**IMPROVING CONSUMERS’ ABILITY TO DETECT NATIVE ADVERTISING   
USING IDENTIFIED DISCLOSURE**

Eyal Peer and Dalia Shilian

Hebrew University of Jerusalem School of Public Policy; Israel Authority for Consumer Protection and Fair-Trade

**Abstract**

Native advertising of online content, such as articles embedded within news websites, is a covert and veiled attempt to by sellers and marketers to affect consumer attitudes and behavior. Because such covert marketing can have unanticipated and detrimental economic consequences for many consumers, regulators worldwide have responded to this practice by mandating that disclosures accompany marketing content. Despite the good intentions and presence of mandated disclosures, studies have repeatedly found that consumers still fail to detect native ads even when they are accompanied by various disclosure labels. We argue that the failure of such disclosures, like other mandated disclosures (e.g., software licensing), results from consumers having become so habituated to these labels that they fail to recognize or use them effectively. To address this issue, we propose an improved form of disclosure for native ads which requires explicit identification of the name of the company or marketing agent paying for the non-original content. Such identified disclosure can be more effective because it is more salient, especially as it can vary between ads and platforms. In two studies, we show how identified disclosures, when added to common native ad disclosures, increase detection rates significantly and consistently, with this effect consistent across individuals. We also discuss important implications for this proposed behavioral public policy that uses smart disclosures for consumer protection.

Keywords: consumer protection, covert advertising, identified disclosure, native advertising

**IMPROVING CONSUMERS’ ABILITY TO DETECT NATIVE ADVERTISING   
USING IDENTIFIED DISCLOSURE**

Native advertising refers to paid commercial content that takes the form of non-paid content and appears similar to the editorial content of the publisher (Wojdynski and Evans, 2016). More broadly, it is a type of branded content resembles the design or format of the platform in which it is published (Interactive Advertising Bureau, 2013). It may include articles in news media (web or print) that appear as regular articles but were actually written by or for a marketing agent. These can also include posts on social media (Facebook, Instagram, etc.) that appear as personal posts but are actually paid for by the marketing agent (e.g., Evans et al.and, 2017), or products advertised during television shows. There has been an increase in native advertising in recent years, and it was estimated that U.S. marketers’ spending on native ads would grow by as much as 20% in 2020, reaching over 40 billion dollars of spending (eMarketer, 2019). This amounts to as much as 65% of marketers’ overall digital display ad expenditure being focused directly on native advertising (eMarketer, 2019). Consequently, the average consumer is becoming increasingly exposed to marketing content that is intentionally disguised to hide its origin and actual purpose.

Several studies have found that it is difficult for consumers to identify native advertising. For example, Wojdynski and Evans (2016) concluded that consumers find it difficult to identify native advertising even when it is accompanied by proper disclosure regarding its sponsored nature. Specifically, they found that only about 12% of consumers recognized a native advertising article as an advertisement when it was accompanied with a disclosure of “Advertisement” or “Sponsored Content,” and only 3% when the disclosure was vaguer (e.g., Brand-voice or Presented by…). In another study, consumers who were exposed to native advertising showed an average rate of only 9% at detecting the content as being an advertisement. Using the label “Partner Content” reduced that identification rate to 3.4%; “Sponsored Content” resulted in a near-average identification rate of 9.8%; and “Paid Advertisement from Sponsor” increased the identification rates compared to the average by only 3%, resulting in an overall identification rate of 12% (Amazeen and Wojdynski, 2018).

Difficulty in identifying published content as marketing is a significant matter as advertisers are interested in blurring the boundaries of transparency and disguising their sponsorship as much as possible. Previous studies have indicated that overt advertising content is perceived as less trustworthy than is covert journalistic content, therefore motivating companies to hide their sponsorship and consequently increase their content’s reliability (Cameron, 1994; Pornpitakpan, 2004). Moreover, studies have found that when content is perceived as marketing, consumers activate various defense mechanisms, such as ignoring some of the specified text and contemplating counterarguments. These same mechanisms are not employed when the content is perceived as devoid of marketing (Van Reijmersdal, Neijens, and Smit, 2010).

Theories of persuasion, such as the Persuasion Knowledge Model (Friestad and Wright, 1994), explain that the nature of consumers’ responses to advertising depends on the perceived level of marketing: in essence, how overt or covert the promotion is. According to these theories, consumers pay considerably less attention to a message they perceive as commercial and process it in a more limited manner in comparison to content perceived as purely journalistic and devoid of marketing messages. Furthermore, content is rated more negatively by readers when it is perceived as marketing than when it is presented as journalistic (Lord and Putrevu, 1993; Pornpitakpan, 2004; Schwarz, Kumpf and Bussmann, 1986). In one study, Van Reijmersdal, Neijens, and Smit (2010) found that the perceived commercialism of consumer magazines was negatively correlated with the degree of consumer confidence in their marketing messages, as well as with the degree of overall credibility attributed to the magazines.

