

In Plain Site:

The State of Online News Advertising

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ABSTRACT

This research explores the prevalence of display and native advertising in online print news media. To achieve this goal, this research uses a content analysis of three newspapers ranking highly in circulation among major U.S. outlets over a full calendar year. This research provides an analysis of the state of online news advertising in 2020 through the collection of data regarding the presence or absence of advertisements and the qualities of such advertisements.

Keywords: Native advertising, display advertising, online news, content analysis

Over the last several decades, print news outlets have seen a steady decline in engagement (Ha, Xu, Yang, Wang, Yang, & Abuljadail, 2018). This decline has led many outlets to seek new ways to increase revenue, with many opting to include native advertisements (Carlson, 2015).

The purpose of this research is to study the prevalence of display and native advertising in online print news media. This research uses a content analysis of the websites of three newspapers ranking highly in circulation among major U.S. outlets. This research provides an analysis of the state of online news advertising in using data regarding the presence or absence of advertisements and the qualities of such advertisements. Although several scholars have studied the increasing use of display and native advertisements in online news (Levi, 2015; Athey, Calvano, & Gans, 2013) and audience perceptions of news content when such advertisements are included (Amazeen & Muddiman, 2018; Aribarg & Schwartz, 2018; Howe & Teufel, 2014; Jiang, McKay, Richarads, Snyder, 2017; Sweetster, Ahn, Golan, & Hochman, 2016), no studies have provided analysis of the state of the news industry, in this moment, in regards to the prevalence of advertisements. By exploring this area, this research provides a tangible framework through which further study may be done to analyze the effects of the presence of online advertising in news media.

Literature Review

Advertising in Online News

The digital age threw the journalism industry into disarray, forcing it to rapidly innovate and change or face extinction (Casero-Ripollés & Izquierdo-Castillo, 2013; Wahl-Jorgenson, Williams, Sambrook, Harris, Garcia-Blanco, Dencik, Cushion, Carter, & Allan, 2016). Other fields were more easily able to adapt to the new technological landscape while news outlets fell

behind (Owers, Carveth, & Alexander, 2004; Tewari, 2016). Even embracing online publishing, news outlets' advertising revenue has been in decline for the last several decades (Ha, Xu, Yang, Wang, Yang, & Abuljadail, 2018; Athey, Calvano, & Gans, 2013).

Studies show consumers have become more aware of online advertising and consciously avoid advertisements, contributing to falling revenues and leading online news outlets to seek out salves (Levi, 2015; Athey, Calvano, & Gans, 2013). In response, native advertising grew in popularity as a way to offset advertisement avoidance (Levi, 2015), though such advertising blurs the line between news and commercial content (Amazeen, 2020a; Bakshi, 2014; Wojdyski, Evans, & Hoy, 2018). A traditional journalistic commitment to separating advertising content from news content has been progressively overlooked in an effort to increase revenues through native advertising (Carlson, 2015; Harris, 2021). Some journalists maintain that native advertising crosses a line, endangering the press' ability to function as a watchdog and advocate for the public interest (Harris, 2021; Schauster, Ferrucci, & Neill, 2016; Wahl-Jorgenson et al., 2016).

Native advertising may also have a corrosive effect on perceptions of credibility (Manic, 2015). The inclusion of native advertising in online news has a negative relationship with readers' favorable perceptions of the platform (Amazeen, 2020b; Amazeen & Muddiman, 2018). Even evidence that the reputations of legacy news publishers have been tarnished by the inclusion of native advertisements exists (Amazeen & Muddiman, 2018). How news outlets have and will continue to adapt to the digital age may have broader effects on society, as they make ethical sacrifices to remain financially afloat (Fenton, 2010; Harris, 2021).

Native and Display Advertising

Online advertising is categorized by whether it is disguised or disclosed as commercial

content to the audience merely through its form and style (Ferrer-Conill, Knudsen, Lauerer, & Barnoy, 2020). Display advertisements appear as obvious commercial content, not adhering to the platform's overall style (Kalb, Schwartz, & Buscher, 2014). Where display advertising is obvious, native advertising is subtle (Harms, Bijmolt, & Hoekstra, 2017). Native advertisements follow the style of their surrounding content, integrating into the existing platform (Aribarg & Schwartz, 2020; Ferrer-Conill, 2016). Native advertisements are intentionally created to blend seamlessly into the overall platform, either exactly using or mirroring the design of neighboring content (Wojdyski, 2016a).

