

#Sponsored?

Recognition of Influencer Marketing on Instagram and Effects of Unethical Disclosure Practices

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## ABSTRACT

Due to changing technology use habits, consumers are being confronted less and less with traditional forms of advertising like TV commercials and newspaper advertisements. To be seen by consumers, brands have had to adapt and follow them to where they are getting their information and entertainment. One of the biggest moves in recent times is to advertising on social media. While social media has many benefits for brands, such as direct connections with consumers, social media platforms also give consumers the right to choose who they follow and what content they see. When a brand is not able to reach all of the consumers it wants to naturally, with its own content, an influencer may be employed to help. “Influencer marketing” is a relatively new form of native advertising, where an “influencer” (a social media user with a large, engaged following) is paid to post on social media with or about a brand or products. Influencer marketing is especially popular on Instagram. Seen as a paid brand endorsement, this type of advertising has gained attention from the Federal Trade Commission for its potential to deceive consumers. The FTC in recent years has updated its endorsement guides to reflect best practices for paid online and social media endorsements, and has brought cases against companies who have not followed their rules. This raises the question of if and how consumers recognize influencer marketing, and what effect, if any, unethical disclosure practices have on consumers’ brand attitudes and the value they get out of paid brand endorsements. This study looks at two factors for recognizing influencer marketing on Instagram, Instagram use and disclosure types, and the effects of unethical disclosure practices on brand attitudes of H&M and consumer’s perceived value of the advertisements. The study found that Instagram use and ambiguous disclosures can impact recognition of influencer marketing, but unethical disclosure practices may not have an effect on brand attitudes and advertising value.

## INTRODUCTION

As more and more people, especially those at a younger age, turn away from traditional media sources for news and entertainment, advertisers have had to adapt away from traditional types of advertising as well. Thirty-second TV spots and full-page magazine ads are no longer relevant for some of the audiences desired by advertisers. While many brands have followed their target markets to their preferred social media channels, simply having a presence on social media may not be enough to reach them. Social networks have, for the most part, put the power back into the consumer's hand. Users can choose who to follow, what to look at, and what to engage with. Brands now more than ever have to make sure that their audiences enjoy and engage with their content.

One way that brands have tried to reach more people on social media and engage with them in a relevant way has been to pay users with high followings to post about brands or products. The posts can range from a whole blog to a post on Instagram to a Tweet. These users, or "influencers," often have niche audiences, such as bakers, avid video gamers, or the fashion-obsessed, to name a few. This makes them ideal partners for certain types of products that may appeal to a specific group of people. Celebrities with hundreds of millions of followers with all types of interests are also influencers. Called "influencer marketing," this type of advertising is a paid brand endorsement on social media, and is a form of native advertising. Influencer marketing, like native advertising, is less obtrusive than other types of advertising because it mimics non-sponsored content that the influencer posts on a regular basis. The posts appear in a user's feed, because they follow the influencer, so their social media experience is uninterrupted.

By enlisting the help of an influencer, brands are tapping into the trust that the influencer's followers have in their taste and opinions. This is a powerful resource on social media. In a recent survey, 75 percent of social media users have reported purchasing

something they saw on social media (Sprout Social, 2016). This study focuses on the social media platform Instagram. With 500 million active users, there are a lot of potential purchases waiting on Instagram (Beese, 2016). Some celebrities, such as Selena Gomez, Taylor Swift, Beyoncé, and Kim Kardashian, have over 50 million people tuning in to their accounts. And niche users like fashion bloggers and chefs can have hundreds of thousands of followers, even though they are rarely known outside of their niches.

Influencer marketing, although it looks like native content, is indeed advertising. It has therefore received scrutiny from regulatory groups like the Federal Trade Commission, professional advertising associations, and industry professionals and critics. While some have a problem with sponsored content and influencer marketing as it exists (Starkman, 2013), others, such as the FTC, feel it is a useful tool, but needs to be regulated to protect consumers.

One of the most pressing ethical issues surrounding influencer marketing is the proper use of disclosures. Disclosing any type of native advertising or brand endorsement when it has been sponsored by a brand ensures that consumers have the information they need to make as informed a decision as possible when purchasing a product (FTC, 2013). Undisclosed sponsored content withholds this information from consumers. This not only makes undisclosed influencer marketing unethical, but also illegal. With the advent of social media, the FTC has taken the opportunity to educate advertisers about proper disclosures.

