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To disguise or disclose? The effects of sponsorship disclosure on the recognition and evaluation of sponsored content on Instagram

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### To disguise or disclose?

# The effects of sponsorship disclosure on the recognition and evaluation of sponsored content on Instagram

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This thesis is a part of the MSc programme at BI Norwegian Business School. The school takes no responsibility for the methods used, results found and conclusions drawn.

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Malin Christine Gregersen & Helena Elise Dokken

#### Summary

This study investigates the implications of disclosures in sponsored posts on Instagram. The background for this study is the development of Instagram as an advertising platform with an enormous reach and influence. In sponsored posts on Instagram, the presence of a disclosure is often the only piece of information that delineates the communication presented as advertisement. Therefore, the effectiveness of a disclosure plays an important role in regards to how the consumer understand and recognize the content as commercial. The purpose of this study is to (1) discover if and how disclosures affect advertising recognition and (2) how level of reported advertising recognition affect source credibility, sponsor sincerity, brand attitude, purchase intention and brand recall. To answer the following questions, an extensive literature review was conducted on relevant academic topics within native advertising and the role of disclosure on advertising recognition and evaluations of sponsored posts on Instagram. The study finds that transparency is so of importance and highlighted in today's society, that all disclosures including non, provides a strong advertising recognition. The result is a reflection of its importance to research the area. Implications and future research of sponsorship and influencer marketing is presented. The authors hope the reader finds the paper enjoyable and entertaining to read.

#### **1.0 Introduction**

Scrolling through Instagram an Influencer named Alice catches Bianca's attention. Seeking inspiration, motivation and entertainment, Bianca becomes infatuated by Alice's seemingly perfect life. Soon she starts mimicking her moves. Alice posts a picture of her breakfast at her favorite coffee shop, Bianca stops by for lunch the same day. Alice post a before and after picture of her wearing a new spray tan she states "absolutely changed the way she feels about herself". Minutes later, Bianca puts in an order for the same spray tan.

Although the events depicted may feel a bit over-exaggerated for some, they are in fact, closer to reality than one might think. For ages brands and advertisers have been seeking to shape consumers' attitudes and behaviour, without making consumers aware of it. Therefore, promoting products through influencers can be categorized as a form of subconscious marketing. In 2018 the biggest platform for influencer marketing is Instagram. Today, 70.7% of businesses are on the platform, and these businesses are expected to spend \$1.6 billion on influencer marketing this year. Research predicts that there will be posted 21.7 million sponsored posts within the end 2018 (Influencermarketinghub, 2018). These numbers indicate that all of us are under influence – or at least the 700 million of us that own and actively use our Instagram account.

The increase in popularity shows how sponsored posts on Instagram are, and will be, difficult to avoid. These posts are often presented as "tributes", instead of advertisement. Given the success of the operation, the viewers lack of awareness, may be explanatory for the increase in popularity of influencer marketing. The effectiveness might derive from the fact that viewers are overlooking that the content is paid for and sponsored. Users most likely avoid or ignore advertising, but as native advertising resembles organic content, it attracts the attention of the reader, hence it can also generate more income (Wojdynski & Evans, 2016). Nevertheless, when brands use influencers for sponsored native ads in social media, they must disclose the advertisements as such. The guidance given by the Norwegian Consumer Council (henceforth NCC) accounts for all who gets sponsored in either monetary or non- monetary means, when reviewing and posting about a product, service or other business on social medias. A study conducted by The NCC showed that four out of five commercial posts published

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by Norway's most popular influencers either lacked disclosure or were disclosed inadequately. Several incidents in the blog sphere in Norway have led the NCC to enact stricter guidelines for the disclosure of paid posts in social media, especially on Instagram (Vixen, 2017). Violation of the regulations results in economic consequences and fines. Following factors of the disclosure type must be present: prominent placement, in addition to clear font and size. Affiliate links should be disclosed separately. In addition, the name of the brand and the sponsor should be clearly stated (Forbrukertilsynet, 2017).

Previous research that have investigated the role of disclosure find that frequency, size, language and position affects it effectiveness. Further, while studies mainly focused on disclosure characteristics such as duration, timing, position and language on platforms like blogs, Facebook, television programs and newspapers, only a handful of papers have investigated the role of disclosure on Instagram. Previous research indicate that disclosures using clear language have a positive impact on advertising recognition, which in turn negatively impact attitudes and behavioral intention (Wojdynski & Evans, 2016). The contribution of the current research is to confirm previous findings, extend the research to encompass several other disclosures and further investigate their respective effectiveness. To the best of our knowledge previous research have investigated disclosures in form of a hashtag on Instagram, but the NCC (2017) accept several other ways to disclose a sponsored post. Therefore, this study decide to expand the research to encompass the most common and legal ways to disclose a post. The purpose of our study is to (1) discover if and how disclosures affect advertising recognition and (2) how level of reported advertising recognition affect source credibility, sponsor sincerity, brand attitude, purchase intention and brand recall. Building on similar research, a study will be conducted to gain a greater understanding of sponsorship disclosure on the recognition and evaluation of sponsored content on Instagram. We outlined the following research question:

How do disclosures in sponsored post on Instagram affect source credibility, sponsor sincerity, brand attitude, purchase intention and brand recall? To what extent are these antecedents affected by level of reported advertising recognition?

The study finds exposure to an advertising disclosure does not lead to higher advertising recognition compared to non-disclosure. Furthermore, the most striking finding is that almost all participants recognized the post as advertising, irrespective of disclosure condition or non. The results suggest that consumers' perception of sponsored posts on Instagram is highly saturated. Consumers perceive brand-related posts as advertisement, regardless of disclosure type. Implications are presented, where the results of this survey implicate that Norwegian consumers are enlightened on the subject.

#### 2.0 Literature Review

#### 2.1 Native ads and the role of Instagram

"There is no need for advertisements to look like advertisements. If you make them look like editorial pages, you will attract about 50 percent more readers. You might think that the public would resent this trick, but there is no evidence to suggest that they do." - David Ogilvy

In recent years, native advertising has gained attention as a way for advertisers to differentiate and elevate their revenues (Benton, 2014). Native ads can be defined as sponsored content or paid advertising, which takes the form and appearance of editorial content (Wojdynski & Evans, 2016). Furthermore, native advertising accounts for a majority of advertising spending. Statista (2018) forecasts in a worldwide study that native ads and sponsorship will increase from 11.49 to 22.56 in spending in billion U.S dollars. Likewise, spending in Europe will increase from 8.48 to 16.64 billion U.S dollars. It is estimated that native ads will be responsible for 74% of all advertising revenue by 2021 (Forbes, 2018). According to Forskning.no, Norwegian companies annually use 3.5 billion on sponsorship in general. Nevertheless, with its continuously increasing popularity, some question the media's objectivity and the potential of misleading customers. Native advertising and sponsorship used to cut through the noise of traditional advertising, but when the number of sponsors increase, how can a specific sponsor perform most efficiently, considering disclosure regulations from the NCC? (Cornwell and Relyea, 2000).

As social media platforms expand and evolve, the advertising industry has had to change and adapt to be present where the consumers are spending their time. More specifically, due to the digital environment of mobiles, tablets, social media and electronic word of mouth (eWOM), the landscape of distributing

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marketing activities and services are changing (Verhoef, Kannan & Inman, 2015). eWOM refers to "any negative or positive statement made by potential, actual or former consumers about a product or service" (Filieri et al. 2014). Consumers increasingly rely on advice from others to increase their confidence in making the right choice (Lee & Youn, 2009). Studies have shown that eWOM is effective because consumers have greater trust for other consumers rather than corporations, as for instance influencers (Floyd, Freling, Alhoqali, Cho & Freling, 2014). Before entering a store, 62% of Millennial shoppers already know what they want to buy through prior online research, and 84% of them say consumerwritten content influences what they buy. In addition, mobile shoppers who view reviews and sponsored posts show 133% higher conversion rate (Babić, Sotgiu, De Valck, and Bijmolt, 2016). Studies have shown that the impression of the WOM verbalization of a post online is proven to have an effect on the attitude towards purchase intention (Park & Kim, 2008).

