mind, a concept of agenda-setting theory, which will be discussed later in the paper (Sutherland and Galloway, 1981).

Because all news doesn't come to journalists through "routine channels," such as press releases, preplanned events, conferences, etc., reporters occasionally resort to corporations or advertisers for press. In the case of native advertising on online newspapers, advertisers are offering payment for their own agenda, written by themselves or as a collaboration with the publication, to be displayed on the site as a form of news—news which was predetermined both in issue and in issue attribute by the advertiser, paralleling agenda-setting theory (Sutherland & Galloway, 1981; Roberts & McCombs, 1994).

Shaw, Stevenson, and Hamm (2001) argue that agenda-setting theory needs to "take account of contemporary social behavior" such as online news, in order to evolve as a relevant theory. Tan and Ma (2013) conducted a keyword-based content analysis of World Games news coverage from June 25 to August 2009 to determine the influence of event sponsorship on the image of the host city, Kaohsiung, Taiwan. The study noted that global coverage of Kaohsiung increased due to the World Games, as did the sampled keywords. The object salience of Kaohsiung was positively correlated with that of the keyword Taipei [ $r(46) = .43, p < .01$ ] and Taichung [ $r(46) = .32, p < .05$ ], indicating that media attention increased object salience for the city of Kaohsiung (Tan & Ma, 2013). Tang (2012) conducted a content analysis of five major Chinese newspapers in 2009 to determine the

frequency of stories related to corporate social responsibility in newspapers. Out of 406 articles, 153 (37.7%) actively discussed CSR, 153 and 65 (16%) were native advertisements.

## **Disclosure**

Consumers make expectations about credibility and objectivity based on the genre of the source, which subsequently informs understanding of the platform's content. Disclosure in native advertising refers to the labeling of the content as a paid transaction between the publisher and the advertiser that might not otherwise be obvious to consumers because of its resemblance to the editorial content of the platform (Carl, 2008). The purpose of disclosure is to inform a consumer of a specific, paid-for persuasion attempt by the advertiser, brand, or third-party so readers may distinguish between ads and news content (Boerman, Reijmersdal, & Neijens, 2012). Common notations of disclosure include: "Sponsored" or "Sponsored by" or "Sponsored Content" (Yahoo), "Presented by" or "Featured Partner" (BuzzFeed, Huffington Post) "Advertisement" or "AD" (Google), "Promoted" or "Promoted by" (Twitter, Sharethrough).

For sponsorships on broadcasted programming, the Federal Communications Commission (1946) Communications Act 47 U.S.C. § 317 requires disclosure whereby sponsored messages must be identified so consumers "know when the program ends and the advertisement begins" (p. 47). The FCC's concern for native advertising is that advertisers use the ads to avoid consumer resistance to their messages by disguising ads as coming from credible sources rather than coming from the advertiser (Goodman, 2006), because perceived credibility enhances purchase intention by 38 percent (Xuehua & Zhilin, 2010).

Regarding native ads, the FTC recommends clear and conspicuous disclosure relative to the proximity, placement, font, size, color, and frequency of the disclosure, and offers suggested guidelines. For example, the FTC suggests that the disclosure appear on a background color differing from the content, with a larger font than the body copy of the article. Disclosure should appear in the top left corner of the page, which is more easily accessible to readers than the bottom right corner of the page, or an area of the Website which consumers would have to scroll down to find. The FTC also suggests that disclosure appear multiple times throughout the native content, as some consumers might access a web page from a link or from a mobile device which opens directly to the middle of an article (FTC, 2013).

Most disclosure research focuses on its attributes in the areas of font, font size, disclosure frequency and modality and how those factors affect comprehension (Barlow & Wogalter 1993). Gower and Nekmat (2012) found that whether disclosure was presented before ad content, after ad content, or not at all significantly affected consumer perceptions of blogger credibility, organizational credibility, product attitude and purchase intention. Contently (2014) conducted a survey of 542 online news consumers between the ages of 18 and 65. Two-thirds of readers have felt deceived when becoming aware that a news article or video was sponsored by a brand and 59 percent of readers find news sites less credible if they have brand-sponsored ads. Carl (2008) found that undisclosed sponsorship of advertising content resulted in the highest scores for source credibility, rated on a 7-point semantic scale for trustworthiness and expertise (3.26). Carl (2008) also found that rather than having negative responses, subjects who were aware of the sponsor of a word-of-mouth marketing campaign before seeing the ad were not affected (65 percent) or were

positively affected (21%) by the disclosed sponsorship. However, when the sponsorship was not first disclosed but revealed after, five percent had negative feelings resulting in “backlash” about the company, negative organizational trust, and negative product attitudes. The undisclosed persuasion attempt left subjects feeling deceived, based on the Persuasion Knowledge Model, for not cognitively preparing for the persuasion attempt (Friestad & Wright, 1994). Aendroth and Heyman (2012) found that disclosure after exposure to a native advertisement yielded the lowest scores (on a 7-point semantic differential scale) for purchase intention (3.7), attitude toward the product (4.3), and attitude toward the agent or advertiser (3.5) because consumers felt deceived in not being informed of a persuasion attempt.

### **Source Credibility**

The newspaper advertorial borrows, or more candidly, steals editorial credibility from the newspaper and in the process pollutes one of our only sources of clean, reliable information (Cameron, 2000, p. 73).

