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Designing the Medium and the Message for Sponsorship Recognition on Social Media: The Interplay of Influencer Type, Disclosure Type, and Consumer Culture

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ABSTRACT

In the context of Instagram-based influencer marketing, we examined the effect of distinct sponsorship disclosure types on consumers' ability to recognize the sponsorship's disclosure. Although prior research has focused on the impact of sponsorship disclosure recognition on brand-related outcomes, limited attention has been given to unraveling the impact of disclosure cues on consumer disclosure recognition. Our findings indicate that any type of disclosure is effective, however, a combination of medium and message-based disclosures is most effective. Results further revealed that consumers are less likely to recognize posts authored by micro-influencers rather than celebrities as sponsored. Finally, our findings show that cultural background has a strong influence on which sponsorship disclosure type is most effective. These findings offer a significant contribution to the human-computer interaction literature in terms of informing the design of messages and media for native advertising. Furthermore, these findings have significant policy implications.

Keywords

Social Media, Instagram, Advertisement Recognition, Influencer Marketing, Sponsorship, Disclosure, Culture

INTRODUCTION

Social media as a platform for advertising is growing in importance, partly due to the high number of users that use social media to interact with brands (Walters, 2016) and the many different ways through which brands can engage users, such as brand pages, paid ads, sponsored posts, and electronic word-of-mouth (eWOM).

eWOM is traditionally associated with unpaid, organic communication by individuals who voluntarily act as brand ambassadors (Scott, 2015). However, brands are increasingly using paid eWOM through the use of opinion

leaders—referred to as influencers—in a process called influencer marketing (Scott, 2015).

Influencer marketing refers to the use of individuals with influence over potential buyers to aid in the marketing activities of a brand (Evans, Jun, and Phua, 2017). Due to its relatively low cost and substantial reach, influencer marketing has become a very popular way for brands to engage with users on social media (Phua, Jin and Kim 2016). Influencer marketing may use a variety of different influencers, most notably celebrities or micro-influencers. Micro-influencers are regular individuals who have gained popularity online by attracting the attention of a particular group of people (Marwick, 2015) usually by publicly exposing their consumption or lifestyle habits (McQuarrie, Miller and Phillips, 2012). Unlike celebrities who are worldwide public icons, micro-influencers are only famous within a small niche of followers (Marwick, 2015). Yet, by documenting their lives publicly and creating relevant content, micro-influencers build their own personal brands and celebrity status.

Instagram, a photo- (and video-) sharing social medium, is currently one of the most popular platforms for influencer marketing. Influencers on Instagram typically have large followings, making it a popular platform for brands to engage in influencer marketing. Influencer marketing on Instagram often takes the form of sharing sponsored content or offering product placement in posts (Mediakix, 2016). According to existing research, marketers who have used influencer marketing judge it to be highly effective and report better customers and better retention compared to traditional advertising (Burgess, 2016). Hence, it is unsurprising that projected investments in influencer marketing are expected to reach \$15-\$20 billion by 2020 (Mediakix, 2016).

Despite the many benefits of influencer marketing for brands, this form of marketing has also received significant criticism, given that many paid product placements have been distributed without actual

sponsorship disclosures. Influencer marketing can thus be classified as a type of native advertising, a practice in which paid advertisements are created to look like editorial content (Nebenzahl and Jaffe, 1998). Similarly, in influencer marketing, the relationship between the sponsoring brand and the influencer is often ambiguous and thus may leave users with a false impression that a post is organic or unpaid and reflect an influencer's own objective opinion (Evans, Jun, and Phua, 2017).

The topic of disclosure recognition is thus an important area of research in the context of influencer marketing. However, to date, the majority of studies have focused on the effects of disclosure on brand-related outcomes, such as brand attitude and purchase intention (c.f., Djafarova and Rushworth 2017). Yet, very limited attention has been given to unraveling how different disclosure cues may impact sponsorship disclosure recognition by consumers, with the exception of some preliminary research on different disclosure language characteristics (Evans et al. 2017). Therefore, the way in which different disclosure cues impact the likelihood of disclosure recognition remains largely unknown; a question that has important design and regulatory implications.

To fill this void, the current study seeks to address the following research question: What medium (hereafter, platform) or message (hereafter, text)-based disclosure cues most strongly affect sponsorship disclosure recognition? Furthermore, moving beyond the basic main effect of different disclosure cues on disclosure recognition, this paper also sets out to explore whether the effectiveness of different disclosure cues varies based on the type of influencer used in the paid endorsement, namely a celebrity versus a micro-influencer, and the cultural background of the consumer.

