The Effects of Online Sponsored Advertising on Consumer Attitudes

The Honors Program

Senior Capstone Project

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ABSTRACT

Effectively utilizing persuasion techniques in advertising is essential for businesses to master in order to stay ahead of its competitors. This research project investigates the ways in which marketers advertise brands and products in the online environment, specifically on the social networking sites Twitter and Facebook. More specifically, the implementation of different techniques and credibility of sources will be examined to help gauge the effectiveness of advertisements. By utilizing the constructs of the Persuasion Knowledge Model and source credibility, the attitudes toward brands and advertisements within the online environment was tested. The goal of this research is to evaluate the effectiveness of a new form of advertising, native advertising, and determine how consumers' attitude towards the advertisements and the brands that utilize these ads are different from traditional banner advertisements. An experimental survey was distributed to test several hypotheses and provide generalizable findings. The hypotheses estimate that native ads will be an effective marketing tool in today's world. After examining the results, native ads were interpreted as a credible and trustworthy format and it was determined that they can be successful when implemented in the right media and directed to the proper audience.

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INTRODUCTION

Social media and online networking is vast and always changing. The Internet provides for the use of different website designs, and as a result, there are constantly new improvements and online developments, thus providing the marketing world with new opportunities to communicate with consumers. While social media has affected a variety of business aspects, marketing has undeniably seen the most dramatic impact (Andzulis, Panagopoulos & Rapp, 2012). Marketers have a completely new platform with which to spread their information and they are working on the best ways to utilize it. The field of marketing has followed current trends, such as the developments of new technologies in order to continuously reach the right markets. The technological evolution in marketing raises the following questions: how can companies successfully utilize social media to their advantage; what new tools have become available; and how can companies maintain positive and trusted brand perceptions in the world of social media? These inquiries can be addressed using theories like the persuasion knowledge model and its various constructs and new techniques like native advertising. Research on different advertisement formats and relevant marketing theories is important in order to uncover the effectiveness that online advertising can bring to marketers as well as what types of reactions are consumers having to social media promotion.

LITERATURE REVIEW

Before focusing on social media, native advertisements, and how companies can utilize different networking sites for promotion, advertising overall must be looked at as a jumping off point. Not too long ago, marketers relied on very different media to reach consumers. Advertisements would be displayed on billboards, in newspapers and magazines, and through direct mail promotions. In order to effectively advertise and gain consumers, marketers needed to really learn about their target market and determine where they would be the most open to advertising. Over time, advertising has grown and developed as trends and consumer preferences have changed. The way that advertising was in the past is not as it is today. Much of this is due to technology and the creation of the Internet, but marketers have constantly been seeking new opportunities to promote their information to the markets.

Advertising is "a paid, mass-mediated attempt to persuade" (O'Guinn, Allen & Semenik, 2013). It is a type of promotion where marketers pay or sponsor to have their product or company information communicated to a wide audience. Advertising is an important factor to any business model in any industry because in order to sell a product or service and make money, the market needs to know that this product or service is available. By putting important information like features, price, location and more out to the public through television, radios, magazines, and websites, consumers are able to find what they are looking for. Marketers execute advertising campaigns and integrate a wide range of promotional techniques in order to reach their target market and make their business a success.

Advertising to your target market may seem simple on the surface, yet marketers are constantly struggling to keep consumers engaged and creating campaigns that stand out in very saturated markets. The problem that marketers face is how to reach their desired, or target, audience. The world has only become increasingly cluttered with advertisements and information trying to reach anyone and everyone. While originally advertising was found on the radio, TV, and newspapers, it can now be found nearly anywhere. Marketers are placing promotions on websites, taxis, emails, and utilizing celebrities. Everywhere you go, you will find some type of promotion. This is creating an issue with consumers because it has become too much. Consumers are getting annoyed and frustrated with the immense amount of advertising in their lives. This can lead consumers to avoid and ignore advertising attempts. Though promotion is important and often starts out with a high level of effectiveness, it is not long before this fades away and marketers need to refresh their tactics. When the Internet was introduced, marketers had a new opportunity to reach consumers, but now that this medium also has become heavily saturated it might be time for a new approach.

Specifically on the Internet, marketers are concerned with social media platforms. Social networking sites have become an essential part of daily activities for millions of people. Staying connected with friends and family, no matter how far away they may be, at all hours of the day is

becoming a norm, and so many people can no longer imagine life without those connections. Reliance on these connections has led people to utilize social media in other parts of their lives as well. Indeed, social networks have become a new avenue for all kinds of communication, especially in marketing information about goods and services. Marketers now rely on social media to get in tune with their customers and relay information to them about the latest products. Advertising has taken on a new look and there are so many different online strategies that marketers can incorporate into their campaigns.

The world of online marketing has come a long way. From the start of the internet, to search ads and banner ads, we now have native advertising, an interesting and exciting new part of marketing. For purposes of this investigation, native advertising is defined as "an ad unit that can only be bought and displayed on one platform, seamlessly fitting in with the unique format of that particular platform. Facebook's Sponsored Stories and Twitter's Promoted Tweets are prime examples" (Murphy & Schram, 2014). This advertising or, 'sponsored content' as it is often referred to, is promotion from a company embedded into the format of a social network. The social sites allow companies to pay for a sponsored message to be displayed in the news feed of every user of the site. The study focuses specifically on native ads that appear in the context of a Twitter or Facebook feed. To date, the field of marketing has not done the research to determine whether this is an effective tool. This research study will work to close that gap and shed light on native ads.

ONLINE ADVERTISING

Since the introduction of the Internet, the number of users has grown significantly year after year. Nearly 72% of Americans had access to the Internet in their household as of 2011 and based on trends, it is likely that this number has increased since then (File, 2013). Given that the Internet is the newest medium for advertisements, and more than half of Americans have access, almost all consumers are vulnerable to online advertising. This recent statistic does not even account for internet usage on the global level. If one was to look outside the U.S for the percent of Internet use, the number of users would only increase. Far reach is a huge incentive for marketers to utilize the internet for advertising purposes. The potential audience for marketers

through the Internet is invaluable. Having access to this wide range of users all in this one place is something that would never have been possible even with a combination of previous advertising mediums.

Knowing all of this information, marketers immediately took advantage of this opportunity as a new format for promotion. The initial approach was with banner ads and search ads. While there are a variety of online ad formats, the banner ad seemed to be the most widely used early on (Zeff & Aronson, 1999). A banner or display ad is a format where the company pays to place the ad on websites with editorial information. The consumer who sees the ad has the ability to click on it and be linked to the marketer's website, thus giving gives exposure to the brand or company and providing users access to sites that peak their interest (O'Guinn, Allen & Semenik, 2013). This has been a successful tool over the years and was a good starting point for online advertising. An article by Robert Bryce of Texas magazine noted that the early shift to online advertising was smart and expected which is very accurate (Bryce, 2005). He recognized that search engines provide marketers with the opportunity to target those who have already shown interest in a product as opposed to marketing to every person in the market regardless of interest. He also justly claims that the wide yet focused reach and exposure of online advertising is a more effective method and a great advertising tool. Bryce's perspective aptly characterizes the importance of online advertising. The ability to cater advertising to a very selective group of interested consumers is beneficial in so many ways and has enhanced the efficiency of marketing.

Access to marketing on the internet is great, but knowing the best formats and what techniques should be used is what will really help this medium succeed. Numerous studies have examined the different formats that can be utilized and have found that format surely influences the reaction of a consumer. While search and banner ads were mentioned and have seen success, there are other formats that should also be explored. One study's research proved that the online ad format does affect the perceived value of the ad (Tutaj & van Reijmersdal, 2012). This finding is invaluable to the current research of native advertisements and the study of online ad effectiveness because marketers need to be aware that the format of their advertisement matters. The format could be the first thing a consumer notices and if they have a negative reaction, they

will not continue absorbing the information in the message. According to this study and others in the past, marketers need to recognize that consumers will have a strong opinion and reaction to what type of ads they are exposed to, whether it be banner ads, pop up ads or the new and more subtle native ad.

Marketers run into problems when consumers lose interest or develop bad brand attitudes due to annoying or disruptive advertisements. The same is true for online ads. Though they initially were successful, they now are known to be "nonsensical, uninformative, forgettable, ineffective, and intrusive" (McCoy, Everard, Polak & Galletta, 2007). The response to consumer feedback was to create banner ads to be embedded in websites and pop-ups which pop up on the screen when a consumer enters a particular website. This was intended to focus consumer attention and stand out among the cluttered online environment. Still, this tested the patience of consumers and "a Jupiter Research survey showed that 69% of users considered pop-ups annoying, and further, 23% said they would not return to the site simply because of the ads" (McCoy, Everard, Polak& Galletta, 2007). This information may have been detrimental to marketers if they ignored the negative responses they were receiving. Fortunately enough, social networking sites emerged and gave advertisements a new outlet.

With the uncertainty related to online advertising, the next step becomes evaluating the different methods that marketers are using and the effectiveness of those ads for the company's overall brand. By simply using the internet and social networking sites an individual can identify the different advertising techniques that marketers utilize. There are banner advertisements, pop-ups, e-mail ads, and sponsored accounts on different sites. While some of these are blatant and obvious to online consumers, others are more discrete and even deceptive at times. The effectiveness of each of these ads is a result of how the consumer perceives the ad and how they react to it. Some consumers will appreciate the communication that this elicits with the brand, yet some appear annoyed that an advertisement interrupted their online activity. The discrepancies that advertisements can create between consumers can be very interesting and certainly influences the overall brand. The mixed reactions make for a much bigger challenge that marketers need to overcome. The development of online advertising and the growing

knowledge of how to use it successfully has allowed for the introduction of marketing into the exciting world of social networking.