***Consumer welfare damage from exposure to native advertising***

A number of factors contribute to the economic and welfare damage consumers may suffer as a result of native and covert advertising. First, advertisements aim to increase the financial expenditure of households on certain products. As mentioned previously, when reading ads that are perceived as credible journalistic content, consumers do not activate the same defense mechanisms (such as ignoring parts of articles or cultivating counter-arguments). that they use when knowingly looking at advertisements Consumers thereby receive more exposure to unnecessary and inefficient purchasing possibilities that the consumer might not otherwise actively seek out. As a result, consumers may purchase certain products rather than others, or alternatively, to engage in excessive consumption of particular products. For example, a company in the food industry might sponsor a seemingly objective article on the nutritional benefits of their product. By not disclosing that the article has been paid for, an unknowing reader might in turn increase their consumption of that food, potentially at the expense of his or her regular diet. If consumers were to know when they were being exposed to advertisements, then many, if not all, would be able to prevent their consumption of the marketed product, or at least avoid increasing their expenditure on the product. In addition to the estimated economic damage that results from excessive consumption of covertly marketed products, consumers may also experience damage to their health due to excess consumption of a particular food, for example (which can be quantified in economic terms)..

Additional potential economic damage derives from the very lack of awareness that one is consuming marketing content. Consumers’ time and attention devoted to reading an advertisement are of economic value and can be quantified in monetary terms. Because the consumer is unaware that they are reading an advertisement, their attention is squandered without their consent. Additionally, the violation of consumers’ autonomy can also cause non-pecuniary damage. When disguising marketing content matter as journalistic content, their autonomy is betrayed through deception, leading them to be exposed to consumers are led to unsolicited and perhaps even invasive material. . The issues of non-pecuniary damage and the expression of negative feelings toward native content were demonstrated in a study conducted among participants in the United States and the United Kingdom in which 43% and 33% of all respondents (respectively) reported feeling disappointed or cheated after realizing that they had been exposed to covert marketing in the form of a newspaper article (Austin and Newman, 2015). Similar findings were reported in additional studies that investigated the impact of undisclosed marketing on the levels of consumers’ suspicion and defensiveness (Nelson, Wood, and Paek, 2009), as well as feelings of betrayal (Baksi, 2015; Lazauskas, 2014).

Because marketing content is perceived as less reliable and less trustworthy than its non-advertised journalistic counterpart, it can also decrease consumers’ overall trust in the news outlet where the advertisement is published (Cameron, 1994; Pornpitakpan, 2004). Furthermore, the risk of more widespread damage exists as public trust in journalism and media sites deteriorates. The blurred line between independent journalistic content and native covert advertising can lead to a breach in the credibility of news reporting as a whole. Because the public assumes that news sites contain articles written independently and free of commercial considerations, the discovery that leaders in the industry include covert advertising content in their publications is likely to cultivate general distrust in the news (Bakshi, 2015). This breach of trust has been demonstrated in a number of studies. Evans and Wojdynski (2016) found that disclosing the marketing nature of content leads to a decrease of trust in the media. Additionally, Lazauskas (2014) concluded that 59% of all respondents perceived news sites that contained sponsored marketing content as less reliable than their advertisement-devoid counterparts. Therefore, the use of covert native advertising may lead to all-encompassing damage as a result of consumers’ mistrust in the news industry as a whole and in the sources that publish this advertisingads in particular.

***The remedy of identified disclosure***

Regulators' main tool for trying to reduce the adverse and negative effects of native advertising has focused on the instrument of mandated disclosure. By highlighting that a particular article (or blog post, or TV show) is actually an advertisement, regulators aim at restoring consumers’ ability to distinguish between marketing and original content, thereby alleviating or preventing some of the damage to their welfare. However, a multitude of studies have shown that consumers grossly fail to distinguish native advertising from original content, even under strict rules of disclosure (e.g., Amazeen and Wojdynski, 2018; Wojdynski and Evans, 2016; Van Reijmersdal, Neijens, and Smit, 2010) This finding is consistent with more general findings pointing to the overall inefficiency of mandated disclosure that has been documented in other fields (Ben-Shahar and Schneider, 2014). Instead, “smarter” uses of disclosure have recently been advocated as more effective and sustainable policy instruments (e.g., Bar-Gill, 2019). These include, for example, using salient and simplified front-of-pack nutrition labels for food products (Elshiewy and Boztug, 2018), mandating the display of hygiene grades for restaurants (Jin and Leslie, 2003), and placing explicit graphics on cigarette warnings (Kees et al., 2010).