The FTC endorsement guidelines were updated in 2009 to include the internet and social media. The FTC has begun to take action against improper disclosures on social media. One of the largest cases the FTC investigated was against the clothing company Lord & Taylor. Lord & Taylor paid 50 Instagram influencers to post a picture with the same dress on the same day (FTC, 2015b). While the stunt was successful from a business standpoint, the FTC took notice and filed a complaint against the company claiming it deceived consumers.

In a more recent case, Warner Bros. was charged with not requiring payment disclosure to several YouTube influencers who posted about an upcoming video game, and settled with the FTC (FTC, 2016).

These cases demonstrate the need for more insight into influencer marketing. This study aims to show the effects of disclosures on advertising recognition and brand attitudes. The goal is to help advertisers make more informed decisions when it comes to influencer marketing. While the FTC requires ethical disclosure practices, this study asks what consumers think of these practices. The following paper is presented in four parts: a literature review of existing knowledge of disclosure recognition and the effects of unethical brand actions on consumers, methods, results, and conclusions.

## LITERATURE REVIEW

**I. Native Advertising**

While this study focuses on paid brand endorsements on Instagram, also called “influencer marketing,” what little scholarly research that has been done on marketing on the platform has focused on peer-to-peer communication, user motivations for using social networks, and best practices for brands. Few of these studies are Instagram-specific. Previous research on the topic needs to be found elsewhere.

Influencer marketing is a type of native advertising. Although some industry experts may argue over whether sponsored posts (where a brand pays to display a post to users on a social media platform who don’t follow them) count as native advertising (Wasserman, 2012), industry professionals and researchers agree that native advertising is paid content appearing in-stream that is meant to mimic editorial content (e.g. Campbell & Marks, 2015; Tutaj & van Reijmersdal, 2012; Wojdnyski & Evans, 2016; Austin & Newman, 2015). Native advertising is seen as less disruptive than other forms of online advertising, like banner ads, and also more relevant, because the ads are designed to blend with the content that the consumer is on the website or social platform for (the “editorial” content) (Campbell & Marks, 2015). With this definition, influencer marketing, where a social media user is paid to post with or about a brand or product, falls into this category. Brand content, whether created by the user or the brand, is made to look like, in the case of Instagram, the user’s regular independent Instagram posts. This study is informed, for the most part, by literature about native advertising. The majority of studies about native advertising examine sponsored news articles online. Studies about sponsored news articles were deemed appropriate to examine influencer marketing’s effects on Instagram because they both fall under the umbrella of online native advertising, and have same function simply with different forms.

Native advertising has its roots in traditional print newspaper and magazine advertorials, where advertisements mimicked long-form journalism and were often written by members of the publication's editorial team (Manalo, 2014). As technology has evolved, native advertising has with it. Advertorials are still published today, but advertisers have become more creative with the advent of new media. With the popularization of television came sponsored programs, product placement, and infomercials. Then, with the internet and the creation of online news sources, native advertising turned digital. Sponsored content meant to mimic editorial or user-generated content appear on *The New York Times*' online version, websites like BuzzFeed (whose business model is built on sponsored content), and social media channels like a celebrity's Instagram feed (Manalo, 2014).

There are many benefits to sponsored content for a brand. Sponsorship can increase the credibility, trust, and perceived expertise of a brand (Becker-Olsen, 2003). There is also a belief that publicity, versus advertising, has more value for a brand (Cameron, 1994). This is due in part to consumers' mistrust in advertising. Publicity in the form of sponsorship does well because it borrows from the source's credibility (Cameron, 1994). Online sponsorship has many benefits compared to off-line sponsorship. Advertisements on the internet are more relevant than those off-line because they are easier to target to consumers who are interested in them. The internet also provides information for the consumer that is easily accessible, and this is used to an advertisement's advantage, letting consumers click through an ad to find more about a product or service (Ducoffe, 1996).

These benefits can be translated to brand endorsements on Instagram. The brand borrows from the credibility and trust that followers have in an influencer. The sponsored content mimics the influencer's other, non-sponsored content, often because the influencer themselves is the creator of the content (Andrus, 2014). If planned and executed well, sponsored posts by influencers can be extremely relevant for consumers, because the brand and the



influencer fit naturally, and the consumer is more likely interested in the product (Mane & Rubel, n.d.). Although not on a traditional website, which would allow consumers to directly access another site, influencer posts often tag a brand, and clicking on the tag can lead the consumer to the brand's page, which contains more information about products and often a link to the brand's website.