SOCIAL MEDIA

Once people began to find information and connect with companies and websites, there had to be a way to connect with each other. This is where social networking sites emerged. Not only do social media sites like Facebook and Twitter allow people to connect with friends, family, and colleagues, but they opened the door for consumers to really connect with marketers as well. This has certainly made social media another exciting promotional tool. Defining social media is important to examining the ways that companies can use it in their promotional mix. One relative definition of social media is "the technological component of the communication, transaction, and relationship building functions of a business which leverages the network of customers and prospects to promote value co-creation" (Andzulis, Panagopoulos & Rapp. 2012). The part that should resonate with marketers is "relationship building functions". Social media is giving marketers the chance to connect with consumers on a different level than they have in the past. They are also giving consumers a voice which enhances communication and allows consumers to build valuable connections with brands and companies. This is a tool used to not only send a message to consumers, but to sell products, build relationships, and open up more comfortable dialogue as well. With this broad definition, social media, like Facebook and Twitter, can be an outlet for all different aspects of a marketing campaign.

The number of active Facebook users worldwide hit an all-time high in the second quarter of 2014 with over 1.25 billion users (Facebook: Figures…, 2014). Similarly, the number of monthly active Twitter users worldwide hit 271 million in that same quarter (statista.com). These are two of the largest social media networks and are both platforms for online advertising. Not only do marketers have the ability to reach nearly all people in the U.S via the Internet, but they can also reach millions of people worldwide on only two social networking sites. Social media is where the consumers are spending their time and where they are seeking information, thus this is where companies need to be as well. Though it is hard to measure the number of companies that are actually utilizing the Internet and social media sites for marketing purposes, in 2011 it was noted that 39.3% of marketing companies were active on Facebook (Facebook: Figures…, 2014).

Additionally, it was estimated that in 2011 four out of five U.S businesses with 100 or more employees would be utilizing some type of social media (How Many Marketers…, 2010). Since trends have shown steady increases in use of social networking sites, it is probable that these percentages have only increased since then as well. Marketers are recognizing where they can connect with their audience are making the decisions to move their companies there as well.

Being on social media sites is one thing, but developing the right techniques and formats is again the challenge that marketers face. For example, companies can communicate with consumers through groups or gain fans through Facebook pages, they can network with other businesses through LinkedIn; they can discuss their products and receive feedback through blogging sites, or they can gain followers and provide short informational blurbs about their business on Twitter (O'Guinn, Allen & Semenik, 2013). These functions open the doors for communication and allow marketers to promote their brands, while also receiving feedback from consumers. The real advantage in all of this is that using these networking sites permits marketers to form relationships between the market and the companies. Consumers may feel a stronger connection with a brand because they can also voice their opinion and give feedback in a way that they feel they are being heard. Essentially, "social media have given customers a voice. These customers are no longer just 'targets'" (Corstjens & Umblijs, 2012). This is an advantage over a simple billboard or newspaper ad where there was virtually no connection formed between the two sides.

Though social network marketing was initially very effective, it began to struggle with the same issues that traditional advertising ran into. For example, Facebook allowed companies to create banner ads that appeared on the side bar of a Facebook page. The advertisements would line the side of the site and contain information that was relevant to the consumer. Information from the user's Facebook account and online search activity helped to determine what type of advertisements they will see on their page. This was an effective use of banner advertisements because of the high traffic on Facebook and wide reach of consumers, but it did not last. One study examined the use of banner ads on Facebook and their results were highly negative. The banner ads were found ineffective because respondents felt as if the ads were distracting,

cluttering their pages, and a nuisance to their online experience. It was determined that more time spent on Facebook would be detrimental to the banner ad effectiveness due to the fact that consumers were becoming more and more frustrated and annoyed by seeing them (Ateljevic & Martin, 2011). This was the problem with the initial and rather traditional social media advertisements and marketers needed a solution in order to keep their online advertisements effective.

Overall social media started off as an exciting new tool for marketers to use in their promotional mix. While it had its success and was effective with consumers, this quickly faded and certain formats began to fail. Still, this platform was not losing effectiveness simply because marketers were poorly presenting their ads, it also has to do with the perception that consumers have of social media advertisements. Consumer perception stems from the knowledge and experience that people have had with advertising. Consumers have developed persuasion knowledge over time and have caught on to the ways that marketers attempt to persuade them to interact and purchase a particular brand or product. Consumers who begin to notice and understand persuasion attempts may become more skeptical and disapproving of advertisements especially in their social networking sites. This has been harmful to marketers and is an important explanation to why social media advertising has developed problems.

Since social media has opened up a whole new door for marketers, they were allowed to create and utilize new strategies and new techniques in terms of advertising. In the past, examples of advertising usually included a page in a magazine, a billboard next to the highway, and even a banner ad on a website, but with social media it is unknown what type of advertisement will pop up next. Social media allows for quick, easy and cheap advertising and marketers can do basically whatever they want to get exposure for their brands. The definition of advertising has become uncertain and "all that is certain online is that forms of brand-related content have multiplied" (Campbell, Cohen & Ma. 2014). What people have come to expect from online marketing today is that they will surely be exposed to numerous ads each time they open up a social media site or look for something on the internet; however this expectation may not apply to the latest tool, native advertising. The success of these ads and their effect on brand

performance though remains in question. Examining this issue requires a look at some important theories and ideas that explain how ads succeed with their audiences.

THEORIES

Understanding the Persuasion Knowledge Model, source credibility and attractiveness, and social media overall can assist marketers in getting a sense of how consumers will react to an advertisement in this medium. As was mentioned previously, ad format is very important. Each of these constructs help to solidify how consumers relate to advertising, perceive the marketing tool, and form attitudes regarding brands, products, and marketers in general. There is vast literature and research on these concepts each of which sheds light on social media advertising, and thus support the new and emerging topic of native advertising.

Source Credibility

Source credibility is a concept related to the way that consumers judge a source or message as believable, fair, complete, accurate and trustworthy (Moore & Rodgers, 2005). For every message that a consumer is exposed to they can judge its reliability based on these factors and determine whether they trust or believe the message. This trust will influence their purchase intentions, brand perception, and overall the performance of the brand providing the information. In addition, source credibility can also be connected to source attractiveness which is essentially how attractive a message is perceived by consumers. Generally, it is obvious that attractive promotions generate more positive feedback from consumers. People are more often attracted to pretty or presentable things and this holds true for advertisements. The importance of these concepts cannot be overlooked and marketers should strive to be perceived as a credible and attractive source so that they can receive positive responses from consumers.

Studies have shown that source credibility and attractiveness are constructs that influence the relationship between an advertisement and a consumer. Within source credibility, levels of expertise and trustworthiness stand out as the most important components (Jo, 2005). Moore and Rodgers (2005) studied this phenomena across five different advertising mediums: newspaper,

TV, radio, magazine, and internet. One of the most significant findings when comparing the effectiveness of these ads per several sources, is that source credibility does actually affect whether or not an ad will resonate well with consumers (Moore & Rodgers, 2005; Cunningham & Bright, 2012). Previous studies demonstrate that "credibility is one of the most important components of a persuasive message and can often influence the outcome of persuasive messages" (Choi & Rifon, 2002; Moore & Rodgers, 2005). This is crucial in that marketers can infer that source credibility should be one of the main focuses of a marketer when conducting ad campaigns.

To look specifically at the results of Moore and Rodgers' (2005) research, it was determined that the most credible source was the newspaper because it was the least skeptical source. Skeptical here was defined as "individual predisposition to doubt persuasive messages" (Moore & Rodgers, 2005). Alternatively, online ads were rated the least credible because of their high level of skepticism. This study did note the interesting fact that though the demographics of participants reflected college students who do not typically use newspapers, they still found them to be a more credible source. Moore and Rodgers attributed this to the fact that consumers may perceive the Internet as being a stronger attempt at persuasion when compared to newspapers, thus it was less credible. Marketers then need to take this information to the Internet and give online ads more trustworthy characteristics of a newspaper (Moore & Rodgers, 2005). Marketers have already tried to create advertisements in a more credible context in order to better reach consumers and take advantage of the important findings just explained.

An advertising strategy that has been known to exhibit high levels of source credibility are advertorials. An advertorial is when a marketer presents their advertisement in a similar context to an editorial of a magazine (Reijmersdal, Neijens & Smit, 2005). This type of ad, often seen in magazines, shows content that resembles the layout of an editorial which normally represents the editor's unbiased review of products (see Appendix A for an example). This marketing tool attracts readers because it resembles the content of an editorial that is considered to be more credible (Budd, 2013). Advertorials are successful in many situations because they help to break through the clutter and similarity of other content and other advertisements (Prounis, 2004).

They are a great way to give information about a product in a scientific, believable format (Prounis, 2004). Advertorials exhibit strong source credibility and can grab a consumer's attention, thus this format has proven to be an effective marketing tool. Finally, the ideas behind the advertorial appear today in native advertisements. Marketers have attempted to make online advertisements seem more credible—as they did with the advertorial—and thus more effective through sponsored content. Whether this is actually working, however, has yet to be determined.

Source credibility is obviously a very important aspect of advertising because consumers have made it clear that they want to know who advertising messages are coming from and whether or not they are a trustworthy source. For a consumer to allow an ad to motivate them to make a purchase, they generally like to know that the source is reliable. By creating native advertisements, it is possible that marketers have overcome this source credibility hurdle.

Persuasion Knowledge Model

An additional theory that is significant to consider when studying advertising is the Persuasion Knowledge Model. This model examines the idea that a consumer's perception and attitude towards an advertisement often reflects the consumer's knowledge about marketing in general and the brand or product. According to several sources persuasion knowledge explains how the depth of knowledge that consumers have about persuasion techniques and marketing goals through advertising affects the way that they will react and cope with said marketing tactics (Campbell & Kirmani, 2000; Pelsmacker & Neijens, 2012; Friestad and Wright, 1994). This theory implies that the more knowledge a consumer has about marketing and how ads in different formats are all attempts at persuasion, the less likely it is that the consumer will be persuaded. This model helps both marketers and consumers understand the effectiveness of an ad and can determine the success of an ad. If a consumer knows that a message is trying to persuade them to make a purchase, it is much easier for them to deter from that purchase and ignore the message.