A potentially smarter disclosure for native ads could rely on the fact that while consumers might be habituated and insensitive to generic labels such as “Advertisement” or “Sponsored Content,” identifying the particular source of the ad can evoke stronger reactions and improve the detectability of native ads. Specifically, an explicit notification of the commercial source (i.e., the company or marketer) that has paid for the publication of the non-original content can be more salient and easier to detect for several reasons. First, consumers are typically familiar with brand names due to the great lengths marketers go to and the immense efforts they invest to ensure their brand is recognized and noticed. Second, identifying the company or brand behind the native ad can allow consumers to activate their understanding of persuasion and consider the motives, reasons, and authenticity of the claims made in the content. This, too, would ensure higher saliency for the disclosure and higher detection rates of native ads. Lastly, while generic disclosures remain constant across ads (and sometimes across platforms), identified disclosure would, by definition, vary among ads (and platforms), preventing the normal habituation process experienced by consumers when faced with repetitive stimuli (e.g., Chatterjee, Hoffman, and Novak, 2003).

Previous research on disclosure of native ads has sometimes used such identified disclosure, but its unique effect has never been examined directly. For example, Wojdynski and Evans (2016) used the brand name in their “Sponsored by” disclosure condition but did not compare it to the same disclosure without the identified source. Similarly, Amazeen and Wojdynski (2018) used a disclosure of “Paid Advertisement from Sponsor,” which was effective but again, they did not examine how mentioning the sponsor contributed to detection rates on its own. Moreover, these studies employed ads from the same source, so the main factor that could have driven the potential effect of identified disclosure – its varying nature among ads – was limited in this effect. Thus, it appears that even though many studies have already examined the effects, or lack thereof, of disclosure on detecting native ads, none have directly examined whether specifically identifying the commercial source behind a native ad could improve consumers’ ability to detect the native advertising.

In the current research, we examine consumers’ recognition of native advertising and, in particular, their ability to identify news articles which were actually advertisements. In two online experimental studies, we examined different wordings of disclosure and varied whether they include the name of the commercial source behind the native ad. We found that consumer ability to detect native advertising generally increased significantly whenever the disclosure was identified compared to the use of generic disclosures. We also found that this effect of identified disclosure was consistent across individual differences.

**Study 1**

***Method***

*Participants.* We collected 1,613 participants in a nationally representative sample in Israel, using a commercial panel. The sample consisted of 53.2% females, with respondents’ ages ranging from 18 to 78, with a mean of 38.61 (SD=13.74) and a median of 35. About 10% (151) were Israeli Arabs. Sampling was conducted by the commercial panel between December 2019 and January 2020. Participants received a small monetary reward for completing the study.

*Procedure.* Participants were invited take part in a study about consumer preferences and were asked to read three different articles on different topics (real estate, health, and tourism). The articles were adapted from major news websites in Israel (*ynet*, *TheMarker*, *mako*) and were actually advertising articles created by commercial companies in Israel. The articles were slightly shortened to accommodate the study, but none of their content was otherwise changed. According to the experimental condition, the articles also included disclosures, displayed between the title of the article and its body of text. Participants were asked to read each article on its own. A survey page was programmed such that participants had to spend at least 30 seconds viewing it before proceeding to the next page. The survey first asked participants to briefly summarize in their own words what they had learned from the article. Then, they were asked to indicate the topic of the article they had read from a list of 12 topics followed by an “other” option. The order of the topics was randomized among participants. This question was designed to ensure that participants had read the article and to serve as a potential screening question for inattentive participants.

Next, as the main dependent variable, participants were asked to indicate what type of the article they had read from a list of six types (and an “other” option). One type was “Advertisement” and the order of types was randomized between participants. These questions were repeated for each article. The order of articles was randomized among participants. At the end of the study, participants were asked to indicate their gender, age, and income levels, and add any comments they wished. The articles and questions all appeared in Hebrew. For Israeli Arabs, we also included an additional translation of the questions (but not the articles) into Arabic.

