



Maintaining Credibility While Pursuing New Revenue: The Impact of Contextual Advertising

An APME Online Journalism Credibility Project

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With the economy in free fall, ad sales plummeting and the threat of even deeper cuts looming, advertising departments throughout the news industry have been pushing the envelope in the last few months, asking newsrooms to accept new forms of commercial messages presented in new places and in new ways. Starved for cash and wary of even more layoffs, newsroom leaders have been ready to listen, particularly online, where traditional barriers between editorial and advertising are less ingrained and experimentation is easier.

The push has been particularly strong as demand has grown for contextual advertising -- ads that are relevant to the rest of the content on the page.

That demand is expected to get stronger. Online classifieds continue to be battered by free sites such as Craigslist. Traditional online banner ads are falling out of favor with cash-strapped advertisers who demand measurable results. And behavioral advertising, which allows sophisticated targeting based on a reader's behavior, is coming under increasing criticism from privacy experts.

With those factors as the backdrop, The Seattle Times Co. volunteered this summer to join APME's Online Credibility Project to learn more about what effect contextual advertising -- in varying forms -- either was having or might have on our Web site. Could it damage the credibility of the news? Could it harm the credibility of the advertiser? Did readers even notice it? And if they did, what did they think of it?

Our goal was to gather both quantitative and qualitative data that would help us make better choices about the use of contextual advertising, and to share that data with other newsrooms to help inform their discussions in this fast-paced and increasingly high-pressure realm.

Thanks to the collaboration among the newsroom, online design's advertising and usability experts and the Times' corporate strategic research team, we learned lessons that already are shaping the way we make decisions. Just as important, we also developed a common language and understanding that will improve the quality of discussions about contextual advertising on our Web site for years to come.

While the results of our study cannot be projected to the Internet population as a whole, we believe that some of the insights gained from both the quantitative and qualitative responses can and should influence discussions in other newsrooms as they work to define the role of contextual advertising on their Web sites.

Here are the top headlines from our research.

(A discussion of the methodology, some caveats to be aware of and links to the full research reports appear below.)

1. While more than a third (36 percent) of the respondents to our survey said that found “some” or “a lot” of online advertising to be of value, that percentage nearly doubled (69 percent) when the online ads were relevant to the story or the content of the page. In short, there’s a reason advertisers like contextual ads: Readers find them more valuable.

“I think having relevant/content related ads on the page ... is a great marketing medium,” said one survey respondent. “If I am in the mood to look at the travel page, I am also likely to want to visit one of the ad sponsors.”

The trick for news organizations is drawing the right lines to serve both the advertisers and online readers well while safeguarding our brand as a trusted news source.

2. Reader appreciation and tolerance of contextual advertising depends on the type of content it appears with. Contextual advertising on “soft news” pages, such as sports, entertainment, travel and living, is viewed less skeptically than contextual advertising on hard news pages – observations borne out in both the quantitative and qualitative tests.

Four of the five pages in which more than 20 percent of respondents reported a decrease in credibility due to the presence of a contextual ad were pages that contained hard-news stories about politics or health. Conversely, four of the five pages in which at least 15 percent of respondents reported that contextual ads increased the credibility of the page were “softer” news pages: entertainment and travel.

One of the participants in our two, follow-up focus groups put it this way: “I have my own internal line between real news and sports, living and travel,” he said. “When you click on a news story and suddenly there are ads on the same topic... I look at it with a small grain of salt.”

A survey respondent drew the distinction even more starkly: “When ‘serious’ news articles are accompanied by advertising by those mentioned in the article, it makes me think the article itself was paid for and reduces the credibility of the news source for me. However, when the article is about an activity, whether it’s working out or traveling, I find it helpful to have links for more info on the same page.”

3. The type of page the ads appear on also matters.

In both the quantitative and qualitative studies, readers reacted differently to story pages than they did to index pages that contained many headlines. The two pages that scored the highest loss of credibility due to the presence of contextual ads in the online survey of readers were both story pages. One page contained an investigative story of government policies that contributed to devastating landslides with a banner ad for a state lands commissioner candidate. The second page contained a story on a new partnership between Bastyr University and Group Health Cooperative in Seattle, alongside a banner ad touting Bastyr’s Center for Natural Health.

In the survey, 32 percent of respondents said those ads decreased the credibility of the story pages.