Deciphering the Persuasion Knowledge Model is made easier through Appendix B created by

Marian Friestad and Peter Wright (1994). The model displays the way that the agent (marketer or company) attempts to persuade the target (consumer) through messages and advertisements. The target refers to this interaction as the 'persuasion episode'. With the help of topic, persuasion, and agent knowledge the target is able to interpret the message and cope with it in a way that feel is best suited for them. Coping in this case refers to the way that a consumer responds, for instance, if they feel inclined to learn more or purchase the product or if they choose to ignore the advertisement immediately. If the target lacks any of the necessary knowledge, for example they have little persuasion knowledge, they may be more easily influenced. Vice versa, if they have high knowledge in these three areas, it is likely that the persuasion attempt will be ineffective. For the agent, the same rules apply. The more knowledge they have about the topic, persuasion, and their target, the better equipped they are to make a successful persuasion attempt (Friestad & Wright, 1994). This model is an excellent source for both marketers and consumers when attempting to deal with persuasion attempts.

The vast information surrounding persuasion knowledge has given marketers sufficient help in determining how and where to place their advertisements. At the same time, understanding this model has also given consumers a significant advantage over marketers. While marketers are responsible for creating advertising, it is the consumer's job to interpret and respond to these messages. Their reactions could include ignoring the ad, looking for more information or better yet making a purchase. This in turn determines whether an ad is effective. The persuasion knowledge model notes that as consumers are exposed to ads over time, they develop the knowledge about how messages are introduced to them and this helps them to recognize "how, when, and why marketers try to influence them" (Friestad & Wright, 1994). This is a huge benefit to consumers that allows them to pick and choose which ads will influence their behavior and beliefs.

Research has identified that consumers develop and utilize persuasion knowledge, but it has also determined under what circumstances it is used as well. The findings of one particular study indicate that depending on the type of situation a consumer is in, their ability to utilize persuasion knowledge may be dependent on their cognitive capacity or motive accessibility (Campbell & Kirmani, 2000). Ultimately this means that if a consumer accesses their knowledge

prior to being exposed to persuasion, like in the situation of dealing with a car salesman, they are able to cope better with the persuasion attempt. A consumer may know that the car dealer will be intensely trying to sell them a car, so the consumer is prepared and ready to negotiate instead of being easily persuaded. Alternatively, if the consumer is unprepared for the situation, such as when they are browsing through a clothing store, the attempt at persuasion may be more effective. The consumer did not expect a high pressure situation in the store, thus if a salesperson attempts persuasion, the consumer is more easily influenced because they are not thinking of their knowledge (Campbell & Kirmani, 2000). This not only shows the importance of persuasion knowledge and being able to access it in different situation, but also references the idea of skepticism. A consumer may see more skepticism in buying a car from a dealer as opposed to simply shopping for clothes at a store. Therefore, it is possible that source credibility and persuasion knowledge are related. This elicits much closer examination.

Understanding persuasion knowledge allows marketers to manipulate their messages into ways that consumers are open to accepting it. Nevertheless, if consumers have high persuasion knowledge, they are already expecting marketers to be using more subtle or creative promotional techniques. Past research noted that consumers today are "more savvy" to advertising techniques like embedded messages and they may not be as subtle as marketers intend them to be (Pelsmacker & Neijens, 2012).Though the Internet provides numerous formats to advertise, with high persuasion knowledge consumers may have increased skepticism and few formats work. Research has shown that ad skepticism varies with advertising formats but is higher toward banner ads than sponsored content like native ads (Tutaj & van Reijmersdal, 2012). Banner advertising was recently a popular format but because of this high level of skepticism, marketers need to create something new. Since sponsored content produced a lower level of skepticism, this could be the answer marketers are looking for. The most important factor is that marketers determine the amount of persuasion knowledge that their audience has so that they can implement the correct format.

<u>NATIVE ADVERTISING</u>

Since persuasion knowledge and skepticism seem related, marketers must look to a new advertising technique that accounts for both factors. Native advertising is defined as "an ad unit that can only be bought and displayed on one platform, seamlessly fitting in with the unique format of that particular platform" (Murphy & Schram, 2014). "For example, one could scroll through a Twitter or Instagram feed and come across tweets or posts that represent a brand and are noted as "promoted by" or "sponsored by" a certain company. Marketers using this format will at times be paying for this as opposed to just using the site and communicating their brands like the users. The purpose or function of these types of ads is to promote to consumers in a way that is subtle, attractive, and in a format that the consumer knows and appreciates. In contrast to other types of ads this format could seem less invasive and less annoying since it is not being blatantly shoved in the consumer's face. As most of the prior research explains, this more subtle technique that is less disrupting to the online experience could be something that consumers accept. While it seems like such a successful and promising idea, there is little research to prove that it is actually effective.

In relation to persuasion knowledge and source credibility, native advertisements resemble the advertorial discussed previously. The way that native ads are embedded into the source gives them the appearance of being normal content on the social networking site. Marketers create an ad to look like the content surrounding it in order to make it appear both more credible and attractive, and less skeptical. For example, on Twitter, native advertisements look just like a normal tweet that comes from a friend. Marketers attempted to match a more credible source in order to make their advertisements less skeptical to consumers. Additionally, for consumers who have higher persuasion knowledge, native ads could be more effective because they may be perceived as having lower intent to sell. Thus, native ads could be another form of content marketing. If this has been successful in the past with advertorials, why should it not be successful again now? Native ads then are similar to advertorials in that they "amplify conversations and interactions that are already happening, and the user can electively follow or allow them" (Budd, 2013). The idea that native advertisements are embedded into user content and may help to make the marketer appear to be a more trusted, less intrusive source is something that needs further discussion and research compared to what has been done thus far.

Native advertising has also been referred to as 'sponsored social media' and has been evolving for several years, though it has not been prominent until lately (Murphy & Schram, 2014). The first real glimpse at native advertising was when the company Foursquare allowed Facebook users to 'check-in' to certain locations on a mobile device. This tool essentially gave users the power to broadcast where they were and what company they were utilizing it at a particular location. This in turn gave the company exposure and promotion in the normal content of a social networking site. However, this appears more like user generated promotion and is not completely the native advertising discussed today. After this came the first real sponsored conversations through social networks. Companies began to pay network sites like Twitter, to send a "promoted tweet" to all users of the site (Murphy & Schram, 2014). While this type of advertising seems to have slowly progressed, it has recently been the method of many well-known companies and is seeing heavy use. It appears that this is the newest marketing strategy and is seeing significant growth as time passes, yet its value is still questionable.

Native advertising basically works in social media because of three factors. First, companies can deliver native ads at a sufficient scale because social networks allow constant posts and communication. Additionally, the use of social networks on mobile devices allows the users to quickly and easily scroll through their news feed. This allows for easy and convenient placement of ads right into the newsfeed format. Finally and perhaps most importantly, the integration of ads into the social network format is very natural and seems normal to the users (Fulgoni & Lipsman, 2014). These three reasons allow native advertising to flow smoothly into the world of social media. While there is a significant literature gap regarding this new type of online advertisement, there is some research to rely upon.

The research overall clearly shows that the format of an advertisement is very important. The format of native advertising can vary but each ad can generally be placed into one of six different format categories. The ad can be an "in-feed unit" such as a sponsored tweet embedded into the feed on Twitter. They can resemble a traditional search ad and be labeled as a "paid search unit". These appear on sites like Google or Yahoo. Advertisements could also appear as a

"recommendation widget" on a social media site as a recommendation based on previous user activity. Some sites like Amazon allow companies to promote their product as additional listings. This could be seen as a combination of a search ad and also a recommended product for users. The final two categories include "in-ad with native element units" and "custom/'can't be contained'". These vary from pop-up type formats on Appssavvy and product placement pictures through Tumblr (IAB, 2013). This wide range of categories sheds light onto the topic of native advertisements. With such a huge variety of formats it is obvious that this tool is confusing but so valuable for marketers. By encompassing any of these formats into an ad campaign, consumers may not be expecting it and this could lead to a more positive online brand performance.

One study investigated the copywriting strategies in native advertisements on Facebook and the techniques that could lead to its success. The study noted the fact that native advertisements are mainly targeted at highly involved customers who feel connected or related to the brand (Zulkifly & Firdaus, 2014). These consumers were attracted to the headlines of the advertisements and paid the most attention to ads that were relevant to themselves. Another important element was bold color usage and relevant pictures. This study proved that this format can be successful, but it also gave insight to what could lead to their failure. If the ad appears irrelevant, confusing or contains unattractive language, the consumers will pay little attention and have a negative reaction. Overall this study concluded that every element of a native advertisement is important and must bring value to the ad in order for it to be effective. Because the native ad is embedded and almost hidden within the context of a social network site, it must have distinguishing features in order to even be noticed. Obviously if an ad is not seen by its audience it will be ineffective. This is a barrier that native advertisements will need to overcome.

Furthermore, though there is not a variety of test results on native advertisements, there is important research on strategies to make branded content work. Native advertising has a chance to succeed with consumers but marketers must choose their messages carefully. Similar to other research findings, what the message says is crucial to whether or not a consumer will stop to read and connect with that advertisement (Pearlman, Gugliemetti & Listfield, 2014). The *Wall Street*

Journal notes that "just two-thirds of an audience engages with any piece of content for more than 15 seconds online. That number drops by half when it comes to native" (Braiker, 2014). Since native advertising occurs on social media, it can be easily shared or reposted by network users. This means that the message needs to be clear, easily understood, and it needs to be exciting enough to resonate with its target market. For this type of ad to be successful, consumers need to connect and want to share the message with other people online. Most importantly, marketers need to act quickly because this is an up and coming technique that can only be successful for so long. Soon every company will be utilizing native ads, so marketers need to come up with strong ads that represent their brand and today's trends. One final point is that marketers need to measure this type of advertising and understand its impact (Braiker, 2014). The true effectiveness of native ads can only be understood if marketers know how consumers are reacting to it. Studying not only their attitudes and opinions of this ad format, but also how consumers are engaging with the ad and whether the ad leads to further action will truly display its impact on a company's success. This is where this research paper connects because the study will examine native ads and evaluate how they are connecting with their audience. Because this is a more covert and subtle form of promotion, it can be easily misinterpreted or overlooked. All of the elements discussed here should be considered since they could determine whether this format will succeed or fail.