Credibility is a component of information sources and plays a major role in forming trust between consumers and media (Jo, 2005). When consumers become aware of a persuasion attempt or association with advertiser, they are more likely to resist the message (Eagly, Wood & Chaiken, 1978). Sources with a high level of credibility are more likely to bring about opinion formation and action (Brewer and Gross, 2005). Lupia, (1994) found that a source’s perceived motive is a crucial component of source credibility. Newspapers are typically perceived as a credible information source because their content is believed to be written by experts and unbiased (Lee & Ahn, 2013).

The transactional relationship between news outlets and their advertisers can be difficult for consumers to understand and can potentially harm a news outlet’s credibility

(Lasica, 2001). Charnley (1936) published the first accuracy study of American newspapers by contacting news story sources to confirm cited facts—the accuracy rate was approximately 50%. More recently, Scott (2007) conducted a similar study revealing an inaccuracy rate of 59%, implying that source credibility in news stories is diminishing. Pew Research (2009) revealed a 26% drop of United States consumer belief that newspaper stories are accurate. Because native advertisements function on the perceived credibility associated with newspapers, it is imperative that both news and advertising maintain high levels of source credibility (Cameron, 2000).

Two frequent attributes of credible sources are trustworthiness and expertise (Hovland & Weiss, 1951). News organizations are perceived as experts on their coverage of stories largely because of their historical commitment to objectivity (Cameron, 1994). However, sponsor-generated content and native advertising, when present with editorial content, have direct implications for source credibility of online newspapers. Because native ads resemble editorial material, they are perceived as more factual and credible and believable (Darley & Smith, 1993; Holbrook, 1978).

Ray (1982) proposed bias of source, typically associated with advertising, as another factor that lowers trustworthiness and ultimately source credibility. Gaziano and McGrath (1986) sought to combine operational definitions of source credibility into one agreed-upon definition. Out of 16 credibility attributes cited in previous research as determinants for credible sources, a factor analysis revealed that participants commonly selected 12 of these attributes: “news are fair, are unbiased, tell the whole story, are accurate, respect people's privacy, watch out after people's interests, are concerned about the community's well-being, separate fact and opinion, can be trusted, are concerned about

the public interest, are factual, and have well-trained reporters” (Gaziano & McGrath, 1986, p. 254).

Online newspapers that resemble their print counterparts positively affect reader perceptions of credibility, as 44% of participants in a study said that online news was a more accurate representation of what was going on in the world than similar news coverage on traditional media (Pew Research Center, 2009). Petty and Andrews (2007) suggest that consumers who have been deceived may be skeptical of all advertising (even native advertising) but are likely to believe product information from perceived non-marketing sources such as online news sites which inform consumers of which issues are salient. However, while consumers expect practices such as nondisclosure from advertisers, they may not expect to find such practices used in online news sources (Petty & Andrews, 2007).

In determining consumers’ perceived source credibility, scholars do not agree on a single operational definition. Research has revealed, however, that positive or negative cues in the advertising message, or overall message valence, can enhance cognitive processing of product information (Bone, 1995; Herr, Kardes, & Kim, 1991). When need for orientation is high, positive valence of an advertising message and positive product/source attributes in the native content can assist the reader in processing the message (Chu & Kamal, 2008; Priester & Petty, 2003). Thus, agenda-setting theory (of attribution) may be beneficial in predicting perceived source credibility.

Because native advertisements are not a “routine channel” of news, the sources cited by collaborations from publication reporters and writers for the advertised brand may be different than those of traditional news. Source credibility, as a dimension of overall

credibility is the “extent to which the source is perceived as possessing expertise relevant to the communication topic and can be trusted to give an objective opinion on the subject” (Haigh, Bruce & Craig, 2008). Source credibility, according to Wilson and Sherrell (1993), impacts consumer attitudes and subsequent behaviors, such as purchase intention.

### **Research Questions**

A lack of trust in information obtained from the Internet could diminish its credibility as a news source (Johnson & Kaye, 1998). In addition, the public feels that maintaining a clear distinction between editorial and advertising content is necessary (Online News Association, 2002). News organizations need to publicly post editorial policies clearly explaining the relationships they have with other companies and how those relationships impact their editorial coverage. As a result of these implications for journalistic credibility and potential consumer deception, the following research questions are proposed to determine whether native advertisements meet FTC guidelines for online disclosure. Because the products/organizations using native ads may influence issues of saliency on the media agenda, it is imperative to make sure native ads are complying with FTC regulations.

Research Questions 1-4 are based on FTC Guidelines for Dotcom Disclosure relative to position, size, color, frequency, and language. Proximity increases the likelihood that consumers will relate disclosure to the associated product (FTC, 2013). The FTC requires online ads, like prints ads, to feature disclosure statements adjacent to the title and body copy of the advertisement. Disclosures should not be only accessible by scrolling, but should appear on the “same screen” as the advertising content (FTC, 2013, p. 8). The same approach can be used for online ads. The FTC required ads to be placed in on-screen

locations that are most frequently viewed first (top left, top center), and some disclosures may require extra attention via hyperlinks or graphics when presented on mobile platforms (FTC, 2013).

**RQ1:** How are native advertisements presenting disclosure in terms *proximity and placement* with the message content?

A prominent disclosure is “unavoidable” and draws attention to the disclosure through font size, formatting, and graphics (FTC, 2013, p. i). Large disclosures are more likely to be seen by consumers, and formatting consistent with the body copy of an ad can help tie the disclosure to the advertising content (FTC, 2013). Prominent disclosures stand alone and are readily visible. For example, the FTC would not allow disclosures to be hidden within terms of service agreements (FTC, 2013).