This research not only has the potential to contribute to the literature on human-computer interaction by shedding light onto the significance of text and platform design choices for making consumers aware of the paid nature of influencer marketing posts, but also has important policy and regulatory implications in terms of guidelines for appropriate disclosure of paid influencer posts.

LITERATURE REVIEW

In an attempt to avoid consumer distrust, skepticism, and disinterest, advertisers increasingly look for ways to communicate without activating consumers' persuasion knowledge (Kaikati and Kaikati, 2004). Advertisers use methods of stealth advertising to catch consumers at their most vulnerable. Stealth advertising is a marketing method in which the consumer is not consciously aware that she is being confronted with advertising (Kaikati and Kaikati, 2004).

Influencer marketing shares important characteristics with stealth advertising in that it often involves social media influencers endorsing products without adequate explicit disclosure of the sponsored nature of the endorsements.

Influencer Marketing and the Effect of Disclosure Cues

Because influencer marketing shares important characteristics with stealth advertising, the persuasive intent of influencer posts is less recognizable than that of traditional commercials and advertisements. Thus, overall, consumers who are exposed to a sponsorship or advertising disclosure will have better information to determine if an endorsing post qualifies as a paid endorsement or an objective opinion and therefore have a higher chance of successfully recognizing the sponsored nature of a post (Evans et al., 2017). Therefore, we hypothesize that:

H1: Exposure to any disclosure cue will lead to higher disclosure recognition compared to no disclosure cue.

Types of Disclosure Cues and their Effectiveness

Table 1 provides an overview of effective and ineffective in-text disclosure cues.

Table 1: Effectiveness of in-text disclosure cues

	Effective	Ineffective
FTC regulations	“ad” “advertisement” “sponsored”	“partner” “SP” “spon”
Evans et al., 2017	“paid ad” “sponsored”	“SP”

Beyond in-text disclosure cues, in 2017, Instagram introduced the “Branded Content Tool”, a new feature allowing users to signpost sponsored content. The mention “paid partnership with [brand]” appears in between the Instagram handle and the picture, and the tool allows influencers to directly share the campaign metrics with the brand (Instagram, 2017). Hence, in addition to post-text disclosures, Instagram now enables users to use platform-based disclosures where the paid nature of a partnership is disclosed in the post header.

Given that using either post-text or platform-based disclosure separately—that is, disclosing the paid nature of a post in only one place (header or main body of social media post)—could still be overlooked by any single user, we anticipate that overall a combination of both disclosure cues will result in higher disclosure recognition. Hence, we propose that:

H2: Combining post text- and platform-based disclosure cues will be more effective than using either form of disclosure separately (i.e., only text-based or only platform-based).

The Moderating Effect of Influencer Type

In addition to the main effects of using (different types of) disclosure cues on disclosure recognition, an interaction with the type of influencer used may also exist. Specifically, the use of celebrity endorsement in advertising goes back to traditional advertising and is not

unique to the era of social media marketing. Hence, when celebrities are using their social media channels to endorse products publicly, even in the absence of disclosure cues, consumers might be more likely to be skeptical about the sincerity of the endorsement. Similarly, when using disclosure cues, because of a consumer's predisposition to celebrity endorsements—i.e., existing persuasion knowledge—such disclosure cues may have a stronger effect on disclosure recognition.

Inversely, micro-influencers on social media are considered to be "like us" and therefore more authentic. Hence, in the absence of disclosure cues, consumers are less likely to anticipate that an endorsement post is a sponsored post and instead are likely to believe that this is a personal opinion. Also, because of the relative novelty of influencer marketing, even in the presence of disclosure cues, because of the absence of existing persuasion knowledge, such cues may have a weaker effect in the context of micro-influencers. Given the exploratory nature and lack of theory in this space, we only explore a preliminary proposition:

P1a: In the absence of disclosure cues, consumers will report higher levels of disclosure recognition for posts shared by celebrities than those by micro-influencers.

P1b: In the presence of disclosure cues, consumers will report higher levels of disclosure recognition for posts shared by celebrities than those by micro-influencers.

The Moderating Effect of Consumer Culture

In addition to the moderating role of influencer type, moderating effects may also be associated with the cultural background of the consumer, specifically in the context of influencer marketing. There are two main reasons for this. First, specifically, given that consumers' persuasion knowledge is influenced by advertising standards in their countries, different advertising standards may make different cues more effective in some countries than others. Second, because influencer marketing emerged in the U.S., North American consumers may be more familiar with product endorsements by influencers on social media than in European or Asian societies. Again, given the exploratory nature of this study, a theoretical foundation to establish hypotheses is lacking and therefore only offer the following propositions.