*Design.* Participants were randomly assigned to one of 10 conditions. The first condition was a *Control* condition, in which there no disclosure was given. Five other conditions used generic wording often found in native advertising: *Advertisement*, *Sponsored content*, *Marketing content*, *Promoted content*, and *Informative article*. The last four conditions represented forms of identified disclosure that explicitly mentioned the name of the company behind the ad in four common forms: *Courtesy of*, *Sponsored by*, *With*, and *Promoted by*, all followed by the name of the company sponsoring the article. Disclosure terms were chosen based on a separate study made by the Israel Consumer Protection and Fair Trade Authority that surveyed digital news sites and gathered the most frequent and commonly used disclosures in Israel.

***Results***

To ensure that participants had read the three articles carefully, we first determined whether they could classify the topic of the articles correctly. For the article about real estate, we found that 81.2% classified it correctly. Among the others, 5.1% categorized the real estate article as being about tourism, which was still related to the topic of the article, while the other options were chosen by less the 5% in each case. We thus decided to exclude participants who did not classify the article as being about real estate or tourism, leaving 221 participants.

For the other articles, we found that 39 (2.4%) of the participants that misclassified the article topic about health, and 57 (3.5%) also misclassified the article about tourism. We excluded these cases without removing the participants’ responses entirely (that is, if a participant correctly classified the topic of two articles but misclassified the third, the main dependent variable of detection rate was still calculated for the two articles that those participants did correctly classify). In total, we had to exclude only six participants who misclassified all three articles.[[1]](#footnote-1)

The detection variable was measured using the response to the question about the type of article. Responses of “Advertisement” were classified as correct detection, whereas the other options were classified as false detection.

We computed a **mean detection rate (MDR)** as the percentage of correct detections out of the number of correctly classified articles. The average of the MDR was 39.19% (SD=33.5) and the median was 33.33, indicating that participants, on average, correctly detected one out of the three articles as advertisements. However, most participants (511, 31.7%) did not detect any of the articles as advertising. About a quarter (27.6%) detected only one article as such, 21.5% detected two articles, and only 12.2% detected all three articles as advertising (6.8% detected one article out of the two for which they had correctly classified their topics). Figure 1 shows the average MDR between the disclosure conditions.

We found statistically significant differences in MDR between the conditions, *F* (9, 1598) = 4.51, *p* < .001. As can be seen in Figure 1, most of the disclosure types, excluding the *Informative article*, had a positive effect on detection rates. To test the effectiveness of the different disclosure variables on detection rates, compared to the *Control* condition, we conducted a linear regression on the MDR, coding the disclosures as dummy variables. We found that *Advertisement* increased the detection rate significantly by 0.08 (SE = 0.04, *p* = 0.04) while the *Informative Article* disclosure label reduced detection by -0.04 (SE=0.04), *p* = 0.19. The identified disclosures that included the marketer name – *Courtesy of, Funded by, In* *Collaboration with*, and *Sponsored by*, increased detection rates significantly by 0.13, 0.11, 0.11, 0.11, respectively, (SE=0.04), *p* < .01. The generic disclosure type – *Marketing Content, Sponsored Content* and *Promoted Content* – also increased detection rates but to smaller degrees: 0.07, 0.07, 0.03, (SE=0.04), *p* = 0.05, 0.06, 0.37, respectively. The overall average effect of identified disclosure versus generic unidentified disclosure was an increase of 0.11 (SE=0.03) in the mean detection rate compared to the *Control*, which was statistically significant, *p* < .001.

Figure 1. Mean Detection Rate (MDR) for the different disclosure conditions in Study 1 (error bars show 95% confidence intervals).



We then examined whether the main effect of an identified vs. generic disclosure (excluding the *Control* condition) varied among different categories of participants people. We found that gender had a significant effect on mean detection rates, *F* (1, 1442) = 14.41, *p* < .001. On average, females were less likely to detect the ads than were males (M=36.9 vs. 43.33, SD=32.4, 34.3, respectively). However, the effect of the identified disclosure was not different between genders, *F* (1, 1442) = 0.21, *p* =0.64. Age did not correlate with mean detection rate, *r =* 0.001, *p* = 0.88, and there was no interaction between age and type of disclosure on detection rate, *p* = 0.3. We also found that income level had a significant effect on mean detection rates, *F* (4, 1409) = 10.02, *p* < .001. Participants who reported a high income level (above the national average salary) were more likely to detect the ad, compared to those with average or low reported income, *M*=46.83 vs. 37.03, *SD*=33.1, 33.4, respectively. However, there was no interaction between income level and the type of disclosure, *F* (4, 1409) = 1.62, *p* = 0.17. We also found that Israeli Arab participants (N=150) detected the native ads less frequently than did their counterparts (M=29 vs. 40.24, SD=29.9, 33.7, respectively, *F* (1, 1604) = 15.66, *p* < .001), but, again, there was no interaction between ethnicity and the type of disclosure on the mean detection rate, *F* (1, 1604) = 0.68, *p* = 0.41. Thus, it appears that while there were some individual differences in the average detection rates between genders, ages, ethnicity, and income levels, the main effect of the identified disclosure appeared consistent across different individuals.