**RQ2:** How are native advertisements presenting disclosure in terms of *prominence* with the message content?

Because consumers can enter native ads from different locations on the source website, the FTC recommends that disclosure be repeated throughout the ad to ensure effective communication (FTC, 2013).

**RQ3:** How often are disclosures repeated in native advertisements?

Disclosure statements should be concise, straightforward and should avoid “legalese and technical jargon” (FTC, 2013, p. 21).

**RQ4:** What language is used by online news publications to label native advertisements?

Research Questions five and six are based on previous research for source credibility (Charnley, 1936; Scott, 2007; Hovland & Weiss, 1951; Petty and Andrews, 2007; Bone, 1995; Herr, Kardes, & Kim, 1991).

Ray (1982) found that source bias, commonly associated with advertising, can lower trustworthiness and source credibility among consumers. When consumers become aware of a persuasion attempt or association with advertiser, they are more likely to resist the message (Eagly, Wood & Chaiken, 1978). Consequently, factors that result in higher credibility include objectivity and lack of bias. Unbiased or unaffiliated sources are, therefore, perceived as more believable by consumers (Eagly, Wood & Chaiken, 1978). Newspapers are typically perceived as a credible information source because their content is believed to be written by experts and objective (Lee & Ahn, 2013). Because native advertisements appear in online newspapers and resemble the surrounding news content, it is important to evaluate what kind of types of sources are being used.

**RQ 5:** How many affiliated, unaffiliated, and total sources are native advertisements citing in their advertising messages?

Past research implies three perspectives of source expertise. McGeorge (1992) found that individuals that outperform others in a given domain or sphere of influence are considered to be outstanding, and therefore experts within their domain. The second perspective of source expertise derives from accumulated knowledge in a certain discipline. The third perspective determines expertise to be a result of training and ability (Bimbaum & Stegner, 1979). As expertise is a component of source credibility, sources with greater perceived expertise will be more effective.

**RQ 6:** What types (by job) of sources are native advertisements citing in their advertising messages?

Research Questions seven and eight seek to measure accessibility and attribute saliency concepts of Agenda-Setting Theory by newspaper section and brand attribution (Sutherland & Galloway, 1981; Roberts & McCombs, 1994). Media salience, or “media awareness of an object, usually gauged by the sheer volume of stories or space dedicated to topics in newspapers...” reveals the public importance of an issue (Kiousisi, 2004, p. 74). If public saliency of a topic is reflected by the content and volume of native ads within that certain topic, then it is imperative to measure what categories of content are being influenced.

**RQ 7:** Which section of online newspapers do native advertisements most commonly appear in?

Stern, Krugman, and Resnik, (1981) found significant differences in magazine print ads by product category. For example, ads for home furnishings, appliances and technology featured ads with the highest amount of information. As issue/attribute saliency can be affected by the sheer volume of native ads (Kiousisi, 2004) and native ad content will likely differ across product categories, it is important to determine which product categories are being used most frequently.

**RQ 8:** Which product categories are most commonly utilizing native advertisements?

### **Method**

A content analysis was conducted of 130 native advertisements from January 1, 2014 to January 1, 2015, collected from five prominent online national newspapers who

use native advertising: *The New York Times*, *USA Today*, *The Washington Post*, *The Chicago Tribune*, and *The New York Daily News*. These newspapers were chosen to allow geographic variance (Einweller, 2005). Pew Research (2014) named USA Today, The New York Times, Washington Post, and the Huffington Post in its list of most trusted news sources and NewsTrust (2014) named The Atlantic as a trusted source. The Chicago Tribune, along with the New York Times and Washington Post, has displayed a commitment to credibility in participating in the New Literacy Project, which teaches students to judge the credibility and reliability of news (Miller, 2010). Britanica (2015) credits Forbes Magazine with providing credible, factual financial news since the 1950s.

Chicago Tribune, USA Today, Cassidy (2005) found that online news outlets were significantly more likely (68%) than online versions of newspapers (54%) to place “credibility statements” (p. 53) on their websites, outlining relationships between advertisers and their sponsors as well as three other online news sources, The Huffington Post, Forbes Magazine, and The Atlantic. Online news outlets were chosen based both on their large digital circulation and status as elite news publications, such as the Atlantic and the New York Times, which have been credited with defining the news agenda more often than localized publications (Berkowitz & Beach, 1993). In addition, large circulation sizes predict larger advertiser spending on native ads and therefore yield a greater diversified sample. These particular newspapers were also chosen because of their open online content and accessibility to native ads available without paid subscription (Cassidy, 2005).

Because each online newspaper uses its own language to classify its native ads, all native ads were found using online archives of each news publication website by searching

for native advertisements under the keywords of publication-specific terms for the ads: NyTimes.com—“Paidpost,” USA Today—“Sponsor Story,” etc.

**Disclosure** was measured according to the FTC Guidelines entitled, Dotcom Disclosures (FTC, 2013). The FTC calls for “clear and conspicuous” disclosures in the form of proximity and placement, prominence, reputation, and language. For proximity and placement, disclosures should be placed near the content of the native advertisement so that consumers can see the disclosure without having to scroll to another section of the Website. Proximity and placement are measured in terms of location relative to the advertised message: top right, top center, top left, middle right, middle center, middle left, bottom right, bottom center, bottom left (FTC, 2013).