A recent trend is that brands take their native ads and sponsorships to influencers on Instagram. Instagram, a social web where users share photos, has over 700 million monthly active users. Today, the platform is the fastest growing media application (Abidin, 2014). According to Ipsos SoMe-tracker (2017), 2.2 million Norwegians have an Instagram account. Individuals spend more time on Instagram than on any other similar sites, illustrating its importance to research this media type (Sheldon & Bryant, 2016). On Instagram one can create content in the form of an image, with a following caption. Specifically, these posts can be sponsored and brand-related information spread to others in the social network to spark eWOM. Typically, eWOM consist of unpaid, organic communication by consumers who act as brand advocates (Evans et al., 2017). However, brands may often utilize paid eWOM to strengthen brand messages through opinion leaders, for instance through an influencer with a large follower-base (Evans et al., 2017). Consumers perceive individuals with a large number of followers as more attractive and trustworthy. This is in line with source credibility theory and also relates to eWOM (Jin & Phua, 2014).

It is important for brands when sponsoring on Instagram that their target audience align with the influencer's followerbase. The influencer in turn broadcast their brand-related posts to their many followers. This leads to a mutually beneficial relationship between sponsors and sponsee (Evans et al., 2017). Marketers who have used influencer marketing and sponsored posts judge

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it to be effective. It gives better retention and reach of right segment, considering that consumers trust peers and influencers more than traditional advertising from the brand itself (Evans et al., 2017). For marketers competing for consumers who use advertising blockers and streaming services instead of TV, social media has become a way to reach a great audience. According to Mediamix, influencer marketing services is projected revenue is expected to reach \$15-\$20 billion by 2020. Hence, it is important for managers to understand why and how sponsored posts on Instagram is a successful marketing communication form.

#### 2.2 Persuasion knowledge

According to the persuasion knowledge model advertising recognition activates persuasion knowledge and triggers the use of various coping mechanisms. This can subsequently affect attitudinal and behavioral outcomes. Persuasion knowledge can be defined as the knowledge consumers have that "helps them identify how, when and why marketers try to influence them. It also helps them respond to these persuasion attempts, in order to achieve their own goals" (Friestad & Wright 1994). This knowledge develops over lifetime and can explain how consumers respond to information that is perceived as persuasive, which will affect their attitude towards advertising efforts. When a message is perceived as persuasive, the message will change meaning. The perceiver can pay attention to the reason why the persuasive tactics are implemented, which can lead to the assumption of the information being without substance. This will affect the perceiver's attitude towards the brand in a negative way (Friestad & Wright, 1994). Persuasion is expected to be activated when a post is a product review and even more when a disclosure has been made (Tessitore & Geuens, 2013: Van Reijmersdal, 2015). Only if disclosures are recognized and processed by readers, they are likely to activate conceptual persuasion knowledge that elicit defensive coping mechanisms (Wojdynski and Evans, 2015). Type of disclosure can either increase or decrease the probability of readers identifying the message as actual advertising, and the ulterior motive behind it (Boerman, Van Reijmersdal & Neijens, 2015). If a high level of advertising recognition is present and readers perceive the information as useful, they might still respond positively to it, even when recognizing it as advertising (Becker-Olsen, 2003). Ergo, possible negative effects can be suppressed if the post is helpful for the reader.

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#### 2.3 The effects of disclosure type on advertising recognition

In native advertising the presence of a disclosure is often the only piece of information that delineates the communication presented as advertisement. The effectiveness of a disclosure plays an important role in regards to how the consumer understand and recognize the content as commercial. Two sequential processes have to occur for a disclosure to be effective at conveying information. First, a consumer must notice the disclosure and secondly, understand the message it conveys (Evans et al., 2017). These labels or cues, which are referred to as disclosures, are designed to clearly identify the persuasion attempt of an advertisement and protect consumers from being deceived or misled (Hoy and Andrews, 2004). A recent negative trend in Internet advertising, is *banner blindness*, in which consumers cognitively and behaviorally avoid advertising messages (Cho, 2004). Explanatory factors are perceived ad clutter, prior negative experience and that the ad serves as a hindrance for the consumers original goal.

**RQ1:** Does disclosures in sponsored posts on Instagram change the recognition of advertising?

Prior research that have investigated the impact of disclosures indicates a significant negative effect between advertising disclosure on brand related attitudes, brand memory and recall, purchase intention, credibility perceptions and online sharing intention (Wojdynski and Evans, 2016). In addition, prior studies mainly focused on disclosure characteristics such as duration, timing, position and language on platforms like blogs, Facebook, television programs and newspapers. Limited research has been conducted on Instagram, whereas disclosures only have been investigated in the form of a hashtag: #SP, #Sponsored and #PaidAd (Evans et al., 2017). Results show a significant difference between the presence of a disclosure and non-disclosure. However, no previous research has investigated the aforementioned together with the guidelines recommended by the NCC and the newly launched default setting. Nor, has this sort of research been done in the Norwegian consumer market. Considering that scarce research has been conducted on disclosures on sponsored post on Instagram, the authors decide to investigate five legal and common ways to disclose sponsored posts, attempting to address language and placement characteristics. The five conditions are (1) disclosure through the word Advertising, (2) disclosure through the word

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Sponsored, (3) disclosure through a Sub-header, (4) disclosure through a Brand ambassador statement (5) disclosure through a Hashtag. A control condition without a disclosure will also be included in the study.

## 2.3.1 The effects of disclosure through the word Advertising and Sponsored on advertising recognition

The first and second condition (1) disclosure through the word Advertising and (2) disclosure through the word Sponsored, allows the influencer to write the disclosure in text, as opposed to through a Sub-header or a Hashtag. The text is usually positioned right under the picture, ergo bottom-positioned. In the experiment the following condition will be manipulated so that the disclosure is worded Advertising or Sponsored, and listed before the picture's caption. Research by Richards & Curran (2002), define advertising as a paid nonpersonal communication from an identified sponsor, using mass media to persuade or influence an audience. The word Sponsored on the other hand, originates from the word sponsorship which is defined by a sponsor (i.e. a brand or firm) providing cash and/or other compensation in exchange for access to an object's commercial potential (Olsen, 2008). The NCC (2018) stats that using the word advertising as a disclosure is the easiest way for a consumer to detect the content in a post as commercial, and therefore also the recommended way to disclose a post. Further, does NCC (2018), delineate that the word Sponsored only can be used as a disclosure when (1) the sponsor did not have any influence over the content in the post that the influencer is posting, and (2) that the posts do not have any promotional allusion/indirect reference of the product, e.g., «buy now» or «you will find the product in this and that location» etc.

Previous research have investigated how consumers vary in their perceptions of the word advertising and sponsored. Results shows that consumers are more favorably disposed to a sponsorship disclosure compared to an advertising disclosure (Meenaghan, 2001). A common theme in the discussions was that Advertising was seen as "blatant," "coercive," and "forceful", as opposed to Sponsored which was seen as less forceful and also seemed to arouse less anxiety among respondents. Research indicates that disclosure language featuring Paid Advertising positively influenced advertising recognition, which subsequently influence attitude towards the brand and sharing intention online (Evans et al., 2017). Previous research also suggest that compared to Sponsored, the Paid Advertising disclosure increased advertising recognition (Evans et al., 2017). However, the research does not measure how the word Sponsored compares to Advertising in terms of its relative effectiveness. Hence, will the following research try to fill this gap

#### 2.3.2 The effects of disclosure through a sub-header on advertising recognition

The third condition, disclosure through a Sub-header, allows the influencer to "tag" the business they are sponsored by in a heading exceeding the picture, with a text that states "Paid partnership with (...)". No prior research has been done on this type of disclosure, as Instagram presented this default setting during the second half of 2017. Nevertheless, Wojdynski and Evans (2016) research on disclosure positioning in news stories suggest that the traditionally recommended top-of-the-page position can be less effective than disclosures in the middle of the article or further down the page. While previous studies on online reading behaviour have confirmed that information near the top left corner of a page is more likely to be seen (i.e., Nielsen, 2006; Shrestha and Lenz, 2007), newer research discover that the most common effect of top- disclosure position is relative ineffective in generating advertising recognition (Wojdynski and Evans, 2016). Although some of the studies by Wojdynski and Evans (2016) fell short of statistical significance, the pattern of recognition results in all studies suggests a likelihood that the bottom disclosures also may be superior to top disclosures. Hence, our findings will be of interest for current literature and managerial implications, to detect further support for Wojdynski and Evans'study (2016).

