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

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**Abstract**

Native advertising, for example, paid articles embedded within news websites, is a covert and disguised attempt to affect consumer attitudes and behavior. Such covert marketing can have economic consequences for many consumers, and regulators worldwide have responded to this practice by mandating that disclosures accompany marketing content. Despite 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), is because consumers become habituated to these labels and fail to recognize or use them effectively. To address this issue, we investigate a form of disclosure for native ads which offers explicit identification of the company or agent paying for the non-original content. Such identified disclosure can be more salient when it varies between ads and platforms. In two studies, we show how identified disclosures increase detection rates significantly and consistently when added to common native ad disclosures. We discuss implications and recommend identifying disclosures for consumer protection.

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

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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 & Evans, 2016). More broadly, it is a type of branded content that is similar to 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. This 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, Phua, Lim, & Jun, 2017), or products advertised during TV shows. Native advertising has grown 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 focused directly on native advertising (eMarketer, 2019). This means that the average consumer is becoming more and more 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 & Wojdynski, 2018).

Difficulty in identifying published content as marketing is a significant matter insofar 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 covert journalistic content, which motivated companies’ drive 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 counter-arguments. These same mechanisms are not employed when the content is perceived as devoid of marketing (Van Reijmersdal, Neijens, & Smit, 2010).

Theories of persuasion, such as the Persuasion Knowledge Model (Friestad & Wright, 1994), explain that the nature of consumers’ responses to advertisements depends on the perceived level of marketing—in other words, how overt or covert the promotion is. According to these theories, consumers pay markedly less attention to a message they perceive as commercial and process it in a more limited manner, compared 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 (Schwarz, Kumpf, & Bussmann, 1986; Lord & Putrevu, 1993; Pornpitakpan, 2004). In one study, Van Reijmersdal et al., (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 as a whole.

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

A number of factors contribute to the economic and welfare damage consumers may experience as a result of native and covert advertising. First, advertisements aim to increase the financial expenditure of households on certain products. As mentioned before, when reading ads that are perceived as credible journalistic content, consumers do not activate the same defense mechanisms that are employed when knowingly looking at advertisements (such as ignoring parts of articles or cultivating counter-arguments). This translates to higher exposure to unnecessary and inefficient purchasing opportunities that the consumer might not otherwise seek out actively. This may result in buying certain products at the expense of others, or alternatively, to 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 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 would result from excessive consumption of covertly marketed products, consumers may also experience damage to their health (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 causes non-pecuniary damage. When disguising marketing matter as journalistic content, consumers are led to absorb unwanted material. Their autonomy is therefore betrayed through deception. This same non-pecuniary damage and the expression of negative feelings were demonstrated in a study conducted among participants in the US and England in which 43% and 33% of all respondents reported feeling respectively disappointed or cheated after realizing they had been exposed to covert marketing in the form of a newspaper article (Austin & Newman, 2015). Similar findings arose from additional studies that investigated the impact of undisclosed marketing on the levels of consumers' suspicion and defensiveness (Nelson, Wood, & Paek, 2009), as well as feelings of betrayal (Lazauskas, 2014; Baksi, 2015).

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 these ads in particular.

**The remedy of identified disclosure**

Regulators' main tool for trying to reduce the adverse and negative effects of native advertising has been centered around 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 at distinguishing native advertising from original content, even under strict rules of disclosure (e.g., Van Reijmersdal et al., 2010; Wojdynski & Evans, 2016; Amazeen & Wojdynski, 2018). 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 & 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 & Boztug, 2018), mandating the display of hygiene grades for restaurants (Jin & Leslie, 2003), and placing lurid 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 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. 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 between ads (and platforms), preventing the normal habituation process experienced by consumers when faced with repetitive stimuli (e.g., Chatterjee, Hoffman, & 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 between ads – was limited in exerting 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 are actually advertisements. In two online experimental studies, we examine different wordings of disclosure and vary whether they include the name of the commercial source behind the native ad. We find that consumer ability to detect native advertising generally increases significantly whenever the disclosure is identified compared to generic disclosures. We also find that this effect of identified disclosure is 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, and respondent ages ranged 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 to 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 advertisement articles made by commercial companies in Israel. The articles were slightly shortened to accommodate the study, but none of their content was otherwise changed. The article also included a disclosure, according to the experimental condition, 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 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 between participants. This question was designed to ensure that participants had read the article attentively.

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 between participants. At the end of the study, participants were asked to indicate their gender, age, income levels, and 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 was no disclosure 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 were 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 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 it as being about tourism, which was still related to the topic of the article, while the other participants were chosen in less than 5% each. 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%) misclassified the topic about health, and 57 (3.5%) misclassified the article on 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 advertisement. About a quarter (27.6%) detected only one article, 21.5% detected two articles, and only 12.2% detected all three articles as advertisements (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 kinds of 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 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) detected the ad more, 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 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 seems 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 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 odds 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 odds of 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 if it accompanied 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 recommending 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 that 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 articles. In the control condition, only 2% correctly detected all 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 allow marketers to insert persuasion messages that could influence consumers outside their awareness thereby violating consumers’ rights to make informed and autonomous decisions. This malpractice can cause consumers grave economic and welfare damage. 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 due to consumers’ tendency to habituate and get accustomed to such disclosures, which in turn reduces the ability of these disclosure to prompt detection of native ads. Based on that, 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 are more likely to detect an article as an advertisement if the disclosure of the native ad includes 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 (Rachlinski, 2002; Issacharoff, 2011).‏ Therefore we should accommodate the disclosure to 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 large number of previous studies have explored the effects of various types of disclosures, using various labels (e.g., Van Reijmersdal et al., 2010; Wojdynski & Evans, 2016; Amazeen & Wojdynski, 2018) However, in all previous studies, the effects of such disclosures was, if significant, weak or modest, and the emerging conclusion 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 offering better solutions, we focused our efforts on the specific aspect of identification as the potential remedy. Based on theories of Persuasion Knowledge (Friestad & 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 saliency of the disclosure, we posited that it should be more dynamic and should vary between 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 regular unidentified disclosures. The remedy of identified disclosure is also expected to suffer from future habituation less than generic disclosures, because the variance in names of companies between articles (and platforms) could ensure consistent saliency of the disclosure. This, in turn, could help consumers better detect an article as advertisement 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 their explanation to the changes in regulation, the CPFTA pointed to the results of the current research and stated that this type of disclosure is one of the two types that show the highest improvement in ad detection rates and to the fact that Israeli consumers are familiar with the term. In addition, they said that it adhered to the letter of the Israeli consumer protection laws, which also use the expression "Advertisement." Moreover, they argued that 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 fit the policy instrument (such as mandated disclosures) 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 TV shows; commercials on TV shows and movies; and even political campaign ads. Future research could investigate how well identified 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, another interesting research factor 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 tries 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 prevent a tug-of-war between marketers and regulators. Another promising area of investigation would be to observe how marketers adjust their strategies, if and when the 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.

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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)