## **II. Disclosure Recognition**

Much of the scholarly research on advertising disclosure has been based in Friestad and Wright's Persuasion Knowledge Model (PKM) (1994). Persuasion knowledge is the information that consumers learn over time about how, why, and when advertisers will try to influence them. Persuasion knowledge is learned over time as a consumer ages, through exposure to persuasive messages and social encounters about persuasion. The PKM says that persuasion knowledge activates mechanisms in the consumer to help them deal with a persuasive attempt by an advertiser. This activation can increase consumer skepticism of an advertisement and harm brand attitudes. The Federal Trade Commission (2009), in its guidelines on disclosures of issues like monetary compensation of a brand endorsement, states that disclosures should be both clear and conspicuous so that consumers can notice, read, and understand it. This is reflected in the PKM, where noticing and reading the disclosure would activate persuasion knowledge, and that knowledge would be used to understand it. The PKM also hypothesizes that noticing the elements of an advertisement that signal to a consumer that it is indeed an advertisement is the first step in activating persuasion knowledge and recognizing the advertisement for what it is. This is reflected in the FTC's disclosure guidelines, which recommend to brands that their disclosures be prominent, presented in an easily understandable way, placed where consumers are likely to look for them, and near the claim that the disclosure modifies (Fair, 2014). These four elements

together should make a disclosure noticeable and then activate persuasion knowledge. Other marketing industry groups, such as the Interactive Advertising Bureau (IAB), the Institute for Advertising Ethics (IAE), and the Word of Mouth Marketing Association (WOMMA) have similar guidelines for proper advertisement disclosure (IAB, 2013; IAE, 2011; WOMMA, 2016). The PKM notes several strategies that consumers have to cope with persuasive intent. These include “absolute compartmentalization,” (p. 12) (such as thinking that all advertisements are misleading), ignoring advertisements when they are recognized as such, denial of persuasive intent, depending on friends to interpret persuasive messages, and public expression of reactions to persuasive attempts by advertisers (such as sharing an opinion about an advertisement to others) (Friestad & Wright, 1994).

In scholarly studies, recognition of native advertising as advertising by consumers has been low (Wojdnski & Evans, 2016; Tutaj & van Reijmersdal, 2012; Boerman & Kruikemeier, 2016). Of these studies, two looked at sponsored news articles (Wojdnski & Evans, 2016; Tutaj & Reijmersdal, 2012), and the other examined promoted tweets on Twitter (Boerman & Kruikemeier, 2016). Recognition of sponsored news articles is low compared to traditional banner ads (Tutaj & van Reijmersdal, 2012). Studies from industry research groups, although they have not specifically examined recognition of native advertisement, have found that high numbers of people have felt deceived upon discovering that an online news article was sponsored, which would imply that they did not recognize it as an advertisement, at least at first (Lazauskas, 2014; eMarketer, 2013; Austin & Newman, 2015).

Industry studies report that consumers are aware of online native advertising. The Reuters Institute Digital News Report of 2015 found that one-third of consumers see sponsored content often, and a study from the Interactive Advertising Bureau found that 60% of consumers are aware of in-feed sponsored content (which can be sponsored news articles,

social media posts, etc.). This does not necessarily mean that the consumer can recognize it when they see it. It does, however, perhaps show how consumers are building on their existing persuasion knowledge to include well-integrated native advertisements.

While not much research has explored exactly who will recognize native advertising, the PKM suggests that those with existing persuasion knowledge will be able to apply it to an advertisement if they recognize it (Friestad & Wright, 1994). A study investigating the effectiveness of European product placement disclosures found that when consumers were trained on what the symbol meant, their persuasion knowledge was activated. After training, the symbol became effective (Tessitore & Geuens, 2013). This could suggest that consumers who have seen sponsored content would be more likely to recognize it than those who don't.

In terms of Instagram specifically, a national sample of adults who use the internet shows that Instagram users are more likely to be women under 30 years old (Duggan, 2015). Across social media sites as a whole, while more women use social media compared to men (80% of online women versus 73% of online men), the difference between genders is not statistically significant (Duggan, 2015). Women also spend more time on social media than men. A 2012 study of college undergraduates found that women spend more than 15 more minutes a day on social networking sites than men (Thompson & Lougheed). Using these statistics in the context of the PKM, women and younger people would be more likely to recognize sponsored content on Instagram because they are more familiar with the platform.