In addition to the mean detection rate, we also analyzed how the different disclosures affected participants’ ability to detect *all* of the articles, that is, their Absolute Detection Rate (ADR). This measure is interesting because, in theory, if a news web site includes several native ads, as many do, an effective disclosure should help consumers detect all such ads. Moreover, differences in detection rates between ads (affecting MDR but not ADR) could be due to the content of the article and how “successful” the marketers were in making a native appear as a genuine article. Because disclosure is intended to affect consumers’ perceptions regardless of the content, ADR actually tests the disclosure’s effectiveness beyond differences that may occur in the content of articles.

To examine that question, we computed an ADRbinaryvariable (coded 1 if a participant accurately detected all the correctly classified articles as advertisements and 0 otherwise). We found that in the *Control* condition, only 8% correctly detected all the advertising articles. Most of the disclosures, excluding the *Informative article* (which reduced ADR to 1.9%) had a positive effect on absolute detection rates, increasing ADR up to 20% (for the *Courtesy of* condition). To test the effectiveness of the different disclosures on ADR, compared to the *Control* condition, we conducted a binary logistic regression with the ADR as the dependent variable and the *disclosure type* as the independent variable. We found that the identified disclosures that included the marketer name – *Courtesy of, Funded by, In Collaboration With,* and *Sponsored by*, increased the chances of detection by 2.91, 2.38, 2.5, 2.49 times over the control group (an increase of 191%, 138%, 150%, 149%), respectively, *p* < .05. Overall, the identified disclosures increased ADR to an average of 18.3%, compared to only 8.22% among the unidentified disclosures. The aggregated effect of all identified disclosures increased the chancesof detection by 2.56 times over the control group (an increase of 156%), *p* < 0.01. Moreover, the generic type disclosures – *Marketing Content, Sponsored Content* and *Promoted Content* – had no significant effect on ADR, with odds ratios of 1.19, 1.29, 1.02, *p* = 0.67, 0.51, 0.96, respectively. Similar to its effect on MDR, *Informative Article* reduced detection by 0.23 times over the control group (a decrease of 77%), *p* < 0.05. We found that *Advertisement* had no significant effect on ADR, with odds ratio of 1.49 times over the control group, *p* = 0.29.

To summarize, Study 1 showed that identified disclosures that include the company’s name are helpful in increasing the chances that consumers correctly detect an article, or all articles, as advertisements. Merely denoting an article as “Advertisement” has a smaller effect, and labeling the article as Marketing Content or a similar wording does not improve consumers’ ability to detect it as an advertisement. One disclosure type – *Informative Article* – is even found to have a negative effect, leading consumers to err more, instead of less, and to falsely believe that the article is not an advertisement. The effect of identifying the name of the company behind the marketing content has also been found to be consistent across people with different genders, ages, or income levels. These results suggest that in order to ensure better detection rates, disclosures need to identify the name of the company that is the source of the marketing content.

However, the design of the study was not completely balanced, because the non-identified disclosures included wording that was not used in the identified disclosures. Specifically, it is still possible that the *Marketing Content* type of disclosure could have been effective had it been accompanied by the company’s name. Similarly, the disclosure of *Advertisement* may also benefit from including the identification of the marketing agent or company. If such a result would be found, it would more strongly support the conclusion that it is the specific remedy of identification that is helping consumers correctly detect advertisement and that would substantiate the causal claim of this research as well as aid policy-makers in adopting this remedy in practice. We thus conducted another study to replicate and extend the findings of Study 1 to other types of disclosures and to examine whether the identified disclosure remedy affects different individuals in a similar manner.

**Study 2**

***Method***

*Participants.* We sampled 626 participants in a nationally representative sample, using a different commercial panel. The sample included 60.7% females, and 21% were Arabs. Ages ranged from 18 to 71 with a mean of 37.96 (SD=12.13) and a median of 36.

*Design and procedure.* The procedure was identical to Study 1, and we used the same stimuli with the same questionnaire. The design included six disclosure conditions in which four were identified: *Control* and *Advertisement* were *unidentified* versus *identified* disclosures of *Advertisement* + *Name*, *Sponsored content* + *Name*, *Marketing content* + *Name*, and *Promoted* *content* + *Name*.