The default setting can be somewhat misleading due to positioning, as it is positioned at the same place as the original geotag, that usually allows users to tag the location they are at. The default setting and the geotag is positioned at the same place, and have the same appearance in terms of font and size. This may lead users to either overlook the disclosure, or misread the disclosure as a geotag. In addition, research also indicate that disclosure language that uses unclear or ambiguous terminology as "Presented by", "Brand Voice", or in our condition "Paid partnership with", leads to a lower likelihood of advertising recognition than words like Advertisement or Sponsored (Evans et al., 2017).

# 2.3.3 The effects of disclosure through a Brand ambassador statement on advertising recognition

The fourth condition, disclosure through a Brand ambassador statement, allows the influencer to disclose themselves as a brand ambassador in the post's caption. This will be positioned right under the picture, which means that the disclosure is bottom-positioned. The text will state that «I am proud to be an ambassador for Devold of Norway! Currently in my cabin, with this beautiful sweater from their fall collection. There is no such thing as bad weather!» A brand ambassador is identified as an influencer who is paid to associate their image with a brand name, which can encompass an extensive line of products (Goutam, 2013). This association connects a certain percentage of the influencer's followers with endorsements that help market products. Research show that there are several collaborations between a brand and an influencer, where a brand ambassador has effectively been used to establish a good brand recall and brand awareness (Goutam, 2013). Research associated with disclosing through a brand ambassador statement is currently limited. However, research within the field of native advertising disclosures show that the use of more ambiguous and imprecise language result in lower advertising recognition compared to disclosures that feature clear or recognizable language (Evans et al., 2017). It is therefore likely that presenting the influencer as a brand ambassador will put forward an impression of a stronger connection between the influencer and the brand, thus, resulting in a lower advertising recognition.

#### 2.3.4 The effects of disclosure through Hashtag on advertising recognition

The fifth condition, disclosure through a Hashtag, allows the influencer to use hashtags to disclose the post as commercial. The hashtag is positioned at the bottom of the post, below the picture and the caption, through words like #sponsored, #ad, #advertisement etc., and are often also positioned through a series of other non-related hashtags. In the following experiment the disclosure will be be worded #advertisement. It will be positioned at the bottom of the post, among two other un-related hashtags. Although the disclosure features clear language (#advertisement), newer research suggests that disclosing through a hashtag may be less effective than disclosing through regular text, as consumers may overlook or ignore a disclosing hashtag as they often are positioned with a series of other non-related hashtags (Wnent, 2016). Further, consumers may fail to understand the message the disclosure conveys, as the original purpose of a hashtag is to create and simplify searches within social media networks, by providing consumers with a convenient way to label posts and categorize content (Federal Trade Commission, 2017). Nevertheless, Evans et al., 2017 found significant difference between the presence of a disclosure in the form of a hashtag, compared to a non-disclosure. This study will try to replicate these findings using disclosure condition #advertising.

**RQ2:** How does advertising recognition in sponsored posts on Instagram change in respect to disclosures through the word Advertising vs. the word Sponsored vs. a Sub-header, vs. a Brand ambassador statement and vs. a Hashtag?

#### 2.4 The effects of advertising recognition on Source Credibility

Credibility refers to a person's perception of the truth of a piece of information. It serves as a means for the receiver of the information to rate the source of the communication. Generally, editorial material is perceived as more credible than commercial messages, because consumers understand that advertisers are trying to sell something and will therefore only provide positive information. Research on the impact of source credibility belongs to the domain of persuasion research and is a powerful mean for influencing consumers. Studies show that consumers are more receptive to messages from sources who are perceived as having high credibility vs. a low credibility, hence more likely to be persuaded. Results indicate that this effect have increased over the years (Eisend, 2004). Especially, the rise has been stronger for sources communicating personally with consumers than other sources, inasmuch as on Instagram.

Studies that have investigated the impact of disclosures indicate a significant negative effect on credibility perceptions (Wojdynski and Evans, 2016). As native advertising resembles editorial content there are differences in how they perceive the credibility of the news story. Subsequently, credibility can be lowered for consumers who perceive the offering as biased content or content offered for an ulterior motive other than informative (Amazeen & Muddiman, 2017). The recognition of advertising could lead to more negative evaluations of advertisement, in addition to increasing skepticism. However, if source credibility is perceived as high and the information is viewed a useful, consumers are less

likely to counter-argue and therefore more likely to be persuaded than when source credibility is low (Grewal, Gotlieb, and Marmorstein 1994). Hence, the informative aspect of the content can positively moderate credibility perceptions. Nevertheless, as online publishers seek to balance the pull of native advertising revenue with a potential push for disclosures from regulators, research show that they should be aware of that the best attempts to create informed consumers may result in negative perceptions of credibility and quality (Amazeen & Muddiman, 2017). A recent study conducted by Amazeen & Muddiman (2017) find that source credibility for a publisher was evaluated less favorably by participants when native advertising was recognized. They find that the blurred boundaries surrounding the convergence of news and commercialism in traditional mass media, do indeed, diminish the credibility of online publishers. This may be problematic for the industry, whose aspirations align with these values.

#### 2.5 The effects of advertising recognition on Sponsor Sincerity

Sponsor sincerity is referred to the level of sincerity in a sponsorship, which has generally been found to have a positive relationship with sponsorship effects (Speed and Thompson, 2000). This result is attributed to perceptions that sponsoring is a less commercial communication form, and more "organic" relative to traditional advertising. While sincerity has been found to be an important predictor of sponsorship effects, research attempting to understand how advertising recognition can influence the level of sincerity perceptions of sponsored posts on Instagram especially, is scarce. Kim et al. (2011) posits that when the consumers believe a sponsor's motives are sincere, they are more apt to receive and process marketing communication. However, sincerity might be questioned if a consumer is not able to make the distinction between commercial messages and editorial content due to ineffective disclosures. If readers identify via disclosure that the content is provided by an advertiser and not by an independent source, they may be more likely to expect ulterior motives behind the message, hence decrease sincerity (Eisend and Küster, 2011). Due to the newfound disclosure legislation, the mediating role of advertising recognition on sponsor sincerity can be a key factor in generating a favourable response from a sponsorship (Speed and Thompson, 2000). The current model add several possible predictors of sincerity.

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Prior research has suggested that sponsors who are perceived to be sincere in their sponsorship and motivated by philanthropy will achieve superior responses to their sponsorship compared to sponsors who are seen as purely motivated by commercial considerations (Speed and Thompson, 2000). This positive association suggests that consumers are sensitive to the potential philanthropic dimension that a sponsorship may have. Thus can the difference between disclosure condition potentially mediate perceived sincerity as buzzwords like "brand voice" and "partnership" is found to produce more favorable attitudes in sponsorship (Wojdynski and Evans, 2016). The positive perception of sponsorship can be reduced when sponsoring firms are viewed as insincere, potentially by a high level of reported advertising (Quester and Thompson, 2001; Speed and Thompson, 2000). Although, if a high level of advertising recognition is present, but ads are perceived as highly informational and useful, negative consequences of advertising recognition can be diminished (Krouwer, Paulussen and Poels, 2017). Therefore, readers might still respond positively to sponsorship, even when they recognize it as advertising. Nevertheless, what readers find helpful is individual, which furthermore might be explained by the fact that pre-existing attitudes have been found to be significant predictors of sincerity (Olson, 2010).