Native advertisements can present as simple links and recommendation units within a larger menu or article, or they can appear as full sponsored posts and articles (Wojdyski & Golan, 2016). Though many native advertisements often redirect to a third-party website, the inclusion of full sponsored articles that appear in the style of non-commercial news articles has increased significantly in recent years (Wojdonski, 2016b).

Though all types of online advertisements, including display and native, are required by the Federal Trade Commission to be clearly labeled as advertising, native advertisements are, by nature, still less noticeable to their audiences (Hyman, Franklyn, Yee, & Rahmati, 2017). Howe & Teufel (2014) found people exposed to traditional display advertisements were more likely to have noticed advertising was present, whereas people exposed to native advertisements were less aware of the presence of commercial content.

Advertisers leech off the platform's credibility in hopes of building brand legitimacy in the eyes of the consumer (Bakshi, 2014). Readers are less able to identify advertising content from news content when the commercial content is presented as a native advertisement (Bakshi, 2014). Native advertisements aim to present commercial content secretively, which may not be

as lucrative of a long-term advertising strategy for advertisers than non-secretive advertising (Campbell & Marks, 2015). Display advertisements demand more attention and focus from the audience than native advertisements since they break from the style of surrounding content (Aribarg & Schwartz, 2020).

Native advertising was found to generate more clicks than display advertising (Aribarg & Schwartz, 2020). It has been hailed as a creative way to create paid content, though audiences do not always respond positively (Manic, 2015). Some readers perceive news content as less serious where native advertisements are included on the page (Yang & Oliver, 2004). Furthermore, while some studies show audiences respond unfavorably to native advertising, feeling they were deceived into clicking through because of its seamlessly integrated format (Amazeen & Muddiman, 2018; Aribarg & Schwartz, 2018), others found that emotional responses are not positively or negatively affected based on the type of advertisement (Howe & Teufel, 2014; Jiang, McKay, Richarads, Snyder, 2017; Sweetster, Ahn, Golan, & Hochman, 2016). Debate surrounding native advertising's effect on audience perceptions is robust but remains inconclusive (Wojdyski, & Evans, 2016).

Despite prevalent concern that native advertising contributes to decreased perceptions of credibility and social responsibility (Schauster, Ferrucci, & Neill, 2016), Taylor (2017) predicts native advertising will persist because of a lack of feasible options to offset wide revenue declines in the news industry.

Research Questions

RQ1: How prevalent are native advertisements in online news articles?

RQ2: Of advertisements present, which styles, based on type, size, and disclosure, are used more frequently by a given outlet?

Method

Sample

This study analyzed advertisements published in U.S. newspaper websites' top daily stories online. *The New York Times*, the *Los Angeles Times*, and *The Wall Street Journal* were selected for this study for their elite status in the American news industry, both in terms of circulation, where in 2020 the three ranked in the top 10 nationally, and agenda-setting function (Izadi & Saghaye-Biria, 2007; Turvill, 2020).

Data Collection

Stories were analyzed from online archived daily weekday editions for the entirety of 2020. This time frame was selected to provide a thorough understanding of the state of advertising on online news platforms in the year 2020. Previous research in this area often analyzes content over a longer period of time to assess evolution of discovered patterns (Greer & Mensing, 2006). A report analyzing print news media in Australia collected data over the course of a single year to determine the state of the industry (Herman, 2007). This study aims to assess the current state of the news industry and its online presence rather than take an evolutionary approach.

Definitions

Online News

Print news first appeared online in 1980 (Shedden, 2004) and has since become ubiquitous, largely overcoming printed newspapers (Singh, 2020). While blogs and social media have become widely used to disseminate breaking news alongside mainstream outlets, their authors do not conventionally adhere to many traditions of mainstream news outlets (Gunter, Campbell, Touri, & Gibson, 2009). For the purposes of this study, online news is defined as print

news available on the internet, whether it is an isolated web-only publication or a web version of a printed newspaper, and does not include blogs or social media.

Display Advertisement

Online news outlets litter their platforms with advertisements to combat economic hardship brought about by continued decreases in subscriptions (Gibson, 2020; Manic, 2015). Advertisements often appear as banners or pop-ups, pulling the consumer's focus from non-sponsored content in an effort to generate clicks and, with clicks, revenue (Bart, Stephen, & Sarvary, 2014). For the purposes of this study, a display advertisement is a web element containing an image and text that generates revenue for the website host, usually determined by the number of impressions or clicks generated, based on an agreement between the host and advertiser (Kalb, Schwartz, & Buscher, 2014; Mahdian & Tomak, 2007).