Disclosure prominence is referred to as the ability to draw attention to the disclosure in the form of size, color and graphics (FTC, 2013). For each disclosure, prominence is measured according to size (relative to the font of the body copy): larger, same size, smaller, and formatting was measured based on a differently formatted (bold, italicized, underlined, etc.) font than the body copy or disclosure appearing on a separate colored background than the body copy. Repetition was measured by counting each instance of disclosure present for each native ad. Language of each disclosure was recorded for disclosure title, such as “Paidpost,” “Sponsor Story,” etc., and for statements of publication collaboration or disaffiliation with the native ad content (FTC, 2013).

Cassidy (2005) conducted a content analysis of online news sources and found that only 62% of the 196 sites featured a “credibility statement” (p. 53). Criteria for credibility statements included important frameworks for disclosure, such as disclosed standards for separating editorial content from advertising, a statement outlining news sites’ business

partnerships, and information disclosing how business relationships contribute to editorial content (Cassidy, 2005). These criteria were utilized to help identify which statements constituted disclosure.

**Source credibility** was measured through attribution according to previous research (Berkowitz & Beach, 1993). For example, sources were identified by direct and indirect verbs of attribution: said, reported, stated, and noted, and mental states such as hopes, feels, and believes. Organizations, corporations, government entities, special interest groups, etc. were counted as a single source, unless a number of specific sources was specified. Sources were classified as affiliated or unaffiliated depending on the nature of their relationship with the advertiser/content. Unofficial sources include an average person, consumer, family member, etc., with no stated credentials or affiliation to the advertised brand. Official sources include business people, government officials, special interest group representatives, etc. Source status was measured based on the research of Berkowitz and Beach (1993) with categories of (1) executives (in position of management or decision-making); (2) professionals, such as doctors, lawyers, teachers, scientists, etc.; (3) public relations personnel, such as spokespeople; (4) workers (secretaries, factory employees, technicians); (5) celebrity (a person who has achieved notoriety among consumers); (6) organization (company, nonprofit, or entity); and (7) student (a person whose occupation is a student) (Berkowitz & Beach, 1993; Wicks, Warren, Fosu & Wicks, 2009).

Native ads were sorted according to their category/location within the publication: health, U.S. News, Entertainment, Lifestyle, Sports, Business, Fashion, Advertising, Travel, Technology, and Food, and according to their product category: nonprofit, fashion,

food/beverage, travel, communication/electronic, household, health/medicine, entertainment/media, finance, automotive, oil/energy, technology, pets and other. Assessing the results of these categories contributes to the understanding of which industries are using native advertising most commonly and what particular sections of online news they are shaping (Berkowitz & Beach, 1993).

## **Results**

The purpose of this research is to examine native advertisements in online news sources to determine whether the type and frequency of disclosures, sources, product categories and news section used varies by type of online news outlet. Of the 130 online native advertisements sampled, for online newspapers, 20 (or 15.4%) appeared in The New York Times, 10 (or 7.7%) in USA Today, 20 (or 15.4%), in The Washington Post, 20 (or 15.4%) in The Chicago Tribune, and 10 (or 7.7%) in The New York Daily News. For the sample of three other online news sources, 10 (or 7.7%) of the sampled native ads appeared in The Huffington Post, 20 (or 15.4%) in Forbes Magazine, and 20 (or 15.4%) in The Atlantic. The average native advertisement featured two or three disclosures ( $M=2.54$ ,  $SD=2.39$ ) and approximately two sources ( $M=2.11$ ,  $SD=3.51$ ). Most native advertisements appeared in unlabeled or “other” newspaper sections (38 or 29%), U.S. News (17 or 13%) and Business Sections (17 or 13%). Native advertisements were most frequently used for Finance (17 or 13%), Technology (16 or 11.5%), and Health/Medicine (14 or 11%) product categories.

*Research Question 1* asked how native advertisements present disclosure statements in terms of proximity and placement with message content, based on FTC Guidelines for Dotcom Disclosure (2013). Out of 263 total disclosures, a majority (113 or 42.9%) were

placed in the top left portion of the native advertisement ( $M=.87$ ,  $SD=.338$ ). Native advertisers are meeting FTC Guidelines for Dotcom Disclosure by placing the disclosure where readers can see it (preferably top left or top middle) without having to scroll through the native advertisement, as readers are more likely to look to the left side first when reading left to right. The second and third most likely locations for disclosure placement included the top middle portion of ads (57 or 43.8%;  $M=.44$ ,  $SD=.498$ ) and the bottom middle portion (32 or 24.6%;  $M=.25$ ,  $SD=.43$ ). The Washington Post (20 or 15.4%), Chicago Tribune (20 or 15.4%) and Forbes (20 or 15.4%) most consistently placed ads in the top left portion of the screen ( $M=2$ ,  $SD=0$ ). The New York Times (20 or 15.4%) and The Chicago Tribune (20 or 15.4%) most consistently placed disclosures in the top middle portion of the screen. A chi-square test of goodness-of-fit was performed to determine whether top middle disclosure placement was equal among online newspapers and other online sites. Top middle placement was not equally distributed between sources,  $X^2(1, N = 130) = 25.59$ ,  $p < .01$ . However, most online newspapers and news sites used top left disclosure placement or a combination of top left and top middle, which meets FTC suggestions for disclosure placement. These results are displayed in Table 1.