#### 2.6 The effects of advertising recognition on Brand Attitude

Mitchell and Olson (1981) define attitude toward the brand as an "individual's internal evaluation of the brand". Research show that people react and present more negative brand attitudes when exposed to disclosures in sponsored posts, coupled with the recognition of advertising (Evans et al., 2017). Consumers who are cued into the fact that the Instagram post is advertising may be likely to activate persuasion knowledge structures that evoke defensive coping mechanisms (Freistad and Wright, 1994), which could have a damaging effect on attitudes and behavior (Shrum, Liu, Nespoli and Lowrey, 2012). Moreover, it has been found to decrease persuasive outcomes, negatively influence consumers' brand attitudes and lower behavioral intention with respect to purchasing the brand (Boerman et al., 2012). Although, the effect of advertising recognition on brand evaluations can be mediated by the readers' evaluations of the content. Evans et al. (2017) find advertising recognition to be enhanced in situations where the consumer remembers the presence of a disclosure. This interaction produced a significant negative effect on attitude towards the brand in sponsored post on Instagram. This

study will try to replicate these findings and extend them to encompass several new forms of disclosures.

#### 2.7 The effects of advertising recognition on Purchase Intention

Purchase intention, in the context of sponsorship, refers to an individual's motivation to make a specific purchase behavior, or the person's conscious plan to possibly purchase a brand (Spears and Sign, 2004). It is important to note that purchase intentions are different from actual purchase behaviors where the transaction in fact occurs. Purchase intentions is one of the most widely used sponsorship outcomes (Tsiotsou & Alexandris, 2009).

Researchers have proposed that attitude towards the advertisement, i.e. advertising recognition, can mediate the influence on brand attitude and purchase intention (Mitchell and Olson 1981). Studies indicate that persuasion resistance, as a result of advertising recognition, can decrease persuasive outcomes and lower behavioral intentions such as purchasing the brand (Wojdynski and Evans 2016). Evans, Wojdynsky and Hoy (2017) find that the recognition of advertising content may "trigger responses informed by feelings of skepticism and defensiveness", and that these feelings had direct negative effect on purchase intention. Moreover, they find that consumers who recognize an advertisement, but felt it was difficult to interpret, may attribute some of this difficulty to the advertiser's motivations. However, if a consumer feels that the advertiser was transparent in communicating the nature of the sponsor's message, they are less likely to feel deceived. Thus, will their evaluations be less driven by reluctance (Evans, Wojdynsky and Hoy, 2017). Subsequently, in the current study, it will be interesting to see if using clear and transparent disclosures such as Advertising produces a higher willingness to purchase the brand. However, research by Kim et al. (2011) demonstrates that consumers are more likely to report a purchase intention when sponsors have a philanthropic motivation rather than when sponsors are purely motivated by commercial considerations. Thus, the latter suggests that a Brand ambassador statement can engage a higher willingness due to its philanthropic appearance.

#### 2.8 The effects of advertising recognition on Brand Recall

Keller (1993) defines brand recall as the consumer's ability to retrieve from memory when given product category, while brand recognition deals with the consumer's ability to confirm prior exposure to the brand when given brand cues. There is two types of recall: unaided recall and aided recall, the latter being recognition (Lardinoit & Derbaix, 2001). In the marketing profession, there is a general agreement that brand recall is a necessary condition for brand choice in several purchase decisions. Sponsorships enhance recall of the sponsor's brand (Lardinoit & Derbaix, 2001). Goodrich (2011) suggests awareness of a brand promotes attention, which again leads to increased brand recall. Brand awareness is created by anything that causes the consumer to experience the brand. Increased awareness and especially increased recall of a brand is one of the most important reasons why marketing managers invest millions of US dollars in sponsorship deals every year (Meenaghan, 1991).

Disclosures in social media are designed to clearly identify the persuasion attempt of the sponsored content, but can simultaneously also function as brand cues, as an additional prime. The disclosure may activate associations in memory that are connected to the brand (Evans et al., 2017). Hence, a disclosure through a sub-header stating "Paid partnership with brand X" can make it easier for a consumer to retrieve brand X from memory, as the disclosure features more attention and associations with the brand. Contrary, consumers may activate persuasion knowledge structures that elicit defensive coping mechanisms when cued to the fact that the content is advertising (Freistad and Wright, 1994). Thus, a negative relationship can be expected between annoyance and brand awareness, i.e. in the current study for disclosures featuring ambiguous and difficult language. Nevertheless, considering online readers with banner blindness, advertising blocker and a short attention span, readers might not process the disclosures, and therefore not receive such brand cues.

**RQ3:** How does advertising recognition influence Source Credibility, Sponsor Sincerity, Brand Attitude, Purchase Intention and Brand Recall?

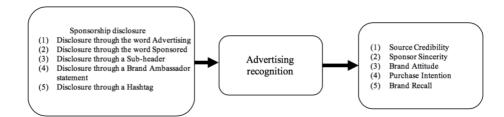


Figure 1 - the conceptual framework

#### **3.0 Method**

#### 3.1 Study design

To provide a test for our model, using an exploratory approach, a 6 x (disclosure condition: disclosure through the word Advertising vs. disclosure through the word Sponsored vs. disclosure through a Sub-header vs. disclosure through a Brand ambassador vs. disclosure through a Hashtag) between-group factorial design was used. Participants were randomly assigned to one of the six conditions. To control for the possibility that existing brand attitudes and influencer likability did not impact our result, a pre-test using five different brands and five different influencers was conducted. The ultimate goal was finding a brand and an influencer that elicited neutral brand attitudes and somewhat neutral likability (Evans et al., 2017). A research pool of 30 respondents (66,6% female) answered questions assessing brand attitudes and influencer likability. Based on a seven-point likert scale Devold of Norway (m = 5.34, SD = 1.2) exhibited the most neutral brand attitude. Devold of Norway is a leisure wear clothing brand, developing wool products. Additionally, of the five influencers, Jørgine Masse Vasstrand (known as Funkygine) exhibited the most neutral likability score (m = 4.86, SD = 1.06). Our research design generally follows the guidelines suggested by Malhotra & Birks (2007).

#### 3.2 Stimuli development

Based on the pretest, six different stimuli were created (see Appendix). The six stimuli were identical except for the presence and difference in disclosures. Participants were randomly assigned to one of the six manipulated posts and one fixed post. The image was retrieved from Funkygine's Instagram account, displaying her wearing a knit sweater, outdoors in an open field. The knit sweater was the sponsored object. The pictures caption was somewhat retrieved from Funkygine's own Instagram, in order to mimic the authentic content of the influencer. Further, the fixed post was also retrieved from Funkygine's account, where no clothes was depicted, to avoid confusion considering advertising recognition and brand recall for the clothing brand. The two posts were meant to confirm the internal validity of the experiment, by mimicking the posts like content in a downwards stream on Instagram, also emphasising the online behavior of influencers on the plattform. Studies as such have high internal

validity, but may fail to generalize because the stimuli is too artificial.

Today, user accounts on Instagram vary greatly in styles, contents, formats, designs, and popularity, which makes it quite difficult to isolate independent variables and other explanations that could affect our result. Nevertheless, it was decided to employ an influencer genuine in existence. This, due to the fact that previous research find that prior attitudes will cause the creation or adjustment of sponsorship related attitudes and feelings, of the same valence through mechanisms as information integration theory, balance theory, and classical conditioning (Olson, 2010). Pre-attitude towards the sponsor and object are included in our model.. Disclosure wording was manipulated as "Advertisement," "Sponsored," "Brand ambassador", "#advertising", "Paid partnership" and "undisclosed"). By manipulating the cause and observing the effect, we ensure that the experiment inhabits a high internal validity and also attempt to control for confound.

#### 3.3 Participants

The population sample was recruited and collected by convenience sampling. Subjects were 280 Norwegian citizens recruited from the authors social media platforms, representing the target market population. After accounting for missing values, subjects that did not finish the survey were consequently removed (33), leaving us with 247 subjects in total. The sample composition allows for generalization of the study results.

Although the demographics of the sample are not representative of the Norwegian general population, the sample is representative for our area of research. Using a between subject design, each score is obtained from a different participant (Valaei, Rezaei, Ismail and Oh, 2016). The 247 participants were 61.9% female and 38.1% male. The overall sample had an age rage of <18 to >41, where 54.7% of the respondents were between 21 to 25 years old. Fifty percent of the respondents reported that they had completed a bachelor's degree, whilst 20.2% had a master's degree. The majority of our sample own an Instagram account (95%) and 79% uses the app multiple times a day. Moreover, result show that people are less interested in keeping up with brands and businesses (m = 3.80), and more interested in keeping up with friends and family (m = 5.99).