Before beginning the primary research study, there needs to be a framework for how to measure this new and interesting advertising technique. There is one final study that brings this framework into the discussion. The framework that has been developed for marketers to use as a guideline for creating and evaluating their native advertisements (IAB, 2013). First the marketer must determine the form and function of the ad. They must evaluate if the ad fits with the overall page design and if it functions like the other content on the page. For example, "a video on a video page or story among stories, or is it different?" (IAB, 2013). The integration of the ad is also important because the marketer needs to know if the ad behavior is in line with the other content. This is important so that the ad appears embedded and does not stick out as a traditional advertisement. It is also valuable to know how the advertisement will be delivered to the users', e.g., delivered across a network of sites or specifically targeted to certain users. Finally, measurement and disclosure allow marketers to evaluate and analyze the impact of the ad which

was mentioned previously as an important element to consider. The disclosure of the ad needs to be considered so that the ad does not appear covert or deceptive to consumers which could have adverse effects (IAB, 2013). All of these guidelines allow for marketing teams across companies to effectively use this tool in a way that is understood by everyone. Though not every ad must be created and delivered in the same format, they all have similar characteristics that can be examined by anyone in this field.

The literature that does exist around native advertising is significant and insightful. It gives a solid foundation for explaining and studying this type of marketing. However there are some missing pieces and the actual results that prove its effectiveness are lacking. The validity and effectiveness of this new method needs to be tested in order to see if this really is a smart and worthwhile device for marketers to use. By exposing consumers to this format and evaluating their persuasion knowledge, perception of source credibility, and overall reactions to the advertisements, it will be clearer if this method is successful. The overall brand performance will be tested as consumers evaluate and respond to this promotional tool.

CONCLUSION AND CURRENT RESEARCH

Using the current literature and research as a foundation for understanding the different marketing campaigns and brand relations that occur on social media, this research study will work to expand and create new conclusions. This literature will continue by examining the most popular online advertisements, including native ads, and the types of reactions that they receive from consumers. Some emphasis will be placed on whether the advertisements are deceptive and potentially creating negative brand perceptions by the consumers. Additionally, the credibility of different techniques and sources will be examined and will help gauge the effectiveness of the particular advertisement. Several sources also discuss certain marketing tools such as the Persuasion Knowledge Model in order to analyze consumer reaction based on their knowledge of a source and the type of persuasive techniques that the marketer is using. Overall the literature review will be relevant to the research questions and work to create a starting point for the primary data that will then be collected. All of the articles, blogs, and publications examined will be complemented by the results and discussions that will arise after primary research is conducted and new data is compiled.

After examining all of the literature that has been compiled in the relevant areas surrounding native advertising it is clear that there are new discoveries and connections to be made around this new and exciting topic. Using the history of advertising, the Persuasion Knowledge Model, source credibility and aspects of both social media and native advertising, the following hypotheses can be made:

- **H1:** Native advertisements will be perceived as a more credible source of information than banner advertisements.

- **H2:** After exposure to an advertisement on social media, the purchase intention for the product will be higher for native advertisements as compared to banner ads.

- **H3:** Attitudes towards the advertisement will be more positive for native advertisements than for banner ads.

- **H4:** Attitudes towards the brand will be more positive for those that utilize native advertisements than for banner ads.

- **H5:** Perceived selling intent will be higher for those consumers exposed to banner advertisements as compared to those exposed to native ads.

These hypotheses will be tested and the results will enhance the knowledge that surrounds this topic by introducing new ideas and new connections to past literature. The objective is that this research will fill in the gaps that currently exist for native advertising literature. The findings will shed light on the actual effectiveness and future implications of this marketing tool.

METHOD

To examine the research questions and provide evidence regarding the stated hypotheses, a survey was conducted. "Surveys are an excellent means of measuring attitudes and characteristics of a large population, as well as collecting descriptive information" (Fink 1995; Moore & Rodgers, 2005). All responses were collected through online surveys which were delivered in a convenience sample. There are no claims that this sample was completely random

or attempted to be completely random. The survey provided timeliness, convenience, and anonymity which is necessary for a study of this nature. Because the research contained a great number of questions in a variety of formats, the survey was the best method to utilize. Surveys are common in this type of research as much of the literature studied displayed. The validity and reliability of the survey was considered throughout the research process.

Participants

There were 324 of participants that were involved in taking this survey. Out of this, 199 were females and 125 were males. None of the participants were under the age of 18 and 95% were between the ages of 18-25. Only 5% were over the age of 25. Finally, nearly 93% of participants reported being in college. Participants were selected anonymously and all activity was voluntary. There was no harm done to anyone who took part in this research and there were also no rewards or benefits given to entice participation. All results were held confidential and there was no personal, defining information to indicate who actually took the survey. The survey was created and delivered through an online host: *Qualtrics.com*. Willing participants accessed the link online and anonymously took the survey.

Survey

There were four different versions of the survey that were distributed randomly to participants as they clicked on the link. There were various responses for each of the versions. The survey represented a 2x2 stimuli where type of social media network was crossed with type of online advertisement. Since this research studies the effects of native advertising, this ad technique was compared to the more traditional banner advertisement. The study represented a between-subject design where participants were not exposed to or knowledgeable of all versions of the given survey. Information of the four versions was not disclosed to the participants and the other versions were not later shown to them. This aimed to limit biases and any skewing of the results, thus increasing survey validity.

Experimental Measures

Each of the four survey versions contained the same 30 questions, with each including a unique element. Every participant was exposed to one of four different social media newsfeeds. The

picture included in each was very similar but presented an advertisement in different locations. Participants were exposed to only one of the following versions: Facebook newsfeed with a banner advertisement, Facebook newsfeed with a native advertisement, Twitter newsfeed with a banner advertisement, or Twitter newsfeed with a native advertisement. The advertisement depicted a fake brand and product, yet resembled a typical online advertisement in each of the formats. The survey itself and each of the four stimulus examples is included in the Appendix C.

Participants were asked to scroll through the newsfeed as if it was their own page and read the posts as they would normally do on their own social network. Before exposure to the selected stimuli they read the following information as a prime:

> *You will now be shown a newsfeed from a social media website. Imagine it is your own feed and you are just browsing through it on a normal day. Please scroll through the feed as you would normally do. Pretend the content is from your friends and accounts that you follow. After you have gone through the newsfeed and are finished looking over it, proceed to the next question.*

After looking over the newsfeed they continued to answer questions regarding the advertisement they were just exposed to and basic questions about social media advertising.

Questions

The questions included in the survey ranged from basic demographic questions, to Likert scale questions regarding attitudes and opinions about brands and advertisements. The style of questioning resembled common survey techniques utilized in previous marketing research. The question formats and constructs were created similarly to other studies of this nature.

Frequency:

Participants were asked "how often do you use the social media site: Twitter" and "how often do you use the social media site: Facebook?" This shed light on their relationship with social media and how easily they would be able to recognize and utilize the newsfeed they were exposed to. Additionally, participants were asked "how many minutes do you spend on Twitter/Facebook per

day?" This question was asked for similar reasons in order to identify how connected the person is to social media and give insight to whether or not they are familiar with the sites and their setups. This could give supporting data to whether or not they would notice the advertisement or scroll past it.

Social Media Behavior:

Participants were asked "when on social media, what best describes your behavior?" The answers were: scroll through very briefly, hardly reading posts; scroll through, but stop often to read a post; only read posts from my friends; read posts from friends, company accounts, and various interesting accounts; scroll through reading nearly all posts. This question's response would give an indication as to how the participant views their own online behavior. If they already recognize that they hardly read any posts, then chances are they will do the same in this survey and will not actually see the advertisement. Oppositely, if they admit that they scroll through and read every post, then they may be a good audience for advertising on social media and may acknowledge the ads in this survey.

Additionally, the survey asked "when exposed to advertisements on your social media feed, do you… ignore them, read them, or look for the product being advertised?" This again shows the participants normal behavior through their own opinion and can help support their reactions to the survey in this research.

Recall:

After viewing the selected newsfeed, participants were tested on recall. They were asked to determine whether or not they noticed an advertisement in the feed in order to test if the location was effective at reaching the audience. If they answered yes they noticed an ad, they were prompted to recall what the product and brand was that was being advertised. These questions gave an indication of whether the participant would notice an ad in a particular location while on their real social networking site.

Purchase Intention:

Participants were asked "if you were looking to purchase this item would you consider buying the brand advertised?" Purchase intention can help to gauge the consumer's attitudes towards the ad, brand or product. In this case, the answer indicated whether the person would be interested in the particular brand. Since it was a fake product and brand, this question shed light mainly on whether the ad was effective at making the audience want to purchase the item. There was not any prior brand loyalty or attitudes already in their minds. Additionally, they were asked "how likely are you to try this product?" This essentially asked the same question but in a different format. The answers here ranged from very unlikely to very likely. This again tested the purchase intention simply based on the effectiveness of the ad and its location.

Ad Credibility & Trust:

In order to determine the full effectiveness of the advertisement and placement, participants were asked about the credibility, believability and trustworthiness of the ad. The questions included were: "in your own opinion, how credible was this advertisement", "do you believe the statements made by the ad", and "do you trust the source of the statements made by the ad". Each of these was to indicate the participants' attitudes towards the ad. The content of these questions relates to the literature studied including source credibility.