Table 1

*Disclosure Location by Newspaper*

<b>Newspaper</b>	<b>Top Left</b>		<b>Top Middle</b>	
	<b>n</b>	<b>Percent</b>	<b>n</b>	<b>Percent</b>
New York Times	15	11.5%	20	15.4
USA Today	10	7.7%	8	6.2
Washington Post	20	15.4%	1	.8
Huffington Post	10	7.7%	1	.8
Chicago Tribune	20	15.4%	20	15.4
New York Daily News	7	5.4%	0	0
Forbes Magazine	20	15.4%	0	0
Atlantic	11	8.5%	7	5.4

*Research Question 2* asked whether native advertisements presented disclosures prominently, based on FTC Guidelines for Dotcom Disclosure relative to size and formatting. A large majority of disclosures featured smaller fonts (120 or 92.3%) than the body copy of the native advertisement (M=.92, SD=.268). Only 18 (or 13.8%) of disclosures featured fonts larger than the body copy of the native ad (M=.14, SD=.347). The Atlantic (18 or 13.8%) used the most fonts smaller than the body copy of ads in disclosures (M=3.00, SD=5.7), and USA Today (10 or 7.7%) used the most fonts larger than body copy (M=1, SD=0). Most online newspapers and other news sources did not comply with FTC guidelines for disclosures in that more than 90 percent of disclosures were stated in fonts smaller than the body copy of the advertisement, making them more difficult for consumers to see.

However, 124 disclosures (or 95%) featured fonts with different formatting than the body copy of the native advertisement (M=.95, SD=.21), which complies with FTC Guidelines in that the formatting of disclosure statements should not blend in with the

body copy of the advertisement. Only three disclosures (2.3%) used the same formatting as the body copy of their ads.

*Research Question 3* asked how frequently disclosures are repeated in native advertisements, based on FTC Guidelines for Dotcom Disclosure relative to frequency. The average native advertisement featured two or three disclosures ( $M=2.54$ ,  $SD=2.39$ ) with (22 or 8%) as the most disclosures present in one advertisement and with 1 disclosure as the least amount (18 or 13.8%). All 130 advertisements featured at least one disclosure statement. On average, native advertisements from The Atlantic (20 or 15.4%) used the most disclosures ( $M=3.9$ ,  $SD=5.74$ ). Results were as expected for the Atlantic, as the publication recently promised to tighten native ad regulations following their controversial publication of a native advertisement from the Church of Scientology (Moses, 2013). The New York Daily News ads (10 or 7.7%) featured the least amount of disclosures per native ad ( $M=1$ ,  $SD=0$ ). A t-test revealed that online newspapers (The New York Times, USA Today, The Washington Post, The Chicago Tribune, and the New York Daily News) used slightly fewer disclosures on average [ $t(130)=2.5$ ,  $p <.05$ ] than other online news sources (The Huffington Post, Forbes Magazine, The Atlantic).

*Research Question 4* asked what language was used to label native advertisements, based on FTC Guidelines for Dotcom Disclosure relative to disclosure language. The content of disclosure language for each online outlet is show below.

New York Times native ad disclosures were labeled as:

“Paid Post,” “This page was produced by the T Brand Studio, a unit of the advertising department of The New York Times, in collaboration with (product name). The news and editorial staffs of The New York Times had no role in its preparation,” “T

Brand Studio (logo),” a “paidpost.nytimes.com” URL, and “Paid for and Posted by (product name).”

USA Today native ad disclosures were labeled as:

“Sponsor story provided by (product name),” “This story is provided and presented by our sponsor,” “This story is provided and presented by (product name),” and a “usatoday.com/story/sponsor-story” URL.

Washington Post native ad disclosures were labeled as:

“Sponsor Generated Content,” “By (product name),” “WP BrandConnect,” “This content was created by (product name), and a “washingtonpost.com/sf/brand-connect” URL.

Huffington Post native ad disclosures were labeled as:

“HuffPost Partner Studio,” “In partnership with (product name),” “Presented by: (product name),” “advertisement presented by (product name),” and a “huffingtonpost.com/news/sponsored-content” URL.

Chicago Tribune native ad disclosures were labeled as:

“Powered by (product name),” “Brand Publishing; this is sponsored content. It does not involve editorial or reporting staffs of the Chicago Tribune,” “Advertisement; this content is not produced by the newsroom,” “Brand Publishing,” “Tribune Brand Publishing,” “brought to you by (product name),” “by Brand Publishing,” and a “chicagotribune.com/brandpublishing” URL.

The New York Daily News native ad disclosures were labeled as:

“sponsor content provided by (product name),” and a “nydailynews.com/sponsor” URL.

Forbes Magazine native ad disclosures were labeled as:

“Forbes BrandVoice; connecting marketers to the Forbes audience.”

The Atlantic native ad disclosures were labeled as:

“Sponsor Content,” “Presented by (product name),” “Sponsor Content Presented By (product name),” and a “theatlantic.com/sponsored” URL.

According to native ad disclosure language from the news and other online outlets selected, there seems to be little consistency among news sources for labeling disclosure.

Terms such as “BrandVoice” or “Brand Publishing,” when presented with no other information about the nature of the content as an advertisement, can arguably mislead consumers. While labeling of native ads was highly inconsistent, even within a single publication, several news outlets featured more clear disclosure labels than others. The New York Times, USA Today, Chicago Tribune, New York Daily News, and Atlantic consistently featured disclosures that met FTC guidelines, whereas The Washington Post, The Huffington Post, and Forbes contained one or more native ads that did not.