#### 3.4 Procedure

To provide a test of the model in a natural environment participants were, as previously mentioned, recruited through the authors SOME platforms. The survey was issued out and participants completed it in their own whereabouts. This mimics a real-life setting, as to how, when and where sponsored content on Instagram is consumed. The observations are as representative to normal behavior as possible. Although, the aforementioned contributes to difficulties when it comes to controlling for confound; the observations of spontaneous and natural behavior will ensure the experiments ecological validity. A controlled environment could potentially make the results too artificial for generalization for this specific study.

Respondents were exposed to a commercial stimulus, and further exposed to a variety of questions designed to pinpoint their reactions to the sponsored content. After controlling for Instagram user patterns, participants were randomly assigned to the stimuli. To make sure that respondents actually read the caption and saw the disclosure, an encouragement to read all additional text attached to the photo, was presented prior to the stimuli. After viewing the stimuli subjects proceeded to answer questions regarding their acquaintance of Funkygine, following likability. This was done to replicate the results from our pre-test, in addition to control for alternative explanations of the results and lastly to postpone before presenting the question concerning advertising recognition, adopted by Evans et al., (2017). Subsequently, subjects were asked to identify the sponsor of the object in a multiple choice format in order to identify brand recall. Participants completed, in order, measures of brand recall, influencer credibility, sponsor sincerity, attitude towards the brand and purchase intention. Lastly, they received questions capturing their demographic information.

#### 3.5 Measurements

Statements in the survey are based on Likert-scales ranging from "strongly disagree" to "strongly agree". How conditions influence (1) source credibility (2) sponsor sincerity, (3) brand attitude and (4) purchase intention, mediated by (6) advertising recognition was measured through different statements. Brand recall was measured through a single item measure. All the construct items were adopted from previous research where they had been demonstrated to have good

measurement characteristics. The statements were translated to Norwegian in a meaningful way for the reader in the survey, and are stated in the table 1 below.

All dependent measures are based on a seven-point Likert-scale. Source credibility was measured with statements adapted from Sinclair and Irani (2005). The four item scale measures the credibility of a company or an advertiser with an emphasis on the degree to which its claims are believed to be true. Sponsor sincerity measures was adopted from Speed and Thompson (2000), using three items. Brand attitude was measured with three items adapted from Erdem and Swait (2004). Purchase intention was measured with statements adapted from Lepkowska-White, Brashear, and Weinberger (2003), measuring purchase intention toward the product in the ad. Two statements were used to assess the likelihood of a person buying a brand featured in an advertisement if the person was in the market for such a product.

Brand recall was measured through a single item; with the statement "What brand is the sweater from?", adapted from Wells, W. D. (2000). A single item was used, justified by the fact that single item measures are likely adequate for some constructs. For simple, one-dimensional, or concrete constructs that are well understood, a single item may be sufficient. (Jeff Sauro, 2018). Participants were asked to identify the brand displayed in the sponsored content, and had to choose between five brand names, ergo aided recall. The question was asked after exposure of the sponsored content, and respondents could not proceed or return from the question, hence relying on their memory and recall ability. Brand recall was scored when the participant correctly remembered the specific brand name.

Advertising recognition mediates the relationship between the independent- and the dependent variables. Participants recognition of the advertising was measured through a statement adapted from Boerman et al. 2012; Rozendaal et al. (2010), by asking a single item measure using a seven-point Likert scale to "indicate the extent in which you thought the Instagram post contained advertising".

Construct	Reference	Question	Items name
Source credibility	Sinclair and Irani 2005	I trust Funkygine's opinions	Source credibility 1
		I perceive Funkygine as sincere	Source credibility 2
		Funkygine cares about here followers,	Source credibility 3
		I perceive Funkygine's post about Devold as believable	Source credibility 4
Sponsor sincerity	Speed & Thompson 2000	I think Devold cares about Funkygine's followers	Sponsor sincerity 1
		I do not think Devold has a hidden agenda in Funkygine's post	Sponsor sincerity 2
		I think Devold would have sponsored Funkygine even though she had fewer followers	Sponsor sincerity 3
Brand attitude	Erdem and Swait 2004	I think Devold is a good brand	Brand attitude 1
		I think Devold delivers what they promise	Brand attitude 2
		I would recommend Devold to a friend	Brand attitude 3
Purchase intention	Lepkowska-White et al. 2003	If I were to buy this type of product, I would have bought it from Devold	Purchase intention 1
		After seeing the post by Funkygine, my willingness to buy the product in the ad is high	Purchase intention 2
Brand recall	Wells 2000	What brand is the sweater from?	Brand recall
Advertising recognition	Boerman et al. 2012; Rozendaal et al. (2010)	Indicate the extent in which you thought the Instagram post contained advertising	Advertising recognition

Table 1 - Construct, Questions & Items name

Potential confound variables were included to test whether Instagram based behaviors, in addition to influencer- and brand based perceptions, influence the recognition of advertising. In addition, we tested for Disclosure recognition, where respondents were asked what type of disclosure they recognized. By measuring disclosure recognition at the end of the survey, before demographics, we made sure that disclosure recognition was the result of the stimulus and not a result primed by the question itself, as it reveals the commercial nature. The timespace between the stimuli and the question, also ensured that no primacy or recency effects would contaminate the result.

#### 4.0 Results

#### 4.1 Reliability and validity

Measures were tested with an exploratory factor analysis to confirm that the questions in our survey measured their intended construct. Results confirm that all items are satisfactorily correlated (see appendix 3) In addition, testing for internal consistency reliability, Cronbach's alpha (CA), gave us the following results: *source credibility, brand attitude, sponsor sincerity* and *purchase intention* had CA values of 0.839, 0.902, 0.509, 0.697 respectively. As the CA for the *sponsor sincerity* construct was below the acceptable value of .6 (Nunnally, 1978), it was decided to conduct further analysis on one sincerity item at a time. CA cannot be computed on single items, ergo it is not admissible for the *brand recall* and *advertising recognition* construct. Although internal consistency reliability is lost, the loss is outweighed by the possible contamination of additional items and additional response error which multiple items could cause (Jeff Sauro, 2018).

To assess the internal validity of our model we investigated two forms of construct validity, convergent validity and discriminant validity. Average variance extracted (AVE) and Composite Reliability (CR) was used to analyse convergent validity for the constructs extracted from the factor analysis. All variables in the merged dataset exceeded satisfactory limits of AVE (0.5), except for *sponsor sincerity*. This suggests that the variables in the construct of *sponsor sincerity* are not ideally related (AVE = 0.465), hence confirming results from the reliability test. However, for the CR, all variables are well above the required level (.07) (see appendix 4). Further, discriminant validity was tested for and proven satisfactory across the merged datasets.

#### 4.2 Descriptive statistics

The following descriptive statistics are based on the merged dataset, hence containing all six disclosure conditions (see table 1 for explanation of the variables and table 2 for descriptive statistics). The *brand attitude* construct shares the highest high average mean (m =4.73, SD = 1.105), while *sponsor sincerity* 3 has the lowest mean (m = 2.34, SD = 1.336). For the variable *brand recall*, results show that 93.5% were able to correctly remember the name of the brand. Distribution normalities through skewness and kurtosis statistics were checked for in all six disclosure conditions. A z-test was applied with a chosen critical value of +1.96/-1.96 and results show, apart from a few exceptions, that our data do not differ significantly from normality.

