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Going Native: Hedonic Consumption Of Digital Advertising

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Past research has identified that a significant proportion of digital advertising is viewed by consumers as annoying or too intrusive. We see this being manifested through the use of ad-blockers ('browser add-ons' designed to filter advertisements), which are having a significant impact on the revenues of websites whose revenue models are predominantly driven through the use of advertising. In order to address this issue some websites have begun adopting a native advertising approach. Native advertising is where the advertising matches the form and function of the platform on which it appears. For example Google uses sponsored links, which although paid for are legitimate and appropriate responses to a search query and Facebook uses sponsored corporate pages, which can be liked, shared and appear on users news feeds like any other page.

At present there is a paucity of literature on native advertising, and for this reason alone it is worth investigating further. In addition, this paper proposes that one possible reason for the effectiveness of native advertising is that more traditional forms of digital advertising disrupt the consumption of the digital service; bringing the consumer out of the experience, delaying gratification and leading to a reduction in the overall hedonic value. Thus this paper goes on to argue that advertising which is not perceived as such, not only forms part of the consumption context but simultaneously facilitates the creation of an exchange context.

In the literature, consumption and exchange contexts are often viewed as distinct. Hence the theoretical and managerial implications of this on the design of digital business models from a service systems perspectives are discussed.