Currently, there is no industry-wide standard for the wording and placement of disclosures. Many industry professionals, the FTC, and the United Kingdom's Advertising Standards Authority have expressed concern about the lack of uniformity of disclosures because it can lead to ambiguous practices (FTC, 2009; Roderick, 2015). Studies in native advertisement disclosure have shown that language can affect advertising recognition (Wojdynski & Evans, 2016; Wojdynski & Golan, 2016). Disclosures are an important part of

recognizing a native advertisement as paid or sponsored, and common terms lead to higher recognition (Wojdyski & Evans, 2016). This supports the FTC's guidelines for clear wording in disclosures. The FTC does not require specific disclosure wording, but the agency recommends disclosures such as "sponsored," "promotion," "#ad," and "paid ad" to clearly communicate sponsorship, especially on social media platforms like Twitter, where character count is limited (FTC, 2015a).

Based on the preceding literature, the following hypothesis is proposed:

**H1: A)** Instagram users will have a higher recognition rate than non-Instagram users, and **b)** explicit disclosures will have a higher recognition rate than ambiguous disclosures.

### **III. Ethics of Native Advertising**

Native advertising, although used by media outlets and bloggers as a way to generate income, has many critics. With its roots in newspaper advertorials, native advertising can be seen as a threat to independent editorial and news content (Last Week Tonight, 2014). Some claim native advertising is inherently deceptive, and its goal is to trick consumers into believing they are reading independent content (Wasserman, 2013; Starkman, 2013).

The Federal Trade Commission is concerned about native advertising and influencer marketing. In 2009, the FTC updated its endorsement disclosure guidelines to reflect sponsorship and the material connections between what consumers see as independent parties (newspapers, bloggers) and brands online. The updated guidelines recommend disclosure of any and all exchanges of payment, either in free products or money.

The FTC's disclosure guidelines (2009) have a "clear and conspicuous" standard, meaning the consumer needs to be able to notice and read the disclosure. The FTC recommends thinking of a disclosure in terms of the "4Ps": prominence, presentation (easily understood wording), placement (where consumers are likely to look), and proximity (close

to the claim it modifies). According to the FTC, if marketers follow these rules, consumers will not only notice and read the disclosure, but they will also be able to understand it. The FTC also has specific online disclosure guidelines, called the Dot Com Disclosures (2013). These remind marketers that consumer protection laws apply to all media types, and specifically mentions “space-constrained platforms” (like Twitter), which still require a disclosure. Advertisers and endorsers have solved this problem on social media platforms by using hashtags, such as #ad and #sponsored.

Professional groups in the marketing and advertising industry have adopted similar guidelines into their codes of ethics and best practices for online advertising. The Word of Mouth Marketing Association specifically states compliance with the FTC’s “Guides Concerning Use of Endorsements and Testimonials in Advertising” as one of the main points in their code of ethics (2016). The Institute for Advertising Ethics, concerned about the blurring lines between independent editorial content and sponsored content, addresses disclosure in its “Principles and Practices for Advertising Ethics” (2011). It recommends clear disclosures on all media channels “in the interest of full disclosure and transparency” (p. 6). The Interactive Advertising Bureau has developed a “Native Advertising Playbook,” wherein it recommends disclosures need to be clear and conspicuous enough that “regardless of context, a reasonable consumer should be able to distinguish between what is paid advertising vs. what is publisher editorial content” (2013, p. 15). As evidenced from these industry groups, there is a consensus that ethical sponsorships, online, offline, and on social media, are clearly marked in a way that the consumer will understand the connection between the advertiser and the endorser.