Intent to Sell:

The way that an audience interprets selling intent of an advertising could have a correlation with how effective the ad is in gaining a customer. The next question stated "after seeing this ad, to what extent do you believe the company was attempting to sell you their product?" The seven answers ranged from very low to very high. According to the Persuasion Knowledge Model, if a person is aware that an advertiser is trying to sell them a product, they are less likely to be willing to purchase the product. This selling intent influences ad effectiveness.

Attitudes towards the Advertisement:

Participants were also tested on their attitudes towards the advertisement. Similar to other research studies in the past, a scale was utilized to test several different attitudes. The attitudes tested were: good, pleased, favorable, positive, desirable, necessary and beneficial. Participants answered on a scale of strongly disagree to strongly agree for how the advertisement made them feel.

In addition to the array of questions on different feelings towards the advertisement, this survey also gauged the invasiveness of advertisements. The question: "to what extent do you feel like advertisements on your news feed are an invasion of your privacy?" asked for another attitude measure.

Attitudes towards the Brand

Similar to the attitudes towards the advertisement, attitudes towards the brand was also tested. The attitudes tested were: good, pleased, favorable, positive, desirable, necessary and beneficial. Participants answered on a scale of strongly disagree to strongly agree for how the brand made them feel.

Ad Effectiveness:

While this entire research study is geared to determine advertising effectiveness, the survey also allowed participants to give their opinion on social media ads. The question "how effective do you think that advertisements on social media are?" gives an indication of the participants' persuasion knowledge and their view of online advertising. They chose an answer between very ineffective to very effective. This could reflect their awareness and reaction to the ads in this research survey.

Participant Profile: Demographics & Psychographics

Finally, participants were asked to give some information about themselves. They were asked about their willingness to try new products in order to give support and reasoning to their response to purchase intention. The survey also had the participant indicate their preferences of different beverages: water, juice, soda and other. Since the ad in the created newsfeed was for a soda product, beverage preference could influence whether or not they would purchase the product or liked the ad. For example, if they chose soda as their least preferable choice, there is a greater chance that they would not buy the advertised product regardless of the ad. The last two questions asked for the participants' gender and age in order to have a basic understanding of who they are. These final questions will help to categorize the participants and use an understanding of who they are in connection with their reactions to the advertisements.

RESULTS

There were several significant findings at the conclusion of this research. After statistical analysis of the data, there was consideration as to whether or not the initial five hypotheses were supported.

Hypothesis 1, testing the credibility of native advertisements as a source for information was partially supported. There was significance in the main effect stating that the type of media was a determining factor in whether or not the ad was trusted. Statistical analysis indicated that the p-value for the dependent variable trust crossed with the independent variable media type was 0.021. This indicates significance. The findings showed that Twitter ads were trusted as a credible source nearly 20% more than Facebook ads as shown in Appendix D. The percentage of participants that trusted the advertisements for each stimuli were as follows: 33% for Facebook-Banner, 38% for Facebook-Native, 59% for Twitter-Banner, and 56% for Twitter-Native. Twitter was also seen as a more believable source than Facebook and with that, native ads on twitter were the most believable with 47% of participants believing the statements made by the ad. This is represented in Appendix E. According to earlier information regarding the construct of source credibility, believability and trust are factors in how credible a source really is.

Hypothesis 2, testing whether exposure to a native advertisements will result in a higher purchase intention than banner advertisement exposure, was not supported. The results concluded that on both Facebook and Twitter, banner advertisements elicited higher purchase intention for participants. Appendix F shows that Facebook-Banner and Twitter-Banner had 43% and 36% (respectively) of participants responding that they would purchase the product advertised. Alternatively, native ads on Facebook and Twitter only had participants indicating they had some purchase intention at 28% for Facebook-Native and 26% for Twitter-Native.

Hypothesis 3 was attempting to determine whether native ads would elicit more positive attitudes toward the ad as opposed to banner ads. The results did not provide significant findings for this hypothesis, thus it was not supported. There were no significant p-values found after crossing ad and media type with each of the dependent variables tested. The findings overall regarding

attitudes towards the ad were inconclusive, but banner ads were seen as a more necessary marketing tactic than native advertisements. The p-value for ad necessity crossed with ad type was 0.042. The average response, on a five point scale, from participants on whether they thought that there was necessity for the ad was 2.75 and 2.78 for banner ads. This was compared to average responses of 2.31 and 2.49 for native advertisements. The banner advertisements appeared to be slightly more necessary than native ads in the eyes of participants. Appendix G displays these findings.

Hypothesis 4 was testing whether exposure to native ads would elicit more positive attitudes toward the brand as opposed to banner ads. This was a supported hypothesis. There was significance regarding media type for both good and favorable opinions of the brand. The p-value for media type versus good brand was 0.026. The p-value for media type versus brand favorability was reported at 0.036. As shown in Appendix H, both native and banner ads on Twitter caused participants to average a 3 out of 5 for favorability of the brand versus an average of 2.6 and 2.7 out of 5 for banner and native ads on Facebook. Twitter was the media that produced more favorable feelings towards the brand. Additionally, Twitter was also the better media for positive attitudes towards the brand as participants responded with 3.1 and 3.2 out of 5 for Twitter-Banner and Twitter-Native, respectively. This was compared to responses of 2.8 and 2.7 out of 5 for Facebook-Banner and Facebook-Native of a favorable attitude towards the brand.

Hypothesis 5 aimed to determine if selling intent would be higher for those consumers exposed to the banner advertisements. This final hypothesis was not supported by any significant findings. Participants responding to whether they felt as if the company was attempting to sell them a product after being exposed to the ad all averaged a 4.7 out of 7. For both media types and both advertisement types the participants felt that the attempt to sell was roughly in the middle or neutral zone. None of the ads or media produced a very low or very high perception of selling intent.

There were also some generalizable findings regarding participant reactions to social media and marketing. After being asked how they behave after exposure to ads on social media, 81% of

participants reported ignoring ads, while 19% reported reading or following up on information from the ad. Only 17% of participants reported that they felt ads in their news feed were "invasive" or "very invasive". Finally, awareness and recall were tested after exposure to each of the four stimuli. The results of this are in Appendix I. Overall, 23% and 38% of participants were aware of the banner ads on Facebook and Twitter respectively. 38% and 51% of participants were aware of the Facebook-Native and Twitter-Native ads respectively. Thus, the highest awareness level was for those participants exposed to the native ad on Twitter. Finally, only 36% of participants aware of the ad were able to identify that a drink was being advertised to them. Of this, 18% correctly identified the product as "Sally's Soda".

In summary, when the findings are put all together there is evidence that the native advertisement technique is an effective tool for marketers to be utilizing. While not all of the hypotheses were fully supported, there was significance in various areas that lends one to believe that native ads could be useful on social media. However, banner ads are likely still effective as well. There are also significant findings for marketing in general that will help advertiser determine where to advertise to next and what tools really work with consumers.

<u>DISCUSSION</u>

Is native advertising an effective tool for marketers to be using moving forward? That was the overarching question being researched in this project. After sifting through the literature in this area of study and doing careful analysis of the data results, the findings have shed light on this issue. When all of the pieces are factored in together, native ads are an effective type of advertisement and they will see positive responses from consumers. The idea of effectiveness is touched upon in the research of Novak and Hoffman (1997). They state that effectiveness is measured by how many times an exposure is required before user action takes place. This was expanded upon in this research as more than simply purchase intention and likeliness to try the product was examined. It became clear that effectiveness is not only demonstrated through future action such as a consumer purchase, but also by the ways that the consumer reacted to the ad and the ways that they viewed it. Credibility, believability, trust, and ad or brand attitudes all factor in to whether a consumer will make a future purchase and thus influence effectiveness.

This research focused on a wide range of variables in order to get a generalized sense of native ads in comparison to banner ads. First, the variables regarding source credibility: believability and trust must be examined. Native advertisements were viewed as more trustworthy and more credible, especially when displayed on Twitter. Additionally, native ads were also identified as being the more believable source on both social media sites. In regards to the most credible social media site which is also important, Twitter received better responses than Facebook. Twitter was highlighted as a more credible and trustworthy source which proves that this social media site is a good choice for ad location. Rather than staying on Facebook where the majority of social media ads are at this time, marketers should feel comfortable moving to Twitter and begin to look for other suitable websites as well. Altogether, these items prove that this type of ad can be effective and they can be viewed as a credible source, especially when on Twitter.

The next step is to look at consumer attitudes in response to the advertisements. Twitter ads ultimately generated more positive attitudes towards the brand. Results show that participants reacted with positive feelings—good and favorable—after being exposed to native advertisements on Twitter. This is promising for both native ads and for this social media platform once again. However, it was also reported that banner ads were a more necessary format for advertisers to be utilizing. The fact that this is how consumers are used to seeing ads today could be the cause of this results. Banner ads are much more prominent online and people know exactly where they will be. They may be accustomed to this at this point and are more accepting of this format by now. It is possible that consumers have the knowledge of these ads, thus the ability to ignore or avoid them when uninterested. Native ads being a new format are seen as less necessary likely because people do not want a new type of ad popping up in their life. They are already overexposed to marketing every day and another format does not seem needed.

Finally, advertising effectiveness can finally be looked at from the angle of purchase intention. Banner advertisements overall generated a higher purchase intention than native ads in this study. Banner ads on Facebook and Twitter caused a greater likelihood of future purchase from

participants. While the hope was that native ads would be the grater cause of purchase, there is some sense behind this finding. People are used to banner advertisements as was previously mentioned and this could cause them to look for ads when they are trying to purchase something. Especially online, websites and marketers are able to find a target market for a product based on a consumer's online behavior. It is often the case that advertisements seen on social media sites reflect some of the products or brands related to items that a person has been recently searching for online. Therefore banner ads could be helpful in some situations. They have been around longer than native ads and consumers may just rely on them more in order to actually take further action. Native ads were not ruled out in this case as some participants indicated a likelihood for future purchase after exposure to native ads so there is still promise that their effectiveness will increase over time. When all of this is taken into account, it does appear that participants are open to native as a new ad format and that marketers can utilize it within their promotional mixes moving forward.