Survey respondents answering an open-ended request for final comments weren't shy about telling us their reactions.

"An advertisement about the very subject matter of a news article, placed right next to it, is a bit troubling," wrote one person. "Can I be satisfied that there is a clear separation between the news department and the business department? Which came first, the story or the ads?"

As the quantitative percentages reflect, people were troubled by both the political story page and the health story page placements.

"Political ads in articles about political issues reduce the credibility of the article," one survey respondent wrote.

On the Bastyr story page, a focus group participant said, "It certainly makes me read (the story) a little more skeptically."

Overall, a quarter of survey respondents were more likely to say that contextual ads decreased content credibility when the ads were on story pages, compared to only 13 percent of respondents who said that the presence of contextual ads decreased the credibility of an index page, which lists many headlines but does not include the text of stories.

The survey results clearly showed that readers were more interested and engaged with the story pages, which suggests that their increased level of engagement with the content may have made them more sensitive to the overall relationships between the story and the ads.

4. Contextual ads touting local events or offering practical help in completing a task appeared to be valued most by readers.

In the quantitative survey, four of the five ads that had the highest favorable impact on the credibility of the page offered links or boxes for readers to learn or do more: a link to buy tickets for performances by a local dance group, a link for those interested in traveling to the tourist town of Leavenworth, Wash., a link to buy tickets to the Bumbershoot festival in Seattle and a module sponsored by Cheapflights that allowed people to book a trip online from seattletimes.com's Travel homepage.

Women members of our follow-up focus group said they particularly appreciated those ads and at least three said part of the reason was the fact that they helped inform them about local events. The men in the focus group also said that contextual ads that were local had particular value. And at least one cited the "Seattle-ness" of a contextual link in the site's navigation as the reason he wasn't bothered by the unusual placement of the link.

5. Labeling, particularly the wording used in labels, can affect credibility and can also eliminate confusion about whether content is editorial or advertising.

In an exercise conducted by both our focus groups, participants asked to identify advertising on Web pages had difficulty discerning what kind of content they were looking at. In the women's focus group, for example, participants said they believed that some editorial elements were advertising because "they were yellow and high on the page," because of "spacing," because of "position" on the page and because an element contained a photo or graphic.

When asked at the conclusion of the focus group whether it was important to have advertising content labeled, the women generally said yes. Among their responses:

"I like the transparency. It would help me pay attention to content."

"I just like to know."

“I wouldn’t click on it (an ad) if I can’t tell.”

“I like to know exactly where I’m going to.”

The type of label used also appeared to matter to the focus group members.

“Featured partners (a label for text ads) is trying to look like content, but it’s an ad,” said one focus group member. Added another: “I didn’t like the featured sponsors (label) because I didn’t know what it meant.”

Survey respondents expressed similar views in response to the open-ended question for additional comment on the test:

“Ads that blend into the copy or are too similar to the headlines lessens the story’s and newspaper’s credibility,” said one respondent.

Another was happy with our Web site’s approach. “Seattle Times does a good job at specifying what is advertising and I appreciate that.”

6. Too many contextual ads, particularly on a story page, can make some readers suspicious.

A test page that featured a story about Bastyr University’s new partnership with Group Health Cooperative, plus a banner ad for the Bastyr Center for Natural Health and a “Featured Sponsors” box that included a link to “Earn your 2-year medical degree at Bastyr Center for Natural Health” was too much for some focus group members.

“They just seemed too related,” said one woman. “The small ad for Bastyr, the big ad for Bastyr and the article... It was too much.”

Added another woman, “I thought it was pay for play.”

An open-ended response from a survey participant made this point: “Relevant, related ads are great. But if the tie-in is too direct it makes it look like the article itself is sponsored and decreases the credibility of the entire site.”

7. Context can also affect the credibility of the advertising.

The quantitative surveys tested 17 different examples of contextual advertisements. Overall, 13 percent of those surveyed said that the content surrounding the ads increased their credibility, while another 13 percent said the credibility was decreased.

The subject matter of the surrounding content appeared to make a difference. More than twice as many respondents to our survey said the surrounding content on the political story page decreased advertisement credibility (26% average) compared to the surrounding content on the Entertainment index page (6%), the Travel index page (12%), or the Health story page (18%).