*Research Question 5* asked how many affiliated, unaffiliated, and total sources are cited in native advertisements. Out of 130 total native advertisements, 89 (or 68.5%) cited at least one source, with 41 ads (or 31.5%) containing no source. The occurrence of affiliated sources (48 or 36.9%;  $M=.37$ ,  $SD=.423$ ) and unaffiliated sources (50 or 38.5;  $M=.38$ ,  $SD=.488$ ) among the 130 native advertisements were relatively similar. More frequently, native ads used data sources (30 or 23.1%). On average, the Chicago Tribune used the most sources in native ads ( $M=3$ ,  $SD=4.218$ ), followed by The Atlantic ( $M=2.11$ ,  $SD=3.51$ ). On average, online newspapers ( $M=2.16$ ,  $SD=2.712$ ) used slightly more sources

than other online magazines/websites (M=2.02, SD=4.524). Other online sources (M=.84, SD=4.254) used more data sources than did online newspapers (M=.45, SD=1.101).

Research Question 6 asked what types of sources by occupation or experience are cited in native advertising. The most commonly cited sources included executives (25%) and organizations (26.5%). It should be noted that out of the 128 total sources, none were public relations personnel. While source presence in online newspapers and other news sites had greater than expected counts, the differences were not statistically significant.

Table 2

*Types of Sources Present in Native Advertisements*

Source Type	Frequency	Percent	Std. Deviation
Unaffiliated	50	38.5	.49
Data	30	23.1	.42
Affiliated	48	37	.48
Executive	35	27	.45
Professional	25	19.2	.39
Worker	20	15.4	.36
Celebrity	6	4.6	.21
Organization	35	26.9	.45
Student	3	2.3	.15
Other	4	3.1	.17
<i>Total</i>	128		

Table 3

*Number of Sources Cited by Newspaper and Online News Source*

Newspaper	N	Mean	Std. Deviation	Std. Error
New York Times	20	2.45	2.37	.53
USA Today	10	1.60	2.01	.64
Washington Post	20	2.05	1.40	.31
Huffington Post	10	.60	.84	.27
Chicago Tribune	20	3.00	4.22	.94
New York Daily News	10	.70	1.57	.50
Forbes Magazine	20	1.20	1.96	.27
Atlantic	20	3.55	6.84	1.53
Totals	130	2.11	3.51	.3

The New York Times cited organizations most frequently (15 or 11.5%;  $M=1.3$ ,  $SD=1.75$ ) and used no worker, celebrity, or student sources. The majority of sources used by USA Today were executives (6 or 4.6%;  $M=.3$ ,  $SD=1.135$ ), with no use of professional sources. The Washington Post cited organizational sources (9 or 6.9%;  $M=.55$ ,  $SD=.759$ ) and executive sources (7 or 5.4%;  $M=.5$ ,  $SD=.827$ ) most frequently, but did not use any student sources. The Huffington Post most frequently used workers as sources (1 or .8%;  $M=.2$ ,  $SD=.523$ ) but did not use any celebrity or student sources. The Chicago Tribune frequently used workers (5 or 3.8%;  $M=.6$ ,  $SD=1.314$ ) and executives (6 or 4.6%;  $M=.5$ ,  $SD=.827$ ), but did not use any celebrities or student sources. The New York Daily News used organizations as sources most often (2 or 1.5%;  $M=.5$ ,  $SD=1.269$ ), but no professional, worker, celebrity or student sources. Forbes Magazine used the most professional sources (6 or 4.6%;  $M=.4$ ,  $SD=.681$ ), with no student sources. Lastly, The Atlantic most frequently cited executives as sources (9 or 6.9%;  $M=1.05$ ,  $SD=1.356$ ) and did not use any organizational sources. The Chicago Tribune and Atlantic, which cited the most total sources, respectively, both used executives as their most or second most frequent type of source, which is consistent with the overall findings for executive sources being most commonly cited. Findings for source type (by education and experience) were not as expected because frequency of affiliated and unaffiliated sources were relatively similar, and because no public relations personnel were cited. In addition, more workers and organizations were cited than expected, while few celebrities (which would be considered affiliated sources) were cited. Overall, the native advertisements contained a greater variance of affiliated, unaffiliated, and data sources than expected, and featured a variety of source types.

*Research Question 7* asked in which section of online newspapers native advertisements most commonly appear. Most native advertisements appeared in unlabeled or “other” newspaper sections, 38 (or 29%), followed by U.S. News 17 (or 13%) and Business Sections 17 (or 13%).

Table 4

*Native Advertisement Location by Newspaper Section*

Section	Frequency	Percent	Std. Deviation
Health	11	29.2	.28
U.S. News	17	13.1	.34
Entertainment	9	6.9	.25
Lifestyle	5	3.8	.29
Sports	1	.8	.08
Business	17	13.1	.34
Fashion	4	3.1	.17
Ad Page	38	29.2	.46
Travel	12	9.2	.29
Tech	11	8.5	.28
Food	2	1.5	.12

*Research Question 8* asked which product categories are most commonly used for native advertisements. The most frequent product categories were Finance 17 (or 13%), Technology 16 (or 11.5%), and Health/Medicine 14 (or 11%). Product Category findings were consistent with agenda setting theory in that products where personal relevance, lack of experience and overall need for orientation is likely high (such as banking, new technologies, and healthcare) contained the highest percentages of native advertisements.

Table 5

*Native Advertisements by Product Category*

Product	Frequency	Percent	Std. Deviation
Nonprofit	1	.8	.09
Fashion	7	5.4	.23
Food/Beverage	3	2.3	.15
Travel	10	7.7	.27
Communication/Electronic	11	8.5	.28
Household	1	.8	.08
Health/Medicine	14	10.8	.31
Entertainment/Media	5	3.8	.19
Finance	17	13.1	.34
Automotive	9	6.9	.26
Oil/Energy	7	5.4	.23
Technology	15	11.5	.32
Pets	1	.8	.09
Other	19	14.6	.36

**Discussion**

This content analysis of native advertisements in online newspapers and other news sources revealed 263 total disclosures among the 130 sampled native advertisements. Each ad included at least once instance of disclosure, with an average of two or three disclosures per advertisement. Overall disclosure placement was consistent with FTC Guidelines for Dotcom Disclosure by placing the disclosure where readers can see them without having to scroll through down or across the webpage.

