Labeling Advertisements in Internet Search

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Agenda

• Applicable regulation
• Historic practice
• Experimental setup & results
• Assessing Google’s recent changes
Eastern Sprints

Springs continued from page 2

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PAID ADVERTISEMENT
Some Reasons Why Otto S. Langum Should be Elected Mayor of Minneapolis.

Otto S. Langum was selected by voters of all parties and in all walks of life, as the man best qualified to administer the affairs of the city government.

Desiring a truly representative city government, the Citizens' Mayoralty Committee was organized for the purpose of securing the election of Otto S. Langum.

This committee is non-partisan. Its membership includes working men, business men and professional men, and all are giving support to Otto S. Langum.

WHY?

Because Otto S. Langum's official record has won the approval of the people.

Because he is just, honest and fearless in the performance of his duties.

Because he will administer the affairs of the city in a manner that will make for a better and greater Minneapolis.

Because he is not ruled by a political machine.

Because he has the confidence of the people.

Because he will take to that office every qualification necessary to the proper administration of its affairs.

Because he has been tried and not found wanting.

Because he will be for ALL the people, and

Because Labor Will Get a Square Deal.

These are some of the reasons why Otto S. Langum should be the next Mayor of Minneapolis. There are other reasons, but these are enough to show that you will not be making a mistake by voting for

OTTO S. LANGUM for Mayor of Minneapolis.
“Respondent [shall] cease and desist from creating, producing, selling, or disseminating …

A. Any advertisement that misrepresents, directly or by implication, that it is not a paid advertisement.

B. Any video 15 minutes or longer … that does not display, in a clear and prominent manner and for a length of time sufficient for an ordinary consumer to read, within the first thirty (30) seconds of the commercial or other advertisement and immediately before each presentation of ordering instructions, the following disclosure:

"THE PROGRAM YOU ARE WATCHING IS A PAID ADVERTISEMENT FOR [THE PRODUCT OR SERVICE]."

Search advertising labels (ca. 2002)

“Recommended Sites”
“Featured Listings”
“Premier Listings”
“Search Partners”
“Provided by the ___ Network”

“Start Here”
“Products and Services”
“Partner Search Results”
“Spotlight”

recommendation: “any paid ranking search results [should be] distinguished from non-paid results with clear and conspicuous disclosures”

Heather Hippsley, FTC – Letter to Gary Ruskin – June 27, 2002
User understanding (c.a. 2003-2005)

- Only 47% of users said they could always tell which results are paid. (Pew)
- “Very few participants noticed the label on “sponsored” listings, and only when the label was easy to see.” (Consumer Web Watch)
- Users were surprised to learn that some listings are ads. “Upon enlightenment, his face contorted a bit. He expressed immediate dismay, stating, “Well, that explains it. No wonder I run into so much [expletive].” (CWW)
Recent ad labeling practices:
“Sponsored Links” and similar

• Sponsored by who?
  – Search engine
  – Company the user was searching for
  – Company listed in the advertisement
  – Someone else

passive voice
Recent ad labeling practices:
Advertisement locations

• “Advertisements are on the side, but anything on the left is the best result Google can find.”
Recent ad labeling practices:
Label size

1: Height of “S” in “Sponsored”
   - Google: 8 pixels
   - Yahoo: 7 pixels
   - Bing: 9 pixels

2: Height of a capital letter in ad title
   - Google: 12 pixels
   - Yahoo: 12 pixels
   - Bing: 12 pixels

3: Height of a capital letter in search engine’s logo
   - Google: 45 pixels
   - Yahoo: 31 pixels
   - Bing: 28 pixels

Ratio of 1 to 2
   - Google: 67%
   - Yahoo: 58%
   - Bing: 75%

Ratio of 1 to 3
   - Google: 17%
   - Yahoo: 23%
   - Bing: 32%

92x7=644 pixels
20x8=160 pixels
Experiment

- “Sponsored Links” and “Ads” vs. “Paid Advertisements”
- Online panel of participants

Find three websites that sell twin-size AeroBed® inflatable mattresses and a contact email address for each website.
Findings

- Major effect: Treated users click 23% to 26% fewer advertisements.
- Treated users correctly report that they clicked fewer ads.
Demographic differences

Differences are most stark for users with low income, less education, and less online experience.

<table>
<thead>
<tr>
<th></th>
<th>“Sponsored Links”</th>
<th>“Ads”</th>
<th>“Paid Advertisements”</th>
</tr>
</thead>
<tbody>
<tr>
<td>No college degree</td>
<td>2.65</td>
<td>2.12</td>
<td>1.83</td>
</tr>
<tr>
<td>College graduate</td>
<td>1.95</td>
<td>1.82</td>
<td>2.00</td>
</tr>
<tr>
<td>No online shopping experience</td>
<td>3.20</td>
<td>3.25</td>
<td>1.62</td>
</tr>
<tr>
<td>Online shopping experience</td>
<td>2.08</td>
<td>1.82</td>
<td>1.96</td>
</tr>
</tbody>
</table>

advertisements clicked
## “Ads”: A step forward?

<table>
<thead>
<tr>
<th>Advertisements Clicked</th>
<th>Effect of “Sponsored links” label relative to “Paid advertisements” label</th>
</tr>
</thead>
<tbody>
<tr>
<td>-0.526**</td>
<td>-0.513*</td>
</tr>
<tr>
<td>(0.249)</td>
<td>(0.267)</td>
</tr>
</tbody>
</table>

### Additional controls for
- Age: yes
- Education: yes
- Income: yes
- Weekly hours online: yes
- Online shopping experience: yes
- Gender: yes

Only 2% of users changed their opinion about the "Sponsored links" vs "Paid advertisements" labels.
References

• Benjamin Edelman and Duncan S. Gilchrist. “‘Sponsored Links’ or ‘Advertisements’?: Measuring Labeling Alternatives in Internet Search Engines.” Mimeo.

• Benjamin Edelman. “A Closer Look at Google’s Advertisement Labels.”

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