	Ν	Minimum	Maximum	Mean	Std. Deviation
Source Credibility	247	1	7	4,22	1,165
Sponsor Sincerity 1	247	1	7	4,36	1,860
Sponsor Sincerity 2	247	1	7	3,3	1,651
Sponsor Sincerity 3	247	1	7	2,34	1,336
Brand Attitude	247	1	7	4,73	1,050
Purchase Intention	247	1	7	3,71	1,258

Table 2 - Descriptive statistics of merged dataset

#### **4.3 Research results**

#### 4.3.1 Confound checks

Several confound checks were performed to see whether differences in dependent measures were a result of inherent differences between conditions. A series of one-way ANOVAs indicated no significant relationship between advertising recognition and influencer likability (F(4, 242) = 1.591, p = .177). For influencer awareness, "how well do you know who Funkygine is?", results suggest that the p-value is trending towards significance (F(4, 242) = 2.266, p = .063). In addition, results also confirm the findings from our pre-test, with Funkygine exhibiting a somewhat neutral likability score (m = 2.34, SD = 1,206), hence her being a good fit for our analysis. No significant relationship was found between advertising recognition and Instagram usage. The variable *disclosure recognition* measured whether respondents correctly remembered what type of disclosure they were exposed to. Results show that although the majority in each group correctly remembered the disclosure they were exposed to, a large percentage of our subjects also failed to recall the disclosure (52% recalled the wrong disclosure), see appendix 5 for results of the crosstabulation for the variable.

#### 4.3.2 The Effect of Disclosure type on Advertising Recognition

To test RQ1 we computed a new single variable for the six disclosure conditions, where the "no disclosure" was coded as the constant, "Paid partnership" was coded as 1, "Advertising" was coded as 2 etc. A one-way ANOVA was conducted to indicate whether or not there was a significant effect of the disclosure type on the mediator advertising recognition. No significant difference in advertising recognition was found between those exposed to a non-disclosure (i.e. control) (m = 6.21, SD = 1.27) and those exposed to any of the other disclosures (mean varying from 6.15 to 6.48 and SD varying from 0.67 to 1.27), F (5,241) = .606, P = .696. This result indicate that disclosures in sponsored post on Instagram does not change the recognition of advertising. See table 3 and 4 for further elaboration.

	df	F	ŋ	р
Advertising Recgonition	5	0,606	0,0124	0,696

N = 247

Table 3 - Analysis of Variance (ANOVA) Between Disclosure type and Advertising Recognition

	Ν	Mean	Std. Deviation	Std. Error
No disclosure	41	6,2195	1,2750	0,1991
Disclosure - Paid Partnership	43	6,4186	1,0962	0,1672
Disclosure - Advertising	41	6,3659	0,9153	0,1430
Disclosure - Sponsored	41	6,4878	0,6754	0,1055
Disclosure - #advertising	40	6,1500	1,0754	0,1700
Disclosure - Brand ambassador	41	6,3415	1,0395	0,1623
Total	247	6,3320	1,0256	0,0653

Table 4 - Analysis of Variance (ANOVA) Between Disclosure type and Advertising Recognition

## 4.3.3 The Effect of Disclosure type on source credibility, sponsor sincerity, brand attitude, purchase intention and brand Recall

Although finding no significant association between our independent variables and our mediator, we still choose to move forward examining if there exists a direct effect of our independent variables on our dependent variables. Again, a one-way ANOVA was used to examine the relationship between variables. Results indicate no significant difference in disclosure type on source credibility, F(5, 241) = .268, P = .930, Brand Attitude F(5, 241) = .360, P = .875 and Purchase Intention F(5, 241) = .224, P = .952. Results for Sponsor Sincerity, which was measured one item at a time, is consistent with the findings of the other variables, indicating no significant difference in disclosure type (*Sponsor Sincerity 1* = .522, P = .759, *Sponsor Sincerity 2* = .738, P = .696, *Sponsor Sincerity 3* = .920, P = .468). See Table 5 for further elaborations. Additionally, we computed a new variable for Brand Recall, where the brand *Devold of Norway* was coded as 1, and all other brands were coded as 0. The one-way ANOVA demonstrate that there is no significant difference in disclosure presence on Brand Recall (F(5, 241) = .938, P = .457).

	df	F	ŋ	р	
Source Credibility	5	0,268	0,0055	0,93	
Sponsor sincerity 1	5	0,522	0,0107	0,759	
Sponsor sincerity 2	5	0,738	0,0151	0,596	
Sponsor sincerity 3	5	0,92	0,0187	0,468	
Brand Attitude	5	0,36	0,0074	0,875	
Purchase Intention	5	0,224	0,0046	0,952	
Brand Recall	5	0,938	0,0191	0,457	
N - 247					

N = 247

 Table 5 - Analysis of Variance (ANOVA) Between Disclosure type and Source Credibility, Sponsor
 Sincerity, Brand Attitude, Purchase Intention and Brand Recall

#### **5.0 Discussion**

The purpose of this study was to gain greater understanding of consumer advertising recognition and evaluation towards disclosures in sponsored posts. While several researchers have explored disclosure effectiveness on platforms like blogs, SOME, television programs and newspapers, only a handful of studies have investigated disclosures on Instagram. The purpose of this study was to confirm previous findings and extend the research to encompass several other disclosures. The current findings suggest that exposure to an advertising disclosure does not lead to higher advertising recognition compared to non-disclosure. However, failing to provide significant results from our study does not suggest that we cannot draw meaningful conclusions or that the research is without value.

Perhaps the most striking finding is that almost all participants recognized the post as advertising, irrespective of disclosure condition or non. Despite the fact that respondents struggled to identify exactly what disclosure they were exposed to. This result might indicate that regardless of disclosure, consumers just assume influencer content to be advertising. One can speculate if this is due to the increasing number of influencer marketing on Instagram. Another explanation could be the comprehensive media attention influencers have been gaining for their inadequately disclosing of sponsored content. In fact, we know that four out of five commercial posts published by Norway's top influencers either lack disclosure or are disclosed inadequately (Forbrukertilsynet, 2016). These accusations, new rules and restrictions from the NCC has been appointed a lot of media attention, thus, leaving consumers highly enlightened and educated on the practice (United Influencers, 2016).

The majority of our sample are frequent users of Instagram. Ergo, respondents are very familiar with exposure to sponsored content on the app. Our research suggest that consumers may have become too familiar and increasingly skeptical of brands and their marketing tactics; as our result suggest that the differences among non-disclosure and a disclosure is very small. Seemingly, the definition of advertising has become uncertain and "all that is certain online, is that forms of brand-related content have multiplied" (Campbell, Cohen and Ma, 2014). What people have come to expect from online marketing today, is that they surely will be exposed to numerous ads each time a social media site is opened. 12.9 million sponsored posts was published on Instagram last year, a number estimated to double this year (Influencermarketinghub, 2018). This creates an enormous estimated market size. These numbers, coupled with the lack of transparency in sponsored posts may explain the overall high mean for *Advertising recognition*, for both a non- and disclosed post. Additionally, it can also serve as an explanatory factor for subjects who recorded seeing no advertising disclosure, yet recognized the post to be very advertised. For marketers, this means that trying to disguise a paid relationship may be rather pointless.

Results from our confound variable *Disclosure recognition*, suggests a large percentage of subjects failed to recall the correct disclosure (see appendix 5). This result indicates that subjects either (1) failed to recognize the disclosure they were exposed to, or (2) disremember the disclosure due to the time elapsed between exposure and the actual question of recognition, or finally (3) the priming effect of the Advertising recognition question itself. The latter suggest that the question "indicate the extent in which you thought the Instagram post was advertising", may have primed subjects in to thinking there was a disclosure in the post, although they did not remember seeing one. The question and its positioning, was adapted from research conducted by Evans et al. (2017). They find that the presence of a disclosure, regardless of the variation in language, produce more advertising recognition compared to no disclosure. Their result was based on a control condition (non-disclosure) and three disclosures written in the form of a hashtag, worded #SP, #Sponsored, #PaidAd.