For the future, marketers should still utilize banner ads while also incorporating native ads into their campaigns. They are both successful with consumers and could be beneficial. In general, online ads are still effective at this point as was reflected by the nearly 20% of participants that were reading and following up on information they saw in ads. This reflects the Pareto 80-20 rule that states "in general, 20% of your customers represent 80% of your sales" (Lavinsky, 2014). If marketers can tap into this 20% who are engaging with the online content and learn about who they are and why they are focusing on the ads, this could seriously enhance online ads. While there is still 80% that are ignoring ads, the 20% could be crucial to a company and marketers need to examine this further. In addition, native ads can be effective in different situations so marketers need to test these ads on their specific markets before implementing it into the promotional mix. Research could also be done on whether or not a native ad should be created in addition to a strong advertising campaign that is implemented through other media already.

One final point of discussion is to identify the best possible location for an online ad. It has become clear that ads can be created in the native format or still as a traditional banner ad, yet

what social media site will work best is also a factor. From this research, Twitter stood out as a great location for advertisements. Participants were open to this location and have more positive reactions to ads placed on this newsfeed. There could be various reasons for this, yet one that seems significant is the fact that Facebook already has a great deal of advertisements. Marketers have been using this platform much more often and it has become saturated with ads. Consumers may be more accepting of online ads in a new location because the exposure is not too intense at this point. Additionally, Facebook is a more personal space than Twitter. People post more about their lives to their families and friends through their use of Facebook. Twitter is a better space for random thoughts, following a wide variety accounts, or interacting with businesses. Consumers might be more willing to engage with a company or product on Twitter because that is reflective of that environment already. This is definitely something that marketers should consider when placing their online ads.

LIMITATIONS

It is important to note the limitations and assumptions made in this research. The sample is the first area to consider. This research focused almost strictly on college students which was good for this initial research but it is necessary to expand upon this for the future. Additionally, fell to the snowball effect and was more of a convenience sample than a randomly distributed group. This was caused due to the researcher's ability to reach beyond the campus of Bryant University and those students within one network. Future research should work to eliminate biases by creating a random sample that surveys a wider demographic.

In addition to the sample limitation, some elements of the survey itself could have been limiting to the results. Participants were questioned on whether or not they were aware and could recall the advertisement that they were exposed to. Those that said yes proceeded on to further questions regarding the ad, while those that said no were directed straight to more generalized questions. This limited the research so that those who were not aware of the ad did not indicate their responses to the ad. Since native ads are supposed to be subtle and less intrusive to their audience, if people are not aware of them it is still the hope of marketers that future action will be taken. It was initially assumed that if participants were unaware, then they would not be

significantly affected which could be incorrect. Additional research in this area should work to determine whether those people unaware of the native ad they were exposed to are affected by it in any way in order to continue testing effectiveness.

Finally, the ads themselves could have limited or biased the results in some way. The advertisements created were not of an extremely high quality and were for a basic, generic product. If the ad was more realistic looking or for a more popular product based on a particular target market it could have altered the results. For example, participants may have been biased if they were not soda drinkers and thus would never purchase this product regardless of the ad. More research here could look at what other products may be better suited for this type of study. One final idea could be to utilize an actual product or a company with which people are already familiar. This could bias the results, or could indicate a greater effectiveness because it is more relatable.

CONCLUSION

After considering all of the literature, conducting extensive research and analyzing the abundance of data, this research study does prove that native advertisements are effective with consumers. There is need for more research as was discussed throughout the results and the limitations, but this is a starting point of greater knowledge in this area of marketing. Native ads are likely to continue growing and developing throughout different markets and platforms as a way to use a subtle technique to break away from markets with high advertisement saturation. Marketers will need to work on developing trustworthy, bold and creative native ads in order to really be successful with consumers in the exciting world of social media.

APPENDICES

Appendix A: Persuasion Knowledge Model
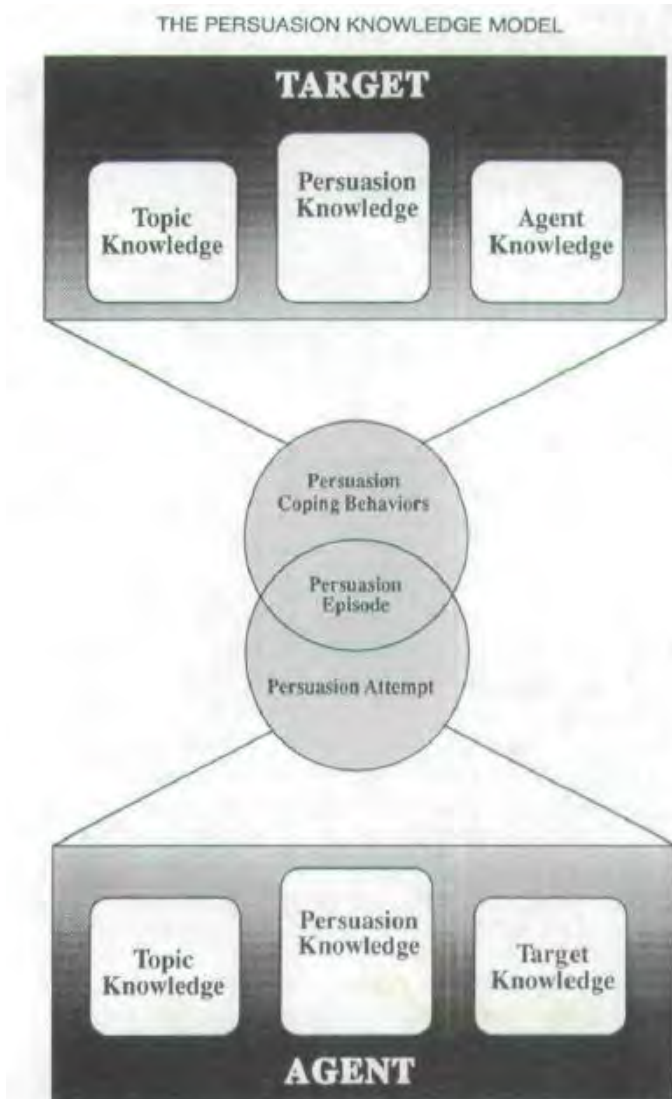
Friestad, M., & Wright, P. (1994). The Persuasion
Knowledge Model: How People Cope with Persuasion
Attempts. *Journal of Consumer Research, 21*, 1-31

Appendix B: Advertorial Example

The Basics of Writing and Using Advertorials. (2014, February 10). Retrieved September

18, 2014, from http://vsnblog.com/the-basics-of-writing-and-using-advertorials/

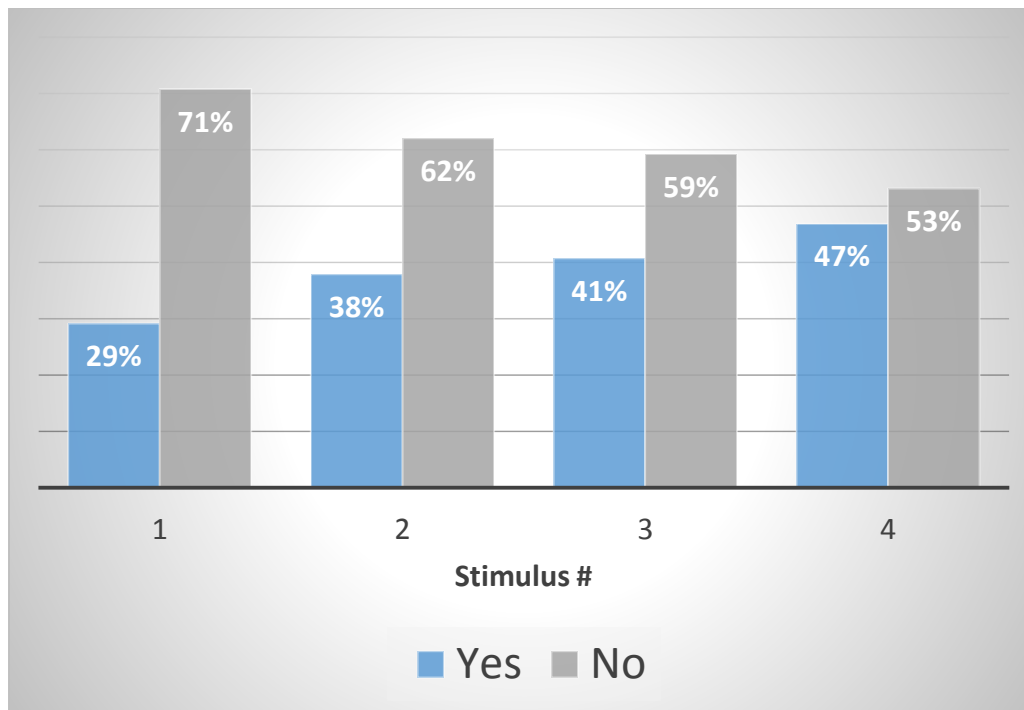# The Effects of Online Sponsored Advertising on Consumer Attitudes
Senior Capstone Project for Cassidy Maksy