***Results***

As in Study 1, we first examined responses to the question of article topic to screen out inattentive responses. We found that 15.2%, 2.1%, and 2.9% incorrectly classified the topics of Articles 1, 2, and 3, respectively. As in Study 1, these specific cases were omitted from further analyses but without excluding the participants’ responses entirely (overall, there was only one participant who misclassified all three articles).[[2]](#footnote-2)

Regarding detection rates, we found a that the Mean Detection Rate (MDR) across articles was 46% (SD=33.8, Md=33.33). About a quarter of participants (23.3%) did not detect any of the articles as advertisements, 28.8% detected one article, 23.5% detected two articles, and 17.1% detected all articles as ads (7.2% detected as advertisements half, or one, of the two articles they had correctly classified for topic). We found statistically significant differences in MDR between the disclosure conditions, *F* (5, 619) = 6.5, *p* < .001. Figure 2 shows that the disclosures that increased MDR the most were the identified *Advertisement* and *Marketing* *content* disclosures.

Figure 2. Mean Detection Rate (MDR) for the different disclosure conditions in Study 1 (error bars show 95% confidence intervals).



A regression analysis (with conditions as dummy variables) showed significant effects for the disclosures of *Ad*, *Ad + Name*, *Sponsored content*, and *Marketing content*, *b* = 0.13, 0.19, 0.10, 0.21, respectively (SE=0.05 for all), *p* < .01. The disclosure of *Promoted content* did not have a significant effect, *b* = 0.05 (SE=0.05), *p* = 0.32. Overall, the average effect of *identified* disclosure was significant, *b* = 0.07 (SE=0.03), *p* < .001. Thus, Study 2 corroborated the findings of Study 1 and showed that disclosures that include the company’s name can significantly, and considerably, increase the ability of consumers to accurately detect online articles as advertisements. However, it appears that not all disclosure wording can benefit similarly from adding identification. *Promoted content*, for example, did not increase detection rates even when the company was identified. This result is consistent with the finding of Study 1, in which this type of disclosure was also ineffective.

Analyzing participants’ absolute detection rates (ADR) showed similar effects to those found for the MDR. Overall, about 17% of participants correctly detected all the articles as advertising. In the control condition, only 2% correctly detected all the articles, and the *unidentified* disclosure of *Advertisement* increased that rate to 12.75% (an increase of 7.23 in odds ratio, *p* < .05). The *identified* disclosure of *Ad + Name* increased the ADR considerably more to 25.71% (an increase of 17.13 in odds ratio, *p* < .01), and the disclosure of *Marketing content + Name* had a similar effect (24.53% correct detection, an increase of 16.09 in odds ratio, *p* < .01). The disclosures of *Promoted* *content* and *Sponsored content* (both identified with *Name*) also had a significant effect on increasing ADR, which was somewhat smaller than the latter conditions, as they increased ADR to 18.45% and 18.52%, respectively (an increase of 11.19, 11.25 in odds ratio, *p* < .01).

Lastly, in this study, we found no individual differences in mean detection rates between genders, ages, ethnicity, income or education levels, nor any significant interactions of these demographic variables with the type of disclosure (all *p* > .1).

**Discussion**

Native ads enable marketers to insert persuasion messages that could cause consumers to be influenced unknowingly, thereby violating consumers’ rights to make informed and autonomous decisions. This (mal)practice can result in serious economic and other damage to consumers. Thus, regulators across the world have been trying to mitigate and relieve that damage by mandating disclosure that a published article or post is actually paid content that has been manufactured explicitly for the purposes of affecting consumers’ attitudes and behavior. Despite their best efforts, studies have shown that current disclosures typically fail to help consumers detect native ads, even in closed and controlled laboratory settings. We have argued that a potential explanation for this ineffectiveness of typical disclosures could be attributed to consumers’ tendency to become accustomed to such disclosures, which in turn reduces the effectiveness of these disclosure in prompting detection of native ads. Given this situation, we posited that a more personalized and identified form of disclosure — namely one that includes the specific name of the company behind the native ad — can overcome previous inefficiency and significantly help consumers detect native ads. In both Study 1 and Study 2, we found a statistically significant and practically considerable effect for *identified* disclosure. People were more likely to detect an article as an advertisement if the disclosure of the native ad included the company’s name. These findings could contribute to the understanding of disclosure requirements and their efficiency. Overall findings indicate that disclosure requirements alone might be insufficient because consumers often ignore them, for example, due to cognitive overload (Issacharoff, 2011; Rachlinski, 2002).‏ Therefore disclosures should be designed to accomodate consumer limitations. Moreover, the visual characteristics of native advertisement, namely the fact that it resembles the editorial content, make it harder for consumers to recognize the native ad when they encounter it. Therefore, adaptive requirements should also attend to distinctive visual characteristics.