Several explanatory factors may account for why Evans et al. (2017) find a significant difference between the presence of a disclosure and a non-disclosure. For instance, their stimuli operated with a fictive influencer and a real brand (Dunkin Donuts), whereas we used a real influencer and a real brand. As previous research find that prior attitudes influence the creation and adjustment of sponsorship related attitudes and feelings, we chose to operate with a real Norwegian influencer to mimic a real life setting (Olson, 2010). Although the authors felt that this choice would generate a result that is close to real life, subjects may have been influenced to assume the content to be advertised, although not disclosed. This, due to how we know consumers process celebrity influencer content differently than non-celebrity influencer content. Such differences can impact advertising recognition, attitudes, and intention (Boerman et al. 2015). Although not significant, there is a distinct trend towards significance

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between level of reported advertising recognition among those who know well who Funkygine is and those who do not. Thus, if the difference found in disclosure presence by Evans et al. (2017) is partially a result of the use of a fictive influencer, our research suggest that it may not be very applicable in a real life setting. Marketers should be aware of this when sponsoring influencers, especially those who have several and frequent sponsorship corporations.

In addition, our research compared to Evans et al. (2017) differs in population and recruitment of a research pool. Evans et al. (2017) recruited 238 American students from a university research pool in exchange for extra credit. The current study recruited 247 Norwegians through convenience sampling, across SOME platforms. Admittedly, the cultural variances can be explanatory for the inequality of results across the studies. Although online advertising is a global business, consumers' perceptions can differ in terms of culture contexts (Valaei et al., 2016). Further, research demonstrates that student volunteers, rewarded with extra credit or other incentives, may produce ethical concern as to whether a student is either coerced to be involved in a study or perceives that there will be repercussions for nonparticipation (Goldenberg, Owens and Pickar, 2007). While it is unlikely that these methods of recruitment have biased the results of the study, the setting could have influenced the experiments ecological validity. In the current study participants completed the survey in their own whereabouts, where Instagram content is normally consumed. These observations are representative to" normal behaviour", whereas subjects may approach the stimuli in a more realistic way. In addition, the current study exposes subjects to an additional fixed post, so that the stimuli is presented in a downwards stream. This resembles the timeline feed on Instagram. Coupled, these variations across the two studies can possibly account for the differences in results, i.e., to what extent subjects thought the Instagram post was advertising.

As influencer marketing is growing rapidly, it is possible that the time elapsed between data collection of the two studies can have influenced the results. For instance, it is possible that consumers now are more educated about influencer marketing and the role of disclosures. Likewise, the Instagram app is constantly developing. The app, whose original purpose was to allow consumers to share and connect via photos, has now grown into a widespread advertising platform, where it is close to impossible to avoid being exposed to paid content. Moreover, result show that people are less interested in keeping up with brands and businesses and

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more interested in keeping up with friends and family. Further, one can assume "advertising banner blindness" is more common today than one or two years ago. Skepticism could also have increased and consumers may be more likely to notice a persuasion attempt (Obermiller & Spangenberg, 1998). The Norwegian population could be more educated in terms of sponsorship disclosures than Evans et al. (2017) students from America, hence influencing the result.

Based on this discussion, we cannot conclude much about the effect of the study finding; whether the high level of reported advertising recognition has positive or negative effects on i.e. sponsor sincerity. The only appropriate conclusion, given the presentation above, is that we have no evidence suggesting a significant difference between exposure to a non- and a disclosure. However, marketers should be aware of the fact that people are becoming more and more immune to the attempts by advertisers to get their attention. This means that trying to disguise a paid relationship and misinform consumers may be rather pointless. We know that, like all good relationships, interaction between a brand and its consumers is based on trust. Seemingly, knowing that people seem to be well informed about the existence of influencer marketing, transparency may be a key in establishing that trust.

#### 6.0 Limitations and future research

While this study has provided insight to the understanding of sponsorship on Instagram considering disclosures, it is important to note its limitations. Failing to produce significant results between a non- and a disclosure, suggests that researchers should investigate alternative procedures to draw claims. Future research could employ a larger sample size, and include only those recognizing the "correct" disclosure. This, to test the effect of the actual disclosure subjects were exposed to, excluding those who either disremember or did not notice the disclosure. Further, research could include a well-known influencer and a noninfluencer, to examine the difference awareness gives the end result. This could be of interest, given the parallels noted between sponsorship and celebrity endorser advertising, and the level of expertise attributed to celebrities. In addition, research could examine a wider range of stimuli, with regards to products and brands across segments. Extension of this work using alternative stimuli such as a greater variety of sponsors and influencers could lead to more valid and reliable results. In addition to including other variables such as fit, message sidedness, level of expertise, attitude towards the message and authenticity.

Online advertising is a global business, but its perceptions of it could be different in different culture contexts. As the data was gathered in Norway, future research could examine disclosures on social media in other countries. For instance, the U.S market could be of interest, as it is one of the countries where Instagram has the largest growth, together with Brazil and India (Statista, 2018). Additionally, it is important to mention that the study did not control for the exposure time of the stimuli. Not holding time of exposure constant for subjects may be a limitation of the study, as it is likely that the participants could have used more or less time staring at the stimuli compared to a real life setting, thus resulting in differences in disclosure recognition. This could be accounted for in future research.

The generalizability of the study's findings may be limited by the specifics of our stimuli material and study design. While the current findings offer insight into how consumers process disclosure information in the context of a specific form of sponsored posts, future research might test additional language or placement variations in other influencer contexts. This to see if consumers' perception is constant across other social media platforms. It is possible that the effectiveness of the study's current language manipulation is specific to Instagram. Lastly, research confirming and extending current findings should be investigated. The consequence of consumers' high advertising recognition, regardless of disclosure, on attitudinal and behavioural outcomes is of great importance for marketers and should be further inspected. The development of more inferior measures of advertising recognition that minimize question effects and identify what users actually mean by advertising, i.e. persuasiveness versus neutrality, attitude of content production, fiscal transaction etc. would benefit our understanding of how users perceive this kind of content.

#### 7.0 Conclusion

With the greatly increased spending on native advertising and sponsored posts, it has been a successful operation. Viewers lack of awareness is assumed by many to be explanatory for the increase in popularity. This "lack of awareness" has led to NCC wrestling with the use of disclosures for years. It has become more important as the money offered to influencers has jumped and the number of sponsored posts on services like Instagram has surged. However, our results suggests that the time for "lack of awareness" has past and Norwegian consumers are more enlightened than ever.

The time may have past for consumers like Bianca (ref. introduction), browsing online and clicking on native ads without realizing it is an ad, further ending up buying that spray tan (that does in fact make you look orange). Results from the current study suggests that the trend amongst influencers of obscuring the transparency of commercial content may not have been very favourable. Especially, when looking at all subjects who recorded seeing no advertising disclosure, yet recognizing the post to be very advertised. Although influencers and brands may have wanted to have their cake and eat it too, our results suggest that they cannot have it both ways — obscuring the transparency of commercial content is no longer effective. We therefore suggest that it is in the influencers and sponsors best interest to bet not only on disclosing instead of disguising (because it seems like consumers can tell either way) but also honesty – as that concept never go out style.

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# 9. Appendices

#### 9.1 Appendix 1 - Stimuli material

Disclosure through the word Advertising



♡ Q ♥ 16 514 likerklikk

funkygine Reklame - Deilige dager på hytta i denne fine genseren fra #DevoldofNorway Devolgen finnes ikke dårlig klær, bare dårlig vær! #blogisupdated #veryhappy

Disclosure through a Sub-header



○ Q ♥ 16 514 likerklikk

funkygine Deilige dager på hytta i denne fine genseren fra #DevoldofNorway A 🏠 🖓 Finnes ikke dårlig klær, bare dårlig vær! #blogisupdated #veryhappy

#### Disclosure through the word Sponsored



# 16 514 likerklikk

.....

funkygine Sponset - Deilige dager på hytta i denne fine genseren fra #DevoldofNorway a finnes ikke dårlig klær, bare dårlig vær! #blogisupdated #veryhappy

Disclosure through a Brand Ambassador statement



# 16 514 likerklikk

.

funkygine Jeg er stolt av å være ambassadør for #DevoldofNorway Arting Nyter deilige dager på hytta i denne fine genseren fra høstkolleksjonen deres! #blogisupdated #veryhappy

#### Disclosure through a Hashtag



16 514 likerklikk funkygine Deilige dager på hytta i denne fine genseren fra #DevoldofNorway and San Finnes ikke dårlig klær, bare dårlig vær! #reklame #blogisupdated #veryhappy

Control condition - No disclosure





## 9.2 Appendix 2 - Survey

Q1 Denne spørreundersøkelsen er laget i forbindelse med vår masteroppgave ved Handelshøyskolen BI. Alle svar vil være anonyme. Vær vennlig å svar så ærlig som mulig, det finnes ingen rette eller gale svar. Undersøkelsen vil ta ca. 5 minutter å gjennomføre.

