



## Full length article

## My friend likes this brand: Do ads with social context attract more attention on social networking sites?



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## ABSTRACT

This study examined differences between native advertisements with and without friend referrals on social networking sites. Specifically, we examined whether native ads that included friend referrals attracted more attention than native advertisements that did not include friend referrals. Further, the study examined whether participants with higher privacy concerns reacted differently to friend referrals than did individuals with lower privacy concerns. Results suggested that participants had longer attention duration for ads without friend referrals, especially among individuals with high privacy concerns. This suggests a popular form of advertising on social media, those thought to be effective due to the social context of a friend referral, often underperforms when compared to ads that don't include friend referrals.

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## 1. Introduction

Today's consumers are turning away from newspapers and television and turning toward the Internet, online video, and social media sites for entertainment and leisure. In the United States, time spent watching television decreased from 278 min in 2012 to 240 min in 2017, while time spent with mobile phones (nonvoice) increased from 88 to 195 min in the same timeframe (eMarketer, n.d.). As consumers spend more time with digital media and less time with traditional media, advertisers and the advertising agencies that represent them must determine how to effectively reach consumers on digital platforms. Social networking sites (SNSs) and other social media forms are popular among consumers, which makes them increasingly popular among brands and marketers (van Noort, Antheunis, & Verlegh, 2014). Advertising spending on social media in the United States grew from \$4.3 billion in 2012 to \$13.4 billion in 2017 (BIA/Kelset, n.d.).

Brands can reach consumers in many ways through social media, including purchasing display advertisements, also called banner ads, on SNS pages. However, click-through rates for banner ads have been declining since their introduction in 1994. Click-through

rates declined from 2 percent in 1995, to .5 percent in 1998, to .2 to .6 percent in 2003 (Cho & Cheon, 2004). Recent estimates suggest current click-through rates stand at .1 percent (Chaffey, 2013). Researchers have even coined the term "banner blindness" to describe consumers' tendency to avoid fixing their eyes on banner advertisements (Benway, 1998). An eye-tracking study revealed that only half of banner advertisements were attended to, and web surfers purposefully avoided looking at banner advertisements (Dreze & Hussherr, 2003). Users tend to avoid banner advertisements because of the perceived clutter of online advertising, due to past negative experience with clicking display advertisements, and because clicking advertisements gets in the way of other online goals (Cho & Cheon, 2004). However, consumers do not need to fully process a message to be influenced by it (Janiszewski, 1993). While consumers may avoid fixating on and clicking banner advertisements, even incidental exposure to banner ads can positively affect attitudes toward the advertisement and brand (Yoo, 2009) and can increase brand awareness (Dreze & Hussherr, 2003).

One online advertising technique growing in popularity with brands and marketers is native advertising. Native ads are designed to fit naturally or blend with the publisher's page content in terms of form and function. Native advertising is a newer form of advertising that has recently received more research attention. This study examined the discoverability and attention of one particular form of native advertising, which occurs within users' news feeds on SNSs.

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A quick examination of a Facebook news feed reveals various types of in-feed native ads, including posts marked “sponsored,” along with sponsored posts that include or reference the names of friends who have liked or followed the sponsoring brand. These sponsored posts with friend referrals are sometimes called “social advertising” (see Fig. 1), because they bring a user’s social connections into the advertising message (Heyman & Pierson, 2013). Facebook, which calls them “social context ads,” introduced this ad format in 2009 and started allowing brands to access metrics on social context ads’ performance in 2010 (Rodgers, 2010). Social context ads use friends’ names and preferences to target specific Facebook users, but little is known about what effect that tactic has on users. Does the use of friends’ names attract additional attention from users? If so, do users feel drawn toward brands and posts their friends like, or do they feel put off by the highly-personalized message?

One factor that might impact how users experience social context ads is users’ levels of online privacy concerns. Studies have found that individuals concerned with online privacy were less likely to respond favorably to advertisements personalized to them or their user context, as is the case for social context ads with friend referrals (Goldfarb & Tucker, 2011; van Doorn & Hoekstra, 2013).

We will expand this area of inquiry by examining SNS privacy perceptions and testing exposure to social context ads versus native ads without friend referrals, with the later measured as a naturally occurring variable on users’ own social media feeds. Using eye-tracking software, this study examined whether participants attended to native advertising on two different social media sites, Facebook and Twitter. Specifically, we addressed three main

research questions: 1) Do social context ads attract more attention than native ads without friend referrals? 2) What is the relationship between privacy concerns and attention paid to native advertising on SNS? 3) How do SNS privacy concerns (high vs. low) and type of native advertising (with friend referrals vs. without friend referrals) interact with each other in terms of the attention given to native ads?

The findings from this study will help advertisers better understand the features of native advertisements that attract consumer attention on social media sites. We also expected to expand understanding of the role of privacy concerns in processing native ads that include and exclude social context.

## 2. Literature review

### 2.1. Native and display advertising

Facebook makes most of its revenue through advertising (97%), while less revenue (3%) is earned through payments, talent solutions and other fees (Crawford, 2017). Facebook allows advertisers to target users based on information found through users’ profiles and other activities on the site. Advertisers can target users based on features such as location, age, gender, relationship status, education, interests, and connections, among other options (Heyman & Pierson, 2013). Facebook also collects users’ interests based on objects the user has liked.

One new technique advertisers are using to reach consumers is native advertising. The Internet Advertising Bureau (IAB) defines native advertising as “paid ads that are so cohesive with the page content, assimilated into the design, and consistent with the platform behavior that the viewer simply feels that they belong” (IAB, 2013). Native advertising revenue is trending upward and is expected to reach \$27 billion in the United States by 2018 (Rapid TV News, n.d.). Of the six core types of native advertisements outlined by IAB, this study addresses in-feed units, which are native advertisements situated within the news feed on sites such as Facebook or Twitter.

Native advertisements work well within the SNS structure for three core reasons: 1) SNSs can deliver large scale audiences, 2) the news feed provides a natural place in which to integrate native advertising content and 3) the way news feeds are consumed on mobile phones, with the use of infinite scrolling, allows for larger native advertisements that cover more area on the screen than typical display advertisements (Fulgoni & Lipsman, 2014).

Effective native ads are narrowly targeted, engaging ads that fit within the overall page design to feel like natural content and function like other elements on the page (IAB, 2015). Native ads frequently link to “social content, articles, videos, stories, images and music” (IAB, 2015, p. 6). While disclosure of paid advertising is up to the discretion of the publisher, the IAB recommends large and visible language to disclose that the content is advertising. Recently, the Federal Trade Commission (FTC) released new guidelines for native advertising, which require advertisers to use plain English and to label native advertising.

Social context ads connect ads to the actions of friends who are already connected to the promoted brand or object. Social context ads target users who do not follow a brand or its page, but have friends who do follow that page. The advertising is shown in conjunction with the friend’s name to make the brand look socially endorsed by the friend (Heyman & Pierson, 2013). On its website, Facebook states that ads will always show social information with an ad when there is social information to show (2015). Also, advertisers can choose to target the friends of people who like their brand page. Facebook states that advertisements with the additional social context of a friend’s name are more effective and enjoy

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Fig. 1. Social advertising.

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