Appendix C: Questionnaire and 4 Newsfeeds

1. *Facebook-Banner*

2. *Facebook-Native*

3. *Twitter-Banner*

4. *Twitter-Native*

The Effects of Online Sponsored Advertising on Consumer Attitudes
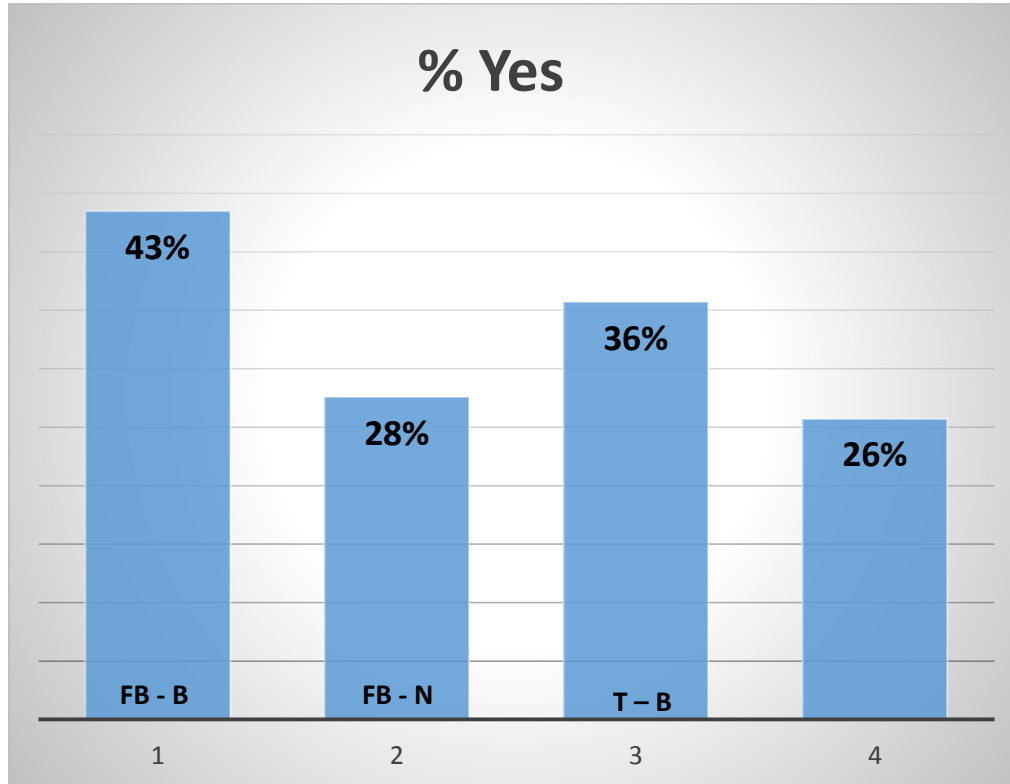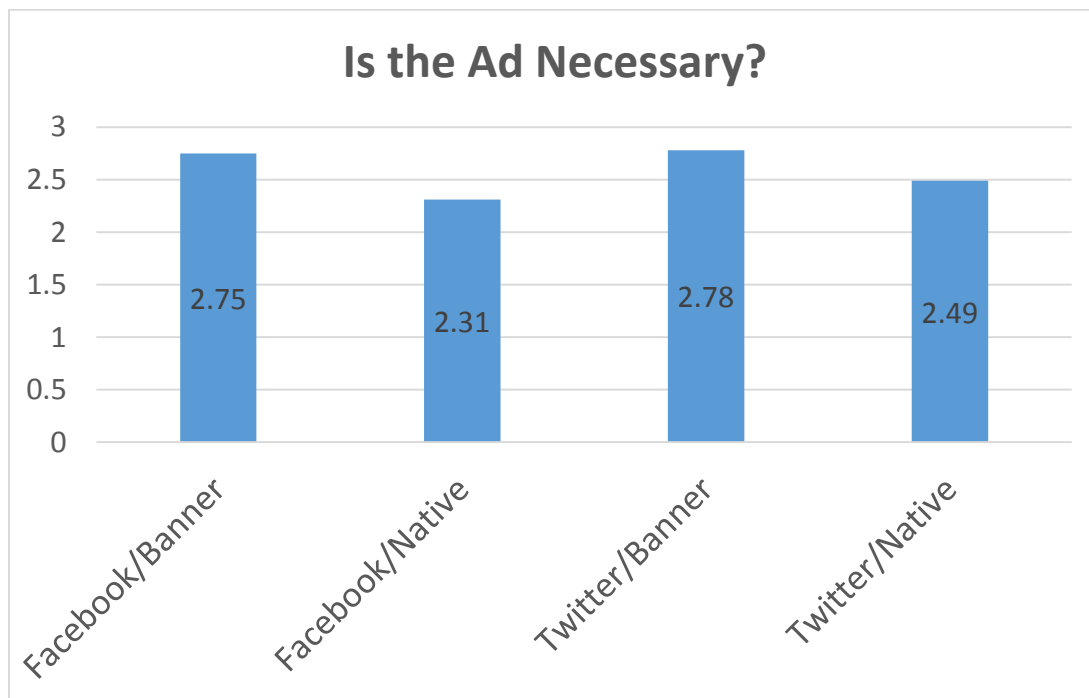*Senior Capstone Project for Cassidy Maksy*

Appendix D: **Trust**

Do you trust the ad?
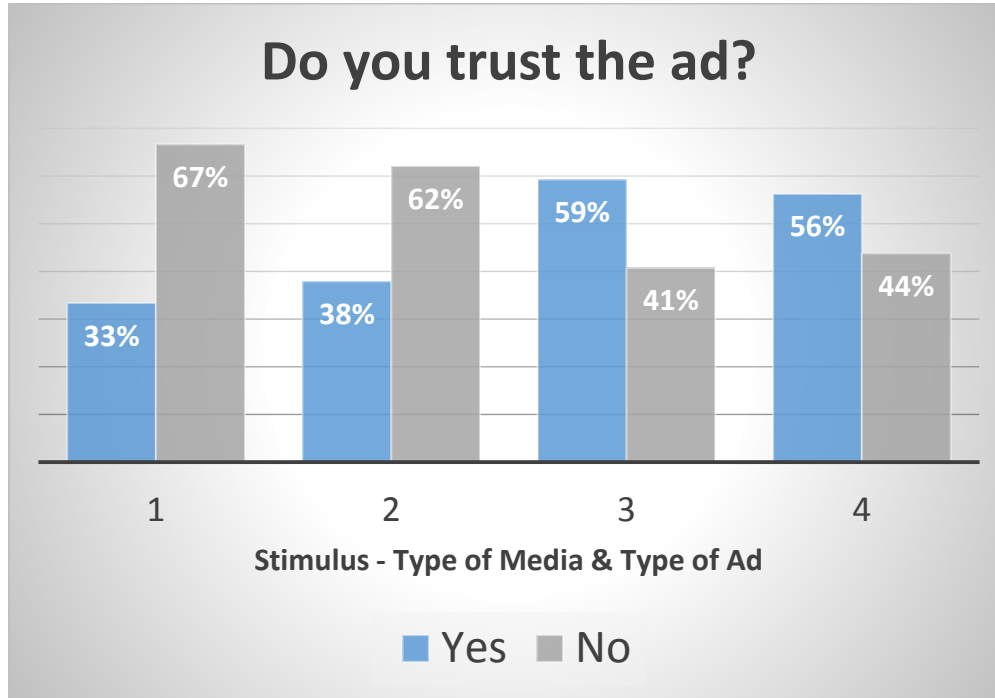
Appendix E: **Do you believe the statements made by the ad?**

The Effects of Online Sponsored Advertising on Consumer Attitudes
Senior Capstone Project for Cassidy Maksy