Takk for at du deltar i undersøkelsen og hjelper oss med å samle inn data til vår masteroppgave.

Med vennlig hilsen Helena Dokken og Malin Gregersen

Q2 Har du en Instagram konto?

- o Ja (1)
- Nei (2)

#### Skip To: End of Block If Har du en Instagram konto? = Nei

Q3 Hvor ofte bruker du Instagram?

- Opptil flere ganger om dagen (1)
- $\circ$  1-2 ganger om dagen (2)
- 4-6 ganger i uken (3)
- 2-3 ganger i uken (4)
- 1 gang i uken (5)
- Sjeldnere (6)

Q4 I hvilken grad er du enig i følgende påstander:

"Jeg bruker Instagram for [...]"

	Veldig uenig (1)	Uenig (2)	Litt uenig (3)	Verken uenig eller enig (4)	Litt enig (5)	Enig (6)	Veldig enig (7)
Å poste egne bilder (1)	0	0	0	0	0	0	0
Å følge venner, familie og bekjente (2)							
Å følge kjendiser, influencere og andre med sosial status (3)							
Å holde meg oppdatert på merkevarer og bedrifter (4)							
Å bli inspirert (5)	0						

**Q5** Nedenfor vil du bli presentert til Instagram kontoen til Funkygine (Jørgine Massa Vasstrand) og på neste side vil du se et utvalg av hennes Instagramposter.

Q6 Exposure to one of the 6 stimuli conditions and one fixed post

Q7 I hvilken grad er du enig i følgende påstand:

"Jeg vet godt hvem Funkygine er"

- $\circ$  Enig (1)
- Litt enig (2)
- Verken enig eller uenig (3)
- Litt uenig (4)
- Uenig (5)

**Q8** I hvilken grad er du enig i følgende påstand:

"Jeg liker Funkygine"

- Enig (1)
- Litt enig (2)
- Verken enig eller uenig (3)
- Litt uenig (4)
- Uenig (5)

Q9 Til hvilken grad følte du at en av Instagrampostene inneholdt reklame?

- Veldig enig (1)
- Enig (2)
- Litt enig (3)
- Verken enig eller uenig (4)
- Litt uenig (5)
- Uenig (6)
- Veldig Uenig (7)

**Q10** Funkygine hadde på seg en genser i en av Instagrampostene du nettopp så. Hvilket merke er genseren fra?

- $\circ$  Ulvang (1)
- Reebok (2)
- Devold of Norway (3)
- Pierre Robert (4)
- Kari Traa (5)

Q11 Genseren i Instagramposten du nettopp så er fra merke Devold.

I hvilken grad er du enig i følgende påstand:

"Når jeg ser Instagram posten til Funkygine for Devold gjør det at jeg liker Funkygine bedre"

- Veldig enig (1)
- Enig (2)
- Litt enig (3)
- Verken enig eller uenig (4)
- Litt uenig (5)
- Uenig (6)
- Veldig uenig (7)

	Veldig uenig (1)	Uenig (2)	Litt uenig (3)	Verken uenig eller enig (4)	Litt enig (5)	Enig (6)	Veldig enig (7)
Jeg stoler på Funkygine sine	0	0	0	0	0	0	0
meninger (1) Jeg oppfatter Funkygine							
som oppriktig (2) Funkygine							
bryr seg om følgerne sine (3)							
Jeg oppfatter Funkygine sitt innlegg om Devold som troverdig (4)							

### Q12 I hvilken grad er du enig i følgende påstander:

	Veldig uenig (1)	Uenig (2)	Litt uenig (3)	Verken uenig eller enig (4)	Litt enig (5)	Enig (6)	Veldig enig (7)
Jeg tror Devlod bryr seg om Funkygine sine følgere (1)	0						0
Jeg tror ikke Devold har en skjult agenda i innlegget til Funkygine (2)	0						
Jeg tror Devold ville ha sponset Funkygine selv om hun hadde færre følgere (3)	o						

# Q13 I hvilken grad er du enig i følgende påstander:

Q14 I hvilken grad er du enig i følgende påstander:

	Veldig uenig (1)	Uenig (2)	Litt uenig (3)	Verken uenig eller enig (4)	Litt enig (5)	Enig (6)	Veldig enig (7)
Jeg synes Devold er et bra merke (1)	0						0
Jeg synes Devold leverer det de lover (2)	0						
Jeg ville anbefalt merket Devold til en venn (3)	0						

	Veldig uenig (1)	Uenig (2)	Litt uenig (3)	Verken uenig eller enig (4)	Litt enig (5)	Enig (6)	Veldig enig (7)
Hvis jeg skulle kjøpt et lignende produkt ville jeg kjøpt det fra Devold (1)	0	0	0	o	0	0	0
Jeg kunne tenke meg å kjøpe produkter fra Devold etter å ha sett innlegget til Funkygine (2)	0						

#### Q15 I hvilken grad er du enig i følgende påstander:

Q16 Velg den påstaden du synes passer best:

- Funkygine sin post var merket som «Reklame» (1)
- Funkygine sin post var merket som «Sponset» (2)
- Funkygine sin post var merket som «Betalt partnerskap» (3)
- Funkygine sin post var merket som «#reklame» (4)
- Funkygine sin post var merket som «Ambassadør» (5)
- Funkygine sin post inneholdt ingen merking (6)

#### Q17 Hvilket kjønn er du?

- Mann (1)
- Kvinne (2)

Q18 Hvor gammel er du?

- o <18 (1)
- o 18-20 (2)
- o 21-25 (3)
- o 26-30 (4)
- o 31-40 (5)
- o 41> (6)

Q19 Hva er din høyeste fullførte utdannelse?

- Gunnskolen (1)
- Vidergående (2)
- Bachelorgrad (3)
- Mastergrad (4)
- Doktorgrad (5)

Q20 Hva er din yrkesstatus?

- I arbeid (1)
- Student (2)
- Student med deltidsjobb (3)
- Arbeidsledig (4)
- Annet (5)

### 9.3 Appendix 3 – Results from the exploratory factor analysis

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0,817
Bartlett's Test of Sphericity	Approx. Chi-Square	1049,42
	df	45
	Sig.	0

#### KMO amd Bartlett's Test

	Co	mponent	
	1	2	3
Source Credibility 1	0,859		
Source Credibility 2	0,846		
Source Credibility 3	0,769		
Source Credibility 4	0,698		
Brand Attitude 1		0,916	
Brand Attitude 2		0,916	
Brand Attitude 3		0,875	
Sponsor Sincerity 1			0,753
Sponsor Sincerity 2			0,731
Sponsor Sincerity 3			0,542

Rotated Component Matrix

Component		1	2	3
	1	1	0	0
	2	0	1	0
	3	0	0	1

Component Score Matrix

# 9.4 Appendix 4 – Results from AVE and CR

	Merged data	set
	CR	AVE
Source credibility	0,872	0,633
Sponsor sincerity	0,718	0,465
Brand attitude	0,929	0,814

# 9.5 Appendix 5 – crosstabulation of the variable disclosure recognition

Conditions	Ν	"The post was disclosed as Advertising"	"The post was disclosed as Sponsored"	"The post was disclosed as Paid Partnership"	"The post was disclosed as #advertising"	"The post was disclosed as Brand ambassador"	"The post had No disclosure"
No disclosure	41	6	12	1	3	1	18
Disclosure - Paid Partnership	43	4	9	24	2	0	4
Disclosure - Advertising	41	18	3	1	8	2	9
Disclosure - Sponsored	41	5	24	1	4	4	3
Disclosure - #advertising	40	6	3	0	24	2	5
Disclosure - Brand ambassador	41	8	2	1	7	12	11
Total	247	47	53	28	48	21	50