Native Advertisement

In hopes of rebounding revenue, online news outlets sought to overcome consumers' increased avoidance of advertisements (Levi, 2015). They attempted this by creating advertisements to integrate seamlessly into the existing website design (Campbell & Marks, 2015). For the purposes of this study, a native advertisement is similar to a display advertisement, except that it matches the style of the rest of the content on the platform where it appears and is often tailored to the consumer (Aribarg & Schwartz, 2020; Ferrer-Conill, 2016).

Measures

The variables in this study were dichotomous and discrete. The coding procedure was adapted from Jiang, McKay, Richards, and Snyder (2017) to sort binary advertising data. Stories were coded for presence, coded as "1," or absence, coded as "0," of advertisements. Present advertisements were then coded individually by type, size and the presence or absence of

disclosure. The two types of advertisements present on these platforms were native, coded as “0,” and display, coded as “1.” Advertisement size was coded based on whether the advertisement took up the entire horizontal length or vertical height of the standard desktop display, coded as “1.” If the advertisement took up less than the display’s entire horizontal width or vertical length, the advertisement was coded as “0.” If an advertisement included the text “advertisement,” “advertising,” “ads,” “independent,” “paid,” or “sponsored,” it was coded as “1.” If no such disclosure language text was present, the advertisement was coded as “0.”

Independent Variables

As this study collects data on the presence and absence of advertisements and qualities of such advertisements, the only independent variables present are the newspapers from which data is collected.

Results

Research Question 1 asked how prevalent native advertisements are in online news articles. Native advertising is quite common on the websites of the newspapers analyzed, with native ads accounting for 51.9 percent of all ads ($n = 10,992$). Native ads outnumbered display ads in *The Wall Street Journal* (76.4%, $n = 3715$); native ads were less common in the *Los Angeles Times* (40.9%, $n = 1488$) and *The New York Times* (20.4%, $n = 507$). Thus, native ads are a major part of the advertising ecosystem for the United States’ top newspapers, but their usage varies by publication.

Research Question 2 asked, of advertisements present, which styles, based on type, size, and disclosure, are used more frequently by a given news outlet. Regarding type, *The New York Times* (20.4%, $n = 507$) and the *Los Angeles Times* (40.9%, $n = 1488$) use fewer native ads than display ads, while *The Wall Street Journal* uses more native than display ads (76.4, $n = 3715$).

Regarding size, *The New York Times* uses fewer partial size than full size ads (20.4%, n = 507), while the *Los Angeles Times* (86.3%, n = 3140) and *The Wall Street Journal* (94.8%, n = 4613) use more partial size ads. Regarding the inclusion of disclosure language, *The New York Times* (100.0%, n = 2489) and the *Los Angeles Times* (100.0%, n = 3638) include disclosure language on all ads. *The Wall Street Journal* includes disclosure language on most ads (72.6%, n = 3532) but does not include disclosure language on a significant number of ads (27.4%, n = 1333).

Discussion

Top newspapers in the United States use native advertisements in significant amounts. The use of native advertisements may negatively affect public trust in these news outlets and diminish the outlets' credibility (Amazeen, 2020b; Amazeen & Muddiman, 2018; Manic, 2015), which is likely to cause damaging ripple effects to the survival of legacy news media and journalistic profession. Readers may feel deceived by advertisements presented alongside news content that look like noncommercial content, as native ads do (Amazeen & Muddiman, 2018). Readers may also react negatively to ads of any type that lack clear disclosure language (Wojdyski & Evans, 2016). Public trust must be prominently considered when news outlets select what kinds of advertisements and what disclosures to include on their online platforms. If news outlets do not self-correct their advertising practices to ease readers' perceptions, legislation may be needed to enforce inclusion of disclosure text and regulate permissible ad styles.

Conclusion

Native ads are a major part of the modern advertising ecosystem for the United States' top newspapers and may contribute to a lack of public trust (Amazeen, 2020b; Amazeen & Muddiman, 2018; Manic, 2015). This research analyzed three top United States newspapers and

found wide use of native advertisements and a significant percentage of ads lacking disclosure language in one publication. Future research must include a broader sample of newspapers, including publications owned by other major organizations, like Gannett and others. A broader sample would provide data on publications that regularly reach a larger swath of readers. Additionally, while this study analyzed archived articles, future studies should be conducted in real time to collect more information on present advertisements.

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