A considerable body of studies to date have explored the effects of different types of disclosures, using a variety of labels (e.g., Amazeen and Wojdynski, 2018; Wojdynski and Evans, 2016; Van Reijmersdal, Neijens, and Smit, 2010). However, in all previous studies, the effects of such disclosures were at best weakly or modestly significant, and the general consensus was that such disclosures are not effective enough in helping consumers correctly detect native ads. In contrast to those findings, which aimed mostly at testing the effectiveness of current practices and were less interested in suggesting more effective solutions, we focused our efforts on the specific aspect of identification as the potential remedy. Based on theories of Persuasion Knowledge (Friestad and Wright, 1994), we hypothesized that consumers might have become desensitized to the common disclosures often used in native ads, and that this habituation has mooted their effects. To ensure the saliency of the disclosure, we posited that it should be more dynamic and should vary among ads (and platforms). Identifying the name of the company behind the native ads appears to have the desired effect, as it increases detection rates considerably compared to standard unidentified disclosures. The remedy of identified disclosure is also expected to suffer less from future habituation than generic disclosures, because the variance in names of companies among articles (and platforms) should ensure consistent saliency of the disclosure. This, in turn, could help consumers better detect an article as advertising rather than original content.

In what can be seen as further support for the identified disclosure approach, the Israel Consumer Protection and Fair Trade Authority (CPFTA) recently decided, based on the results of the prior studies reported here, to adopt this approach in their regulations. As of 2021, the CPFTA permits online marketers to use only one type of disclosure for native ads, which is to accompany the article with the text, “Advertisements by company's name.” In explaining the changes in the regulations, the CPFTA pointed to the results of the current research, stating that this type of disclosure is one of the two types demonstrating the highest improvement in ad detection rates and that Israeli consumers are familiar with this phrasing. In addition, the CPFTA explained that the new regulation adhered to the letter of the Israeli consumer protection laws, which also use the expression “Advertisement.” According to the CPFTA, the use of only one standard disclosure term, as opposed to using various terms interchangeably, would be clearer and could facilitate efficient recognition and learning among consumers.

Policy makers who are interested in genuinely helping consumers overcome their biases and inattention, and to make better judgments and more informed decisions, should not ignore these biases. Rather, they should try to ensure that the policy instrument (such as mandated disclosures) conforms to consumer cognition and behavior patterns. In the case of native ads, the identified disclosure operates directly on consumers’ inattention as well as on their tendency to be influenced by more salient visual features. This exemplifies an approach that may also prove effective for other types of ads, such as promoted content in social media; product placements on television programs; commercials on television programs and movies; and even in political campaign materials. Future research could investigate to what extentidentified disclosures can help people detect non-original content across media channels and exposure situations.

Although the main goal of identified disclosure is to help consumers detect native ads, an effect which has been confirmed by our research, another significant consequence could be how such identified disclosure affects consumer reactions to the ad. This may include their perceptions of the ad; how they process the information it seeks to convey or the feelings and emotions it tries to elicit; and how effective the ad’s message is. In turn, it would also be interesting to examine how such identified disclosure affects consumer perceptions of the brand or the company behind the advertisement. It is likely, for example, that an identified disclosure may actually appear more trustworthy and increase consumer trust in the company or brand. This could be an especially important topic for future research because it raises the possibility that not only consumers but marketers themselves may benefit from identified disclosure, a result which could ensure further cooperation from marketers and reduce conflict between marketers and regulators. Another promising area of investigation would be to observe how marketers adjust their strategies, in the event thatthe tool of identified disclosure becomes the standard requirement.

Native advertising is expected to further intensify, and marketers are expected to rely on it even more in their advertising efforts. Identified disclosure is a well-founded approach that offers regulators and policymakers a viable solution for promoting consumer protection, safeguarding communities, and improving the welfare of society.

**References**

Amazeen, M. A., and Wojdynski, B. W. (2018), “The Effects of Disclosure Format on Native Advertising Recognition and Audience Perceptions of Legacy and Online News Publishers.” *Journalism*, 1-34.

Bakshi, A. C. (2014), “Why and How to Regulate Native Advertising in Online News Publications.” *U. Balt. J. Media L. & Ethics*, 4, (4).‏

Bar-Gill, O. (2019), “Smart Disclosure: promise Promise And and Perils.” *Behavioural Public Policy*, 1-14.