Disclosures were most frequently in the top left and top middle portions of the screen, respectively. The Chicago Tribune was the online news source with the greatest amount of disclosures placed in the top left and top middle portions of the screen, and the New York Daily News featured the least amount of both types of best disclosure placement. A large majority of disclosures featured smaller fonts than the body copy of the native

advertisement, but a majority of disclosures also used formatting that differentiated it from the formatting of the body copy in the ad.

Language used to label disclosure varied from each online news source and even by advertisement within a single online news source. It should be noted that out of the eight online news sources, each had their own set of language for classifying native advertisements. The findings suggest a lack of consistency or standard among online news sources for the labeling of disclosure. Certain disclosure labels could prove confusing for consumers, as phrases such as “partner studio,” “brand publishing,” “or “brandvoice” do not explicitly make known the presence of an advertisement. In addition to FTC regulations, consistent language requirements for labeling disclosure should be implemented to ensure little to no confusion among consumers reading native advertisements. It appears that 69 percent of native ads featured disclosure language that the reasonable consumer would be able to recognize as a label for an advertisement. Publications with disclosure language of concern included The Washington Post, The Huffington Post, and Forbes. Future research in the area of native advertisement labeling should determine which disclosure labels consumers can easily recognize as labels for native ads, and which are unclear. A study could vary the type of disclosure label present in a manipulated native ad to determine what percentage of consumers realized the content was indeed a native advertisement.

It should be noted that most native advertisements were relatively infrequent and difficult to locate within online newspapers and news sources. This observation can be concerning in that many native ads are difficult to notice when featured in newspaper

sections other than their own advertising page. Not all online newspapers and news sites had landing pages or archives of their native advertisements.

However, once native ads were discovered, it was observed that many online news sources featured common URLs denoting the category of sponsored content that could then be used to pinpoint the native advertisements, such as [http "forbes.com/find-more/brandvoice."](http://forbes.com/find-more/brandvoice) These ad pages are not promoted as their own section in any sampled online news sources, which means researchers or consumers seeking to find native ads have to know by trial and error what a specific online news outlet labels their native ads as before they can locate them (assuming they do not look for them). The only other means of finding native ads in online news outlets is to search section by section through all of the content until a native ad is located.

FTC guidelines for dotcom disclosures do not specify how native ads should be organized within online news site, and native ad producers likely do not assign a specific page to the ads because consumers may be less likely to visit a specific native ad page than the health section, for example, where they happen to see a native ad. While clearly organizing native ads into their own section on online news outlets may defeat their objective to seamlessly blend in with the surrounding news content, it may be beneficial for the FTC to require a link to all native ads on a publication's "Advertisement" or "Advertise with Us" page for the sake of transparency and organization.

The content analysis revealed information about 128 total sources used in native advertisements. More than one-third of the 130 native ads failed to cite a source, while those that included sources featured a relatively equal amount of affiliated and unaffiliated sources. Results for unaffiliated sources were greater than expected, in that advertisers

frequently chose to cite sources with no direct association with their organization or product. The Chicago Tribune and Atlantic consistently the greatest number of sources in their native advertisements, respectively, and online newspapers used slightly more sources than other online news sources. The most commonly cited sources (by education and experience) included executives and organizations, respectively. These findings are concerning in that many native advertisements did not cite a single source. Native ads without sources are the direct opinions and beliefs of the advertiser, written in the form of news content and available on a credible news site. Without the use of sources, there is a greater chance that consumers who read the content of a native ad and do not realize it is an ad may have a lowered opinion of the credibility of that news site. If the appeal of native ads is that they resemble the surrounding content, then native ads without sources will likely stand out from their publication and arguably prove less credible among consumers than ads that featured sources.

Most native advertisements appeared in their own brand publishing/advertising newspaper sections, followed by U.S. News and Business Sections. The most frequent product categories were Finance and Health/Medicine. These findings suggest that many native advertisements exist for products and organizations that have a higher need for orientation, because when personal relevance and uncertainty are high, individuals require more guidance and information. Native ads can provide guidance and information to help consumers deal with uncertainty by providing information on products/organizations relevant to the consumer's area of necessary orientation. Native ads have the opportunity to reach consumers who, by visiting on online news outlet, are already in the mindset of receiving larger amounts of information content compared to other advertisements.

Products and organizations that sponsor native ads in the Finance and Health/Medicine sections of online news may do so in order to reach consumers who are already in the frame of mind to read larger pieces of content than what other types of advertising allow. The findings of this study suggest consistency with the agenda setting theory's need for orientation component, because when personal relevance and uncertainty are high, individuals require more guidance and information. These findings may also affirm the saliency attribute of agenda setting theory, in that issues the public deems most important may correspond with the product categories that are implementing native advertisements. If the top areas of discussion among journalists and consumers parallels finance or healthcare, then these product categories may be indicators of the national news agenda. Further research could study the saliency of current news topics with the frequency of native ads by product category to determine if there is a direct correlation between issue saliency and advertised products.