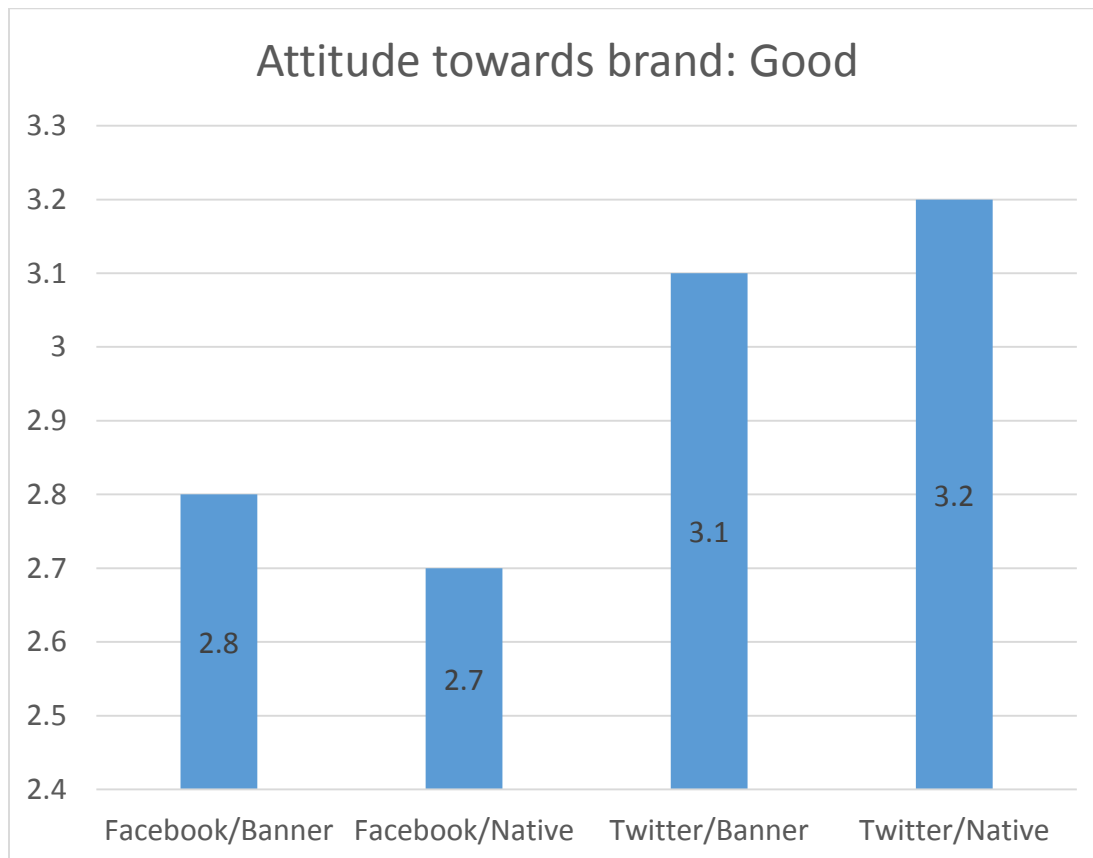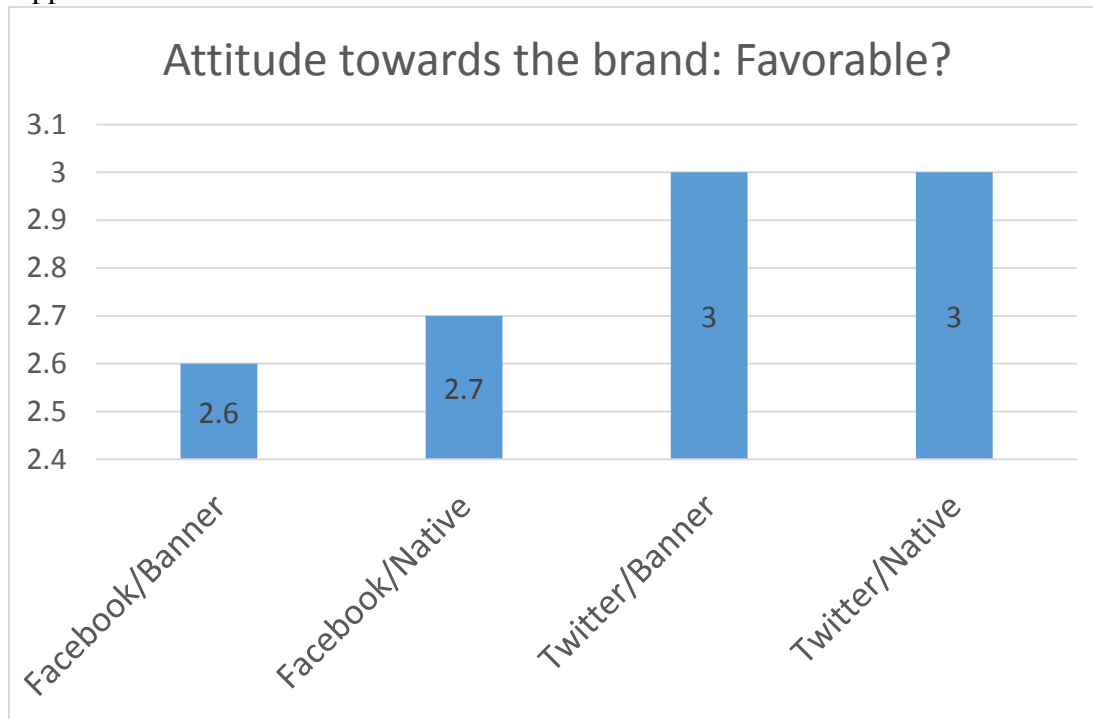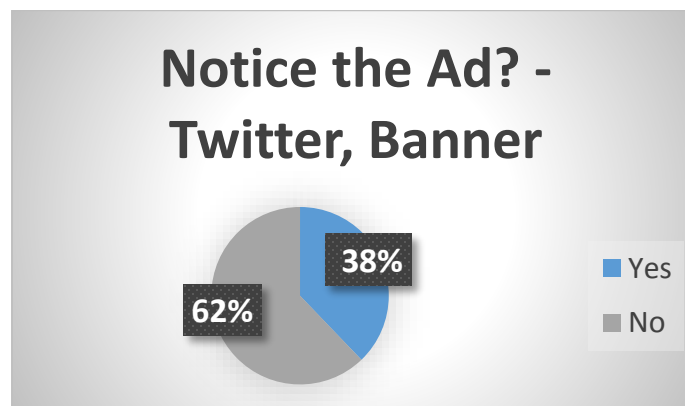Appendix F: **Would you purchase the product advertised?**
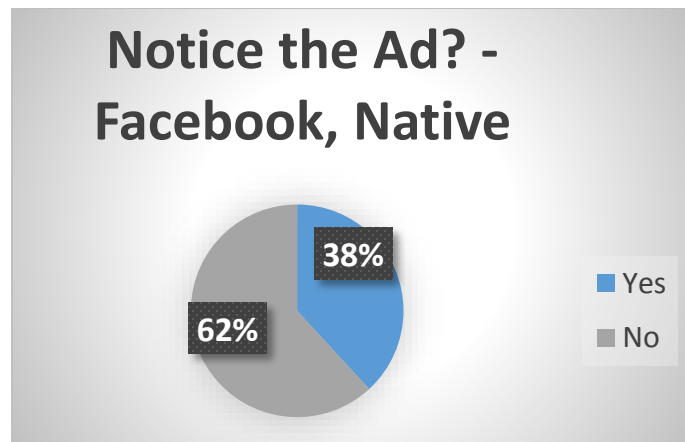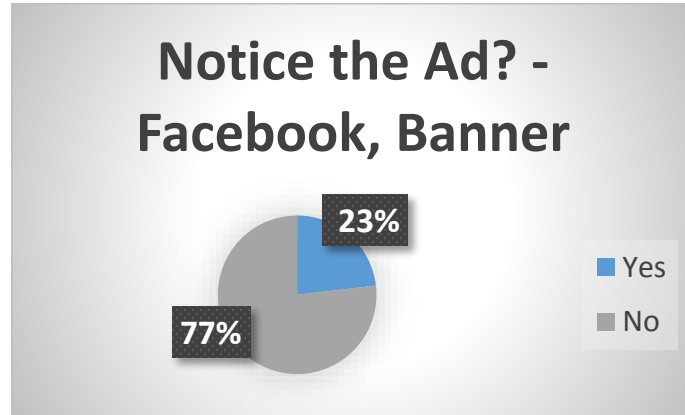

Appendix G: **Ad Necessity**

Appendix H: **Attitudes Towards the Brand**

Attitude towards the brand: Favorable?

Category	Value
Facebook/Banner	2.6
Facebook/Native	2.7
Twitter/Banner	3
Twitter/Native	3

Attitude towards brand: Good

Category	Value
Facebook/Banner	2.8
Facebook/Native	2.7
Twitter/Banner	3.1
Twitter/Native	3.2

Appendix I: **Ad Recall**

Notice the Ad? - Facebook, Banner

- Yes: 23%
- No: 77%

Notice the Ad? - Facebook, Native

- Yes: 38%
- No: 62%

Notice the Ad? - Twitter, Banner

- Yes: 38%
- No: 62%
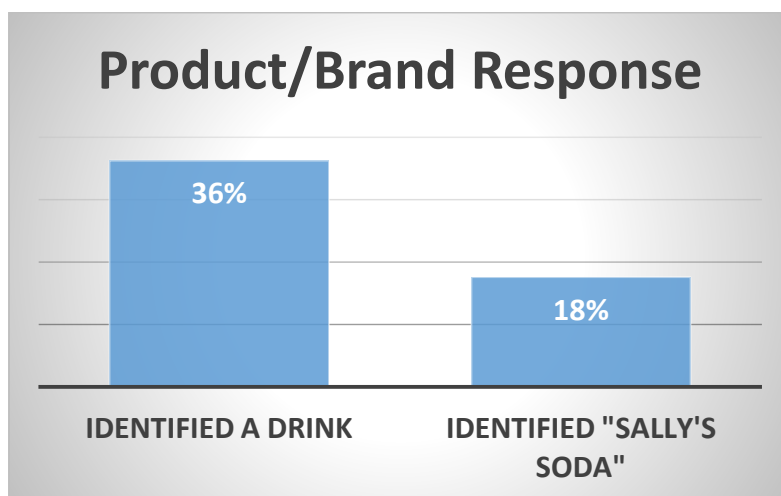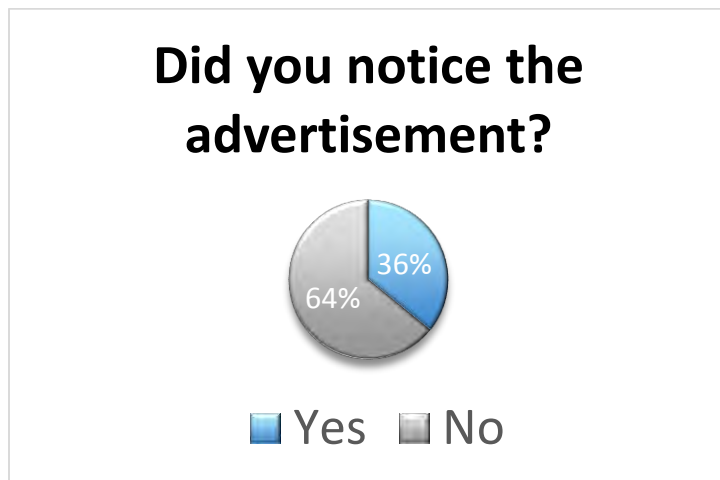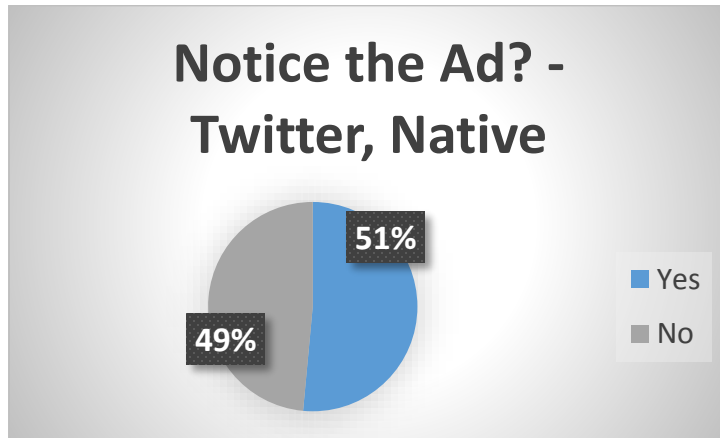
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