Ben-Shahar, O., & and Schneider, C. E. (2014), *More Than You Wanted To to Know: The Failure of Mandated Disclosure*. Princeton University Press.

Cameron, G. T. (1994), “Does Publicity Outperform Advertising? An Experimental Test of the Third-party Endorsement,” *Journal of Public Relations Research*, 6 (3), 185-207.

Chatterjee, P., Hoffman, D. L., and Novak, T. P. (2003), “Modeling the Clickstream: Implications for Web-based Advertising Efforts.” *Marketing Science*, 22(4), 520-541.

Elshiewy, O., and Boztug, Y. (2018), “When Back of Pack Meets Front of Pack: How Salient and Simplified Nutrition Labels Affect Food Sales in Supermarkets.” *Journal of Public Policy & Marketing*, 37 (1), 55-67.

Evans, N. J., Phua, J., Lim, J., and Jun, H. (2017), “Disclosing Instagram Influencer Advertising: The Effects of Disclosure Language on Advertising Recognition, Attitudes, and Behavioral Intent.” *Journal of Interactive Advertising,* 17 (2), 138–149. [doi.org/10.1080/15252019.2017.1366885](https://psycnet.apa.org/doi/10.1080/15252019.2017.1366885)

Friestad, M. and Wright, P. (1994), “The Persuasion Knowledge Model: How People Cope with Persuasion Attempts,” *Journal of Consumer Research*, 22 , 62-74.

Issacharoff, S. (2011), “Disclosure, Agents, and Consumer Protection*.” Journal of Institutional and Theoretical Economics JITE*, 167 (1), 56-71.

Jin, G. Z., and Leslie, P. (2003), “The Effect of Information on Product Quality: Evidence From from Restaurant Hygiene Grade Cards.” *The Quarterly Journal of Economics,* 118 (2), 409-451.

Kees, J., Burton, S., Andrews, J. C., and Kozup, J. (2010), “Understanding How Graphic Pictorial Warnings Work on Cigarette Packaging.” *Journal of Public Policy & Marketing*, 29 (2), 265-276.

Lazauskas, J. (2014), “Study: Sponsored Content has a Trust Problem.” *The Content Strategist*, 9.‏

Lord, K. R. and Putrevu, S. (1993), “Advertising and Publicity: An Information Processing Perspective,” *Journal of Economic Psychology*, 14, 57-84.

Lury, C. (2004),  *Brands: The logos of the global economy.* Routledge.‏

Nelson, M. R., Wood, M. L., and Paek, H. J. (2009), “Increased Persuasion Knowledge of Video News Releases: Audience Beliefs about News and Support for Source Disclosure.” *Journal of Mass Media Ethics*, 24 (4), 220-237.‏

Perrin, N. eMarketer (2019), US Native Advertising 2019: Display Budgets Keep Flowing to New Formats. *eMarketer*. https://www.emarketer.com/content/us-native-advertising-2019

Pornpitakpan, C. (2004), “The Persuasiveness of Source Credibility: A Critical Review of Five Decades’ Evidence,” *Journal of Applied Social Psychology*, 34 (February), 243-81.

Rachlinski, J. J. (2002), “The Uncertain Psychological Case for Paternalism.” *Nw. UL Rev.*, 97, 1165.

Schwarz, N., Kumpf, M. and Bussmann, W. (1986), “Resistance to Persuasion as a Consequence of Influence Attempts in Advertising and Non-Advertising Communications,” *Psychology*, 23, 72-76.

Van Reijmersdal, E. A., Neijens, P. C., and Smit, E. G. (2010), “Customer Magazines: Effects of Commerciality on Readers’ Reactions.” *Journal of Current Issues & Research in Advertising*, 32 (1), 59-67.‏

Wojdynski, B. W. and Evans, N. J. (2016), “Going Native: Effects Of Disclosure Position and Language on the Recognition and Evaluation of Online Native Advertising.” *Journal of Advertising*, 45 (2), 157-168.‏

1. Repeating all reported analyses without excluding these cases produced results that were similar in direction, pattern and significance to the results reported herein. Moreover, there was no interaction effect between the condition (disclosure) and the degree of identification of the articles’ subject on the observed ad detection rates, *F* (9, 1588) = 0.55, *p* = 0.84. This rules out the possibility that different disclosures may have caused participants to pay less or more attention to the content of an article, which could have been a potential confounding variable. [↑](#footnote-ref-1)
2. Repeating all reported analyses without excluding these cases produced results that were similar in direction, pattern, and significance to the results reported herein. Also, we found no interaction between type of disclosure and article subject identification rate on ad detection rates. [↑](#footnote-ref-2)