#### **IV. Effects of Native Advertising on Brand Attitudes**

Native advertising can affect consumer's attitudes toward a brand. The positive effects, such as increased credibility, have been discussed. But attitudes can also be affected negatively. Many of these ways have to do with the content and placement of the advertisement, such as the perceived fit between the sponsor and the publisher (Becker-Olsen, 2003). Another way, which is explored in this study, is through the ethics of the advertisement, specifically in terms of disclosure practices. While native advertising is seen as less intrusive than other forms of advertising, it is also seen as more manipulative (Lee & Ham, 2016). Perceived manipulation is a "consumer inferenc[e] that the advertiser is trying to persuade by inappropriate, unfair, or manipulative means" (Campbell, 1995, p. 228). Studies have shown that the mere recognition of a native advertisement can lower brand attitudes and the perceived quality of the advertisement. One study found that recognition of a sponsored news article as an advertisement led to lower brand attitudes, lower story quality, lower credibility, and lower intention to share (Wojdyski & Evans, 2016). Another study also found that recognition led to lower perceived article quality and brand attitudes, but more specifically when recognizing the article as an advertisement made the consumer feel deceived (Wojdyski & Golan, 2016). The authors recommended that advertisers take steps to ensure their sponsored articles were not misleading. This could include clear and conspicuous disclosures. Consumers do not like to feel manipulated by advertisements. Another study also showed that attitude toward the advertisement, the brand, and purchase intention were negatively affected when a consumer felt manipulated (Campbell 1995).

As the review of FTC guidelines and industry codes of ethics showed, misleading advertisements are unethical. Interestingly, however, one study found that unethical actions did not negatively affect brand attitudes, brand perceptions, or behavioral intentions for fast-moving consumer goods (which are bought and replaced often), but were negatively impacted when the unethical action was seen as a transgression, which is a deliberate breach

of ethics (Steinman & Wolfrom, 2012). It is unclear which category consumers consider improper disclosure practices to be under.

Other studies have found that ethical actions do matter. A study focused specifically on unethical disclosure practices on the social media site YouTube (Sweester, 2010). Two groups were shown a video made by the car manufacturer BMW that was posted on a user account meant to look like it belonged to the director of the video. One group was told that BMW had claimed the video was theirs from the beginning, representing proper disclosure practices, and the other group was told that BMW lied about the video being theirs, but it was later found out through an investigation that they lied. This represented unethical disclosure practices. Although this study focused on relationship management strategies, the author concluded that ethics are an important part of a brand's relationship with the public, and they have the power to damage a consumer's perceived view of their relationship with a brand. Unethical disclosure practices also harmed credibility. These findings support the codes of ethics and recommendations of and the FTC and the industry groups outlined above.

Several studies have used the Persuasion Knowledge Model to show how native advertisements can negatively affect brand attitudes and purchase intent. In a study on sponsored television content, it was found that recognition of a disclosure and awareness of persuasion (activation of persuasion knowledge) made the viewer more critical of the advertisement, but the mere presence of a disclosure did not have a negative effect on brand attitudes (Boerman, Reijmersdal, & Neijens, 2012). However, a later study from the same authors found that recognition did indeed lead to consumers having less favorable attitudes toward a brand (2014). Another study looking at online native advertising from news websites also found that advertisement recognition affected brand attitude in a negative way (Wojdyski & Evans, 2016). Recognition was also shown to lower perceived story quality and source credibility, and a lower intention to share the story in that study. Similar to the

Boerman study, another study from Wojdyski found that advertisement recognition alone did not negatively affect brand attitudes, but attitude was affected by persuasion knowledge and the perceived deceptiveness of native advertising (Wojdyski & Golan, 2016). In summary, native advertising, through the activation of persuasion knowledge, has the power to affect brand attitudes, mostly through its recognition as an advertisement and perceived deceptiveness. These results could be augmented by the use of unethical disclosure practices like those outlined above.

The format and content of native advertising can have an impact on a consumer's perceived value of the advertisement, which can in turn affect brand attitudes. Advertising value, as first outlined by Robert Ducoffe, is a concept meant to assess the value that consumers gain from viewing advertisements (1995). Advertising value is measured with three components: information, entertainment, and irritation. The more informational and entertaining the ad is, and the less irritating, the higher the advertising value will be for the consumer. Ducoffe suggests that this model can serve as a way to measure consumers' satisfaction with advertising and other forms of communications, and may also indicate the effectiveness of the advertisement. Advertising value also has a positive relationship with brand attitudes, according to Ducoffe.

While some find that the integration of sponsored content into independent editorial content problematic, some industry professionals praise native advertising for its ability to deliver useful, relevant information where the consumer is looking for it (Wasserman, 2012). This view has been supported by several studies. In a comparison of sponsored content and banner advertisements, Karen Becker-Olson found that sponsored content helps consumers build relationships with brands by providing them with useful information (2003). She also found that the perceived fit of the sponsor to the website or platform was important in determining a consumer's attitude toward it. A survey on native advertising on social media



found that native advertising is seen as unobtrusive, and people who use social media to find information have a more positive response to native advertising (Lee & Ham, 2016).