P2: In the absence of disclosure cues, North American consumers will report higher levels of disclosure recognition for influencers' posts than Europeans and Asians.

METHODOLOGY

This study used a 2x4 experimental design, with two influencer types (Celebrity vs. Micro-influencer) and four disclosure types (None vs. Post text vs. Platform vs. Text and Platform). The brand chosen for this study, Fitvia, was selected from the list of the top 20 brands producing

the most influencer marketing campaigns on Instagram (strategies.fr, 2017). We specifically focused on its most popular product, FitTea.

Students were recruited from two large universities, one in the Midwestern U.S. and another in France. Of the original 169 students, 43 students were screened-out for not having an Instagram account. The final sample (N = 126) was near gender-balanced, owned an Instagram account, was predominantly 18-25, from the U.S. (63%), Europe (France) (25%), and Asia (China and South Korea) (12%). A pretest was conducted to prepare the stimulus materials and maximize reliability.

To control for the possibility that existing differences in familiarity or perceived credibility between celebrity and micro-influencers would be responsible for any of the observed differential effects of disclosure cue type, we conducted a set of ANOVA analyses. We found neither significant differences in familiarity between the celebrity and micro-influencer selected for this study ($F = 1.091$, $p = .356$) nor in perceived credibility ($F = 0.000$, $p = .986$). Finally, in order to be able to explore how differences in consumer culture affect sponsorship disclosure recognition, we also wanted to ensure that both influencers were similarly familiar across the different cultural samples included in our study and we found this to be the case ($F = 1.658$, $p = .195$). Based on the pretests, eight different stimuli were created. To create the stimuli, both post text and photo style were controlled. For additional control, the same post text, commonly referred to as 'caption', was used in all treatment conditions, and selected on the basis of adhering to Instagram best practices¹ for generating engagement.

Elaborating on the earlier description of sponsorship disclosure's manipulation (see Study Design), the relevant disclosure was added to the post for each of the three treatment conditions as follows: (i) Post Text disclosures included the word "SPONSORED" at the beginning of each post; this disclosure language was chosen as it is approved by the FTC and has been shown to generate advertisement recognition (Evans et al., 2017); (ii) Platform-based disclosure making use of the Branded Content Tool, where the post was flagged with the "in partnership with [brand]" language inserted below the influencer's handle (user account) icon but above the influencer's posted photo and caption; and (iii) Both Post Text and Platform-based disclosure.

Measures

The dependent variable of sponsorship disclosure recognition was measured using an adapted reflective scale from Wojdyski, Evans and Grubbs Hoy (2017), with only the second of the three items having been removed as it contained the word 'sponsored' that was

¹ SproutSocial.com, April 2018, <https://sproutsocial.com/insights/social-media-character-counter/>

used in the manipulation itself. Participants used a 7-point Likert scale (1 = strongly disagree, 7 = strongly agree) to indicate their level of agreement with the following two statements: “the post said it was advertising” and “the post was labeled as advertising”. Two control variables were examined: Influencer Type (Celebrity vs. Micro-influencer) and Nationality (American, European, Asian).

RESULTS

The Effect of Disclosure Presence on Disclosure Recognition

To test the effect of disclosure presence on disclosure recognition an independent samples t-tests was run in SPSS (v25). A significant difference in disclosure recognition was found between those exposed to no disclosure (i.e. control) ($M = 3.08$, $SD = 1.77$) and those exposed to any disclosure ($M = 4.55$, $SD = 1.90$; $t = -5.415$, $p = .000$). This result supports H1.

The Effects of Different Disclosure Cues

Furthermore, to test if there are significant differences in the effectiveness of distinct disclosure cues, a one-way analysis of variance (ANOVA) was run in SPSS. A significant difference in disclosure recognition was found between the four different disclosure treatment groups ($F = 10.542$, $p = .000$). From the different disclosure cues, platform-based disclosures only had the lowest effect on disclosure recognition ($M = 4.398$), followed by in-text disclosures only ($M = 4.4083$), although the difference between these two disclosure types was not significantly different ($p = .580$). A combination of in-text and platform-based disclosures had the strongest effect on disclosure recognition ($M = 4.836$), however, this effect is not significant ($p = .233$). Hence, H2 is not supported, but the overall trend indicates that a combination of in-text and platform based disclosures may be more effective.

The Role of Influencer Type

We first tested the main effect of influencer type and found a significant difference between those exposed to micro-influencers ($M = 4.45$, $SD = 1.78$) and those exposed to celebrities ($M = 3.90$, $SD = 2.11$); ($t(252) = -4.94$, $p = .027$); indicating that consumers are more inclined to detect sponsorship when a post is authored by a celebrity, confirming proposition 1a.