8. Readers generally found contextual ads more relevant, particularly local ads.

In the majority of scenarios tested (70%), respondents said that the content surrounding the contextual ads neither increased nor decreased the relevance of those ads. When we look at those respondents who did say that content impacted ad relevance, more of them said the content increased relevance of the ads than said it had it decreased ad relevance (19% compared to 11%). We did not see any significant difference in ad relevance ratings within different topical areas.

The relevance of the local contextual ads we tested was more influenced by the surrounding content than the national contextual ads. Twenty-three percent of survey participants said the surrounding content increased the relevance of these advertisements, compared to 14% for the national advertisements we tested. This finding isn’t surprising since The Seattle Times is a local media company and a large portion of our content is local. Local contextual advertisements will

often be relevant to our audience because of the ad content itself, in addition to the surrounding editorial content providing contextual relevance.

9. Not all contextual advertising types performed equally.

We tested a variety of contextual ad formats, including display ads, text banners, text links, contextual modules, text/graphic ads, and navigational link ads. The ad format that performed best in terms of net gain to credibility was the contextual module. The three examples of contextual modules we tested were highly relevant to their contexts (Entertainment and Travel pages), were styled to blend in with the surrounding content, and offered utilities such as travel planning or event ticket purchasing. (Note: the contextual ad format also had the highest favorable impact on the credibility of the *page*, representing a win-win situation for advertisers and content creators.)

Display ads were the most likely to be noticed and also received top ratings for increased ad credibility compared to other ad formats, but the positive effect of the display ads on ad credibility was countered by an even larger negative effect on ad credibility. They have potential for good when used for contextual advertising, but also potential for harm.

We compared survey results for ads formats that contained graphics with those that contained only text and saw slight advantages for the graphic ads in terms of positive ratings for ad credibility and ad relevance. The ads with graphics were also more likely to be noticed by our respondents, so that may have been a factor in their level of impact.

Finally, we looked at the page position of the advertisements we tested. Ads that appeared in the right-column of the page were significantly more likely to be noticed by participants (68% average) compared ads in the main content area (41%.)

Although we would caution other newsrooms about drawing lines too directly from our results, we think our survey surfaced two key lessons:

- Online news sites can experiment with contextual advertising on their “softer” content pages with little, if any, effect on their site’s credibility. But to minimize any impact on credibility and maximize the advertising’s effectiveness, news sites should make sure the contextual ads are local, useful to their readers and, on story pages in particular, limited in number.
- News sites can put their credibility at risk if they use contextual advertising on hard news stories, particularly political and investigative stories.

Because this overview is aimed at a journalism audience, we have emphasized the survey results looking at the impact on credibility of contextual advertising. But as the final three highlighted results indicate, the survey was much broader. The detailed results and analysis can be found by clicking on the attachments below.

Methodology:

For the quantitative analysis, we conducted two separate surveys, one in the field July 16-July 30 and the second in the field July 23-August 6 and combined the results for the quantitative analysis. The first survey consisted of responses from 524 people who responded to an intercept invitation on seattletimes.com and another 192 people in our proprietary online panel, which is operated by Ipsos. The second survey included 341 responses from seattletimes.com intercept

invitations and 182 responses from the proprietary panel. Participants were eligible to receive five \$100 American Express cards, which were awarded in a random drawing. (Please note that the seattletimes.com intercept group was self-selecting and, by its nature, is composed of seattletimes.com readers.)

The surveys were followed up by two focus groups held Aug. 11, 2009 at The Seattle Times Co. offices. The participants were recruited from respondents to the online intercept study on seattletimes.com. Group one consisted of women 25-64; group two consisted of men 25-64. Each session lasted about 90 minutes. Observers were in the room with the focus groups and were allowed to ask them questions at the conclusion of the session. Focus group members were paid \$50 each for their time and opinions.

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Sarah O'Brien and Nadine Selden of the Seattle Times strategic research team put together the detailed breakdown of 1,239 responses to the quantitative surveys and O'Brien set out the key findings from both the quantitative and qualitative research in attachment one, below. Nicole Elger Maclean, human factors manager for the Times' New Media division, took a deep dive into the survey numbers, offering up revealing rankings and comparisons by advertising type. The results of her analysis are reflected in headlines 6 through 9 above and in attachment two, below.

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