Sponsored content in general has been shown to be more entertaining and informational, and less irritating, than online banner advertisements (Tutaj & van Reijmersdal, 2012). These results support Ducoffe's concept of advertising value in native advertising, where information and entertainment have a positive impact on ad value, and irritation has a negative impact.

Irritation can be a powerful motivator. One study found that the perceived obtrusiveness of native advertisements on social media (whether they were a barrier to the consumer's social media use) was the greatest predictor of advertisement attitude and intention to share (Lee & Ham, 2016). Obtrusiveness was more of a factor than perceived manipulation, in that study. Another found a link between advertising value and consumers' skepticism of an ad (Tutaj & van Reijmersdal, 2012). When consumers perceived the value of an advertisement to be high, they were less skeptical of it. In the study, consumers were less skeptical of native advertisements than banner advertisements, and gave them a higher advertising value. The study also found that recognition of the advertisement and irritation were linked, where those who recognized the articles as sponsored also found them more irritating. Because banner ad recognition was higher than native ad recognition in this study, that could explain why banner ads had a lower advertising value than native advertising (Tutaj & van Reijmersdal, 2012).

Recognition also has an effect on the perceived story quality, where those who recognized a sponsored article as an advertisement found the story quality lower compared to those who did not recognize the article as sponsored (Wojdyski & Golan, 2016). Although the authors did not delve into *why* participants found the story quality low, this could translate to lower advertising value. As Ducoffe notes, advertising value is a measure of the

satisfaction of a consumer with an ad (Ducoffe, 1995). It may be safe to assume that those who found the story quality low would have found the ad value low as well.

Although native advertising is seen by consumers as more valuable than banner ads, consumers do not like being manipulated. When taking ethics into account, which can affect brand attitudes and other factors, as outlined above, unethical disclosure practices may increase perceived manipulation, and decrease brand attitudes and perceived advertising value. In summary, studies of native advertising, ethics, and advertising value show that the three can be intricately related. Based on the literature on native advertising, ethical disclosure practices, and brand attitudes, the following hypothesis is proposed:

**H2:** Participants in the proper disclosure condition will report the highest **a)** brand attitude and **b)** advertising value, followed by the condition without manipulation, and the improper disclosure condition will report the lowest advertising value and brand attitudes.

## METHODS

The study was split into three parts. The first part tested participant's recognition of a specific influencer marketing cue (payment disclosure) to test **H1**. The second part tested the effects of unethical disclosure practices on advertising value and brand attitudes, to test **H2**. The third part of the study was a survey to gather general demographic information and to gauge participant's social media usage habits and their previous exposure to influencer marketing, which was used to determine high vs. low-use social media users, in addition to other factors, for data analysis.

H&M was chosen as the brand sponsor in this study because of its relative familiarity. H&M has over 3,500 locations world-wide, with eight stores in Minnesota, and seven of those in the Twin Cities Metro area, where the study participants are enrolled in school. H&M is also a relatively neutral company. While it has recently been advertising its ethical standards and sustainable clothing lines, these practices are not as engrained in the brand image as much as a company like Toms (H&M, n.d.). H&M has also been in the news for its overseas labor practices, which it has pledged to improve (Abrams, 2016). Therefore, H&M is both somewhat controversial, but also has established corporate social responsibility initiatives. H&M was chosen in the hopes that the study participants would not have strong pre-determined feelings about the brand.

Participants took all three parts of the study online, starting with the recognition portion, followed by the advertising value and brand attitude portion, and finished with the survey of their social media usage habits.

### **I. Sample**

Participants were solicited from the School of Journalism and Mass Communication at the University of Minnesota Twin Cities campus. Participants received extra credit for

participating. In total, 150 participants responded. The age of the participants ranged from 17 to 39, with an average age of 20.51. Eighty percent of participants were female. Although the sample skews female and younger, it is a good representation of Instagram users in general, who tend to be female and younger (Duggan, 2015). Eighty-seven percent of participants (n = 131) had an Instagram account. Of those, 78% (n = 102, or 68% of total participants) used Instagram multiple times a day. The rest used Instagram only once a day (n = 8), a few times a week (n = 10), rarely (n = 7), or almost never (n = 4). Participants were somewhat evenly distributed in terms of their H&M use. Thirty-three participants (22%) visited H&M in-store or online one a month or more. Fifty-eight (39%) visited once every few months, and 59 (39%) rarely or never visited H&M.

## **II. Part One: Recognition**

Part One of the study was designed to gauge participants' recognition of paid brand endorsements on Instagram, measured by their recognition of disclosure hashtags. All participants were shown the same 10 simulated Instagram posts.

### **IIa. Stimulus Materials**

Participants were shown 10 simulated Instagram posts as if they were shown while scrolling through the app on an iPhone operating system. The posts were from 10 different fake users, created by the author, with varying amounts of likes, but all having over 1,000 likes, to simulate someone "Instafamous," or an influencer. The creators of the posts varied in gender, with three of the posts by men and seven by women. Each post tagged H&M (@hm), and used its brand hashtag #HM, and #HMMen for men's clothing. In addition to the brand hashtags, the posts each used around five other hashtags, but varied in number and style

depending on the post. All of the images that were used had a person or their clothing as the focus. Images were sourced from Flickr and used under Creative Commons licensing.

The posts were similar in style, with the user's comments first, the brand tag and the brand hashtags after, followed by supplementary hashtags (e.g. #fashion, #mensfashion, #jeans). Six of the 10 posts had disclosures that were meant to disclose the post as a paid brand endorsement. Most of the disclosures were in the form of hashtags. The hashtags used were #ad (used twice), #sp, #spon, #sponsored, and the words "paid post." The other four posts tagged the brand and used the brand hashtags as described above, but no element of the post was meant to disclose it as a paid advertisement. The disclosures were placed at various points of the post: the very beginning, as the very first hashtag in the line of hashtags, and as the very last hashtag. Supplementary hashtags were chosen based on searches of fashion-related posts on Instagram. The disclosure hashtags were chosen based on their usage on Instagram, determined by a search on the app. The most popular hashtags (by number of posts) were chosen. Figures 3 and 4 in the Results section are two examples of posts shown to participants.

## Ib. Procedure

Participants were told that they were to view several images, and to answer the questions that appeared after. The posts described above were shown on-screen as images for 10 seconds, then disappeared. Participants had the option to move on before 10 seconds had passed. After the post was gone from the screen, the participants were asked if the previous post was a paid advertisement, with the option to select "yes" or "no." If they chose yes, another question appeared as an open-ended response for them to describe why they believed the post was an advertisement. If they chose "no," the study moved directly to the next post. This was repeated for all 10 posts.

## IIc. Variables

*Recognition.* Recognition was measured based on participants' responses to the question "Was the previous post a paid advertisement?" Responses were later recoded to reflect the right and wrong answer, with a correct answer represented by a 1, and the incorrect answer represented by a 0. Participants were also asked why, specifically, they thought the post was a paid advertisement. These answers were not figured into analysis.

*Instagram use.* To test hypothesis 1(a), participants were split into two groups based on whether or not they had an Instagram account. Those with an Instagram account (n = 131) comprised one group, and those who did not have an Instagram account (n = 19) comprised the other.

*Ambiguous vs. explicit disclosures.* To test hypothesis 1(b), ambiguous and explicit disclosures were used in the six disclosed posts. The ambiguous disclosures used were #sp and #spon. The explicit disclosures used were #ad, #sponsored, and "paid post." This classification is based on the FTC endorsement guidelines (2013), and other cases where brands have been punished for improper disclosures (Roderick, 2015).

## III. Part Two: Effects of Unethical Disclosure Practices

Part Two was designed to measure the effects of unethical disclosure practices on participants' brand attitudes towards H&M and advertising value of the Instagram post. Participants were randomly assigned to one of three groups: No Manipulation (n = 49), Proper Disclosure (n = 50), and Improper Disclosure (n = 51).

### IIIa. Stimulus Materials

Participants were shown one of three simulated Instagram posts like those shown in Part One. The post shown depended upon the group the participant was randomly assigned to.

The fake user, @lillisali, was created by the author, and the image sourced from Flickr. The three posts were nearly identical, using the same image of a women wearing black sunglasses, and a white t-shirt under a black sleeveless dress (Figure 1). For all three groups, the post received 5,499 likes. H&M was tagged (@hm), and the hashtags #HM, #NYC, and #dress were used in all three posts. The only difference among the posts was the inclusion of #ad at the end of the post’s description. The post that included #ad was used for the “Proper Disclosure” group. The other two posts were exactly alike, as described, without #ad, and shown to the “No Manipulation” group and the “Improper Disclosure” group.



Figure 1. Post shown to the Proper Disclosure group.

### IIIb. Procedure

Participants were first asked about their H&M usage habits (do you shop at H&M, how often do you visit the store), and their interaction with H&M on social media (Instagram and others).

Participants were then shown the post described above as an image for 10 seconds. The screen then changed automatically to a description of the post, with the post still present on the screen. The group without manipulation was given a simple description: “This post was posted on Instagram by user @lillisali. It received 5,499 likes. Click the arrow to answer questions about this post.” The Proper Disclosure group, in addition to the short description, was also told that the user was paid by H&M, endorsing the brand, and that payment was disclosed by using #ad. The Improper Disclosure group was given the same description, was told the post was paid for by H&M, and that the post was in no way disclosed as a paid advertisement. Participants were then asked to rank their agreement of several statements on a five-point likert scale about the post, the influencer, and H&M. The post remained available for participants to view while responding. The questions were nearly identical across groups, with the exception of one statement, “I knew this post was an advertisement before I was told,” which appeared at the beginning of the two experimental groups, was changed to “I thought this post was an advertisement,” in the group without manipulation, and was moved to be the last question answered.

### IIIc. Variables

*Groups.* As mentioned above, the participants were randomly assigned to one of three groups based on disclosure practices. The No Manipulation group was shown an undisclosed post, but was only given a short description of the post with no mention of endorsements. The Proper Disclosure group was shown a post that was properly disclosed, and were told that it



was so. The Improper Disclosure group was shown an undisclosed post and then was told that it was improperly disclosed.

*Brand attitude.* To test hypothesis 2(a), participants marked their agreement to several statements on a five-point likert scale (strongly agree (1), agree, neither agree nor disagree, disagree, strongly disagree (5)). The statements measuring brand attitude were:

- If I were following H&M, I would unfollow them after seeing this post (reverse coded)
- I like H&M
- H&M is: trustworthy, ethical, bad (reverse coded), pleasant, low quality (reverse coded), valuable, credible, sincere
- I feel deceived by H&M (reverse coded)

Participants' responses were then combined to create a new *brand attitude* variable.

*Advertising value.* Advertising value is a measurement of consumer's informational and entertainment value of an advertisement, as well as their level of irritation (Ducoffe, 1995). To test hypothesis 2(b), participants marked their agreement to several statements on a five-point likert scale, from (1) strongly agree to (5) strongly disagree. The statements measuring information, entertainment, and irritation were:

- *Information:* This post is informative
- *Entertainment:* I would like this post in Instagram, I would comment on this post on Instagram
- *Irritation:* This post is irritating (reverse coded), I am skeptical of this post (reverse coded)

Participants' responses were then combined to create a new *advertising value* variable.

## RESULTS

**I. Hypothesis 1: Recognition of Influencer marketing****Ia. Instagram users will have a higher recognition rate than non-Instagram users**

To test hypothesis 1(a), users were separated into two groups based on questions they answered about their Instagram usage habits. Group 1 ( $n = 131$ ) said that they had an Instagram account and Group 2 ( $n = 19$ ) said that they did not have an Instagram account. The recognition rate of paid advertisements was calculated by averaging participants' recognition scores (0 = incorrect, 1 = correct). Recognition rate represents the average likelihood that a participant recognized the advertisement correctly. The recognition rate for all participants was 0.73 ( $SD = 0.16$ ). Participants with Instagram accounts had a slightly higher recognition rate than the total sample. The recognition rate of participants with Instagram accounts was 0.74 ( $SD = 0.16$ ). The recognition rate of participants without Instagram accounts was 0.63 ( $SD = 0.14$ ) (Figure 2).

An independent samples t-test was performed to compare the two groups. The results of a one-tailed t-test showed a  $t$ -value of 2.82 ( $df = 148$ ), and a  $p$ -value of 0.0025. There is a significant difference in the recognition rate of paid brand endorsements between Instagram users and non-Instagram users, with Instagram users having a higher recognition rate.

Hypothesis 1(a) is supported.