Areas for further research include quantitative studies in the forms of experiments and questionnaires to ascertain the level of awareness among consumers that they are reading a native advertisement (and not a piece of news) with manipulated variations in the placement, proximity, prominence, and language of disclosure. Research to determine consumer attitudes towards affiliated versus unaffiliated ads within native advertisements might reveal implications for greater perceived credibility. An analysis of native ad content may reveal trends in native advertising, particularly among stories where sources were unaffiliated. For example, there may be a trend among native advertisements to sponsor human interest stories that feature inspirational children, but do not necessarily promote the advertiser.

Overall, the sample of 130 advertisements performed better than expected in meeting FTC guidelines. There were zero native ads categorized under the editorial section of online news outlets, which had been an area of controversy for native advertisements and could have raised ethical concerns (Fallows, 2013; Bateman, 2014). The fact that no native ads cited public relations personnel as sources indicates that advertisers are aware of a possible link between public relations personnel and perceived source credibility among consumers.

Native advertisers and publications are meeting FTC guidelines in the area of disclosure placement, with nearly all disclosures existing in the top left and top middle portions of the screen. While a large majority of native ads featured fonts smaller than the body copy of the advertisement, native advertisements are partly meeting FTC guidelines for disclosure prominence by containing formatting to differentiate the disclosure from the native ad body copy.

FTC guidelines do not regulate how many and what type of sources must be featured in native ads, but native ads achieved a good variation of source classification (affiliated, unaffiliated, and data) as well as source type by education and occupation. The presence of many sources and storylines that are not affiliated with the advertiser may indicate a trend in native advertising to sponsor content that doesn't necessarily endorse the advertiser, but rather to associate the advertiser name with important information or inspirational stories.

Native ad spending reached \$7.9 billion in 2014 (\$4.7 billion in 2013), and is projected to grow to \$21 billion in 2018 (Hoelzel, 2015). As national news outlets adopt

native ads and create publication/brand partnerships, it is imperative to track these practices so ensure continued ethical advertising and journalism.

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**Appendix A**  
Native Advertisement Code Sheet

**A. Online Newspaper Source**\_\_\_\_\_

**B. Advertised Organization/Brand**\_\_\_\_\_

***Disclosure***

A statement in the native advertisement that qualifies the ad content as a paid-for transaction between the source and the advertised organization/brand to minimize potential deceptiveness (FTC, 1979).

**A. Disclosure Frequency**\_\_\_\_\_

**B. Disclosure Language**\_\_\_\_\_

*For each instance:*

**C. Disclosure Placement**

Disclosures should be placed near the content of the native advertisement so that consumers can clearly see the disclosure without having to scroll to another section of the Website. Placement are measured in terms of location relative to the advertised message (FTC, 2013).

1. Top Left
2. Top Middle
3. Top Right
4. Middle Left
5. Center
6. Middle Right
7. Bottom Left
8. Bottom Middle
9. Bottom Right

**D. Font Prominence-Size, Color**

Prominence in disclosure is the ability to draw attention to the disclosure in the form of size, color, graphics, etc. For each disclosure, prominence is measured according to size and color relative to the body copy of the native advertisement (FTC, 2013).

**A. Font Prominence-Size**

1. Smaller
2. Same Size
3. Larger

**B. Font Prominence—Color**

1. Same text color
2. Different text color
3. On different colored background

**Source Type**

Sources were identified by direct and indirect verbs of attribution: "said," "reported," "stated," and "noted," and mental states: "hopes," "feels," and "believes." Organizations, corporations, government entities, special interest groups, etc., were counted as a single source, unless a number of specific sources was specified (Berkowitz & Beach 1993).

**A. Total Number of Sources\_\_\_\_\_**

*For each instance:*

**B. Source Relation**

Sources were classified as official or unofficial depending on the nature of their relationship with the advertiser/content. Affiliated sources are defined as those speaking on behalf of the advertised brand or organization, while unaffiliated sources were defined as those speaking on their own. Affiliated sources include company or organizational spokespersons, government officials, official governmental reports, lawyers representing clients, and experts such as psychologists. Unaffiliated sources average people, consumers, family members, etc., with no stated credentials or affiliation to the advertised brand (Berkowitz & Beach 1993).

1. Affiliated
2. Unaffiliated

**C. Source Type**

Source status was measured according to the research of Berkowitz and Beach (1993) and LeBlanc Wicks and Warren (2005) utilizing the following categories:

1. Executive

An owner, manager, president, vice president or other leader in a position of management or decision-making associated by employment with the organization/brand sponsoring the native ad.

2. Professional

A person such as a doctor, lawyer, or professor who has title and expertise relative to their field, achieved through experience, training and educational accomplishments.

3. Worker

A person such as a teacher, secretary, factory employee, or technician.

4. PR Person

A spokesperson or public relations professional who works on behalf of the organization's reputation.

5. Celebrity

A notable person identified for their fame or success, such as an actor, entertainer, or professional athlete.

6. Not Stated (affiliation present)

A source whose type is unidentified and speaks on behalf of the advertised organization/brand.

7. Not Stated (unaffiliated)

A source whose type is unidentified and who does not speak on behalf of the advertised organization/brand.

**D. Newspaper Section** (where advertisement is located in online newspaper)

Health

U.S. News

Entertainment

Lifestyle

Sports

Business

Fashion

Ad Page

Travel

Technology

Food

**E. Product Category** (of native advertisement)

Nonprofit  
Fashion  
Food/Beverage  
Travel  
Communications/Electronic  
Household  
Health/Medicine  
Entertainment/Media  
Finance  
Automotive  
Oil/Energy  
Technology  
Pets  
Other