To explore the interaction effect of different disclosure cues and influencer types on disclosure recognition a univariate analysis was conducted in SPSS. A significant between-subjects effect in disclosure recognition was found ($F = 7.634$, $p = .000$). Specifically, our results indicate that the interaction effect is significant for lack of disclosure and for a combination of in-text and platform-based disclosures. In both cases, consumers are significantly more likely to recognize sponsorship for celebrities than for micro-influencers. However, for in-

text or platform only disclosure, there is no significant difference between celebrities and micro-influencers.

The Role of Consumer Culture

To test the interaction effect of sponsorship disclosure cues and consumer culture on disclosure recognition, a univariate regression was conducted in SPSS. A significant between-subjects effect in advertising recognition was found ($F = 5.087$, $p = .000$).

Significant differences were observed among consumers from different groups, with European consumers being least able to recognize sponsored posts in the absence of disclosures, whereas Asian consumers were most likely to recognize disclosure in the absence of any disclosure cue. Hence, our second proposition is partially confirmed.

Furthermore, using the results, we were able to explore additional differences in the effectiveness of disclosure cues for different cultural groups. Specifically, a combination of in-text and platform-based disclosures work best for North-American consumers, platform-based disclosure only works best for European consumers, and both in-text and a combination approach are equally effective for Asian consumers.

DISCUSSION

Our findings reveal that disclosures are necessary for consumers to recognize a post as sponsored and that any type of disclosure cue has a significant positive effect on the ability of consumers to recognize a paid post. Despite our expectations, combining in-text and platform-based as opposed to using only a single cue type does not significantly increase disclosure recognition, although the overall level of disclosure recognition does increase.

Results further revealed that consumers are less able to recognize posts as advertisements when authored by micro-influencers rather than celebrities. In addition, the combination of post- and platform-based disclosures was significantly more impactful on advertising recognition when the source was a micro-influencer.

Lastly, significant differences were observed among consumers from different cultural groups; specifically, Europeans were least able to detect sponsored posts in the absence of any disclosure cue whereas Asians appear to be the most skeptical of influencer marketing posts.

Theoretical Implications

Our study has three major theoretical contributions. First, we tested the effectiveness of different types of disclosure cues and found no significant differences in their effectiveness, even though a combination of in-text and platform-based disclosure increases the likelihood of disclosure recognition. This study is the first to test this diversity of cues, as previous studies have only looked at in-text disclosures (Evans et al., 2017).

Second, in line with previous research that called for future research examining the differential effects of

disclosure characteristics for different influencer types (Evans et al., 2017), our study shows that consumers process celebrity influencer content differently than non-celebrity influencer content. Such differences in disclosure recognition may in turn have a differential impact on brand-related attitudes and outcomes.

Third, our findings similarly show that consumers from different cultural backgrounds process influencer marketing differently, both in terms of posts without disclosure cues as well as with respect to the effectiveness of different disclosure types. These differences may also have important implications for the effectiveness of influencer marketing in different consumer segments.

Practical Implications

Our findings lead to four practical implications. First, considering the necessity to comply with the regulatory guidelines of the brand's operating environment, managers can anticipate heightened consumer skepticism in regards to sponsored posts and influencer marketing, more broadly. To sustain the interest of the social media user and generate engagement, increased attention should be directed at the content of the post, and specifically the 'story being told'. Messaging tactics needs to evoke perceptions of authenticity.

Second, the use of celebrities, while effective, comes with the drawback of greater skepticism surrounding the posted message relative to what would be evoked when the same message is published by a micro-influencer. Considering the typically significantly higher investment required to partner with celebrities rather than micro-influencers in the first place, the return-on-investment from an influencer marketing campaign is tipping the scale in favor of using micro-influencers.

Third, and building on the previous point, marketing managers would benefit by conducting opinion polls for influencers they are considering before making their selection. By measuring both perceived credibility and brand fit, marketing managers are minimizing the risk associated with their campaign investment.

Lastly, it has become apparent that post-text disclosures alone may not be sufficient to adequately inform a consumer. Mandating both post text- and platform-based disclosure of sponsorship would assure greater transparency; this need becomes paramount particularly in an international marketing context.

Limitations and Future Research

We used disclosure recognition as a proxy for sponsorship recognition. In future research, both measures should be included in order to corroborate that recognizing a disclosure results in the consumer recognizing a post as an ad. Our assessment of the moderating effects of influencer type and consumer culture was highly exploratory and requires further theorization to understand the source of the differences that were discovered. Also, given the exploratory nature of this

study, we relied on descriptive statistics, but future research should attempt to use more rigorous statistical methods to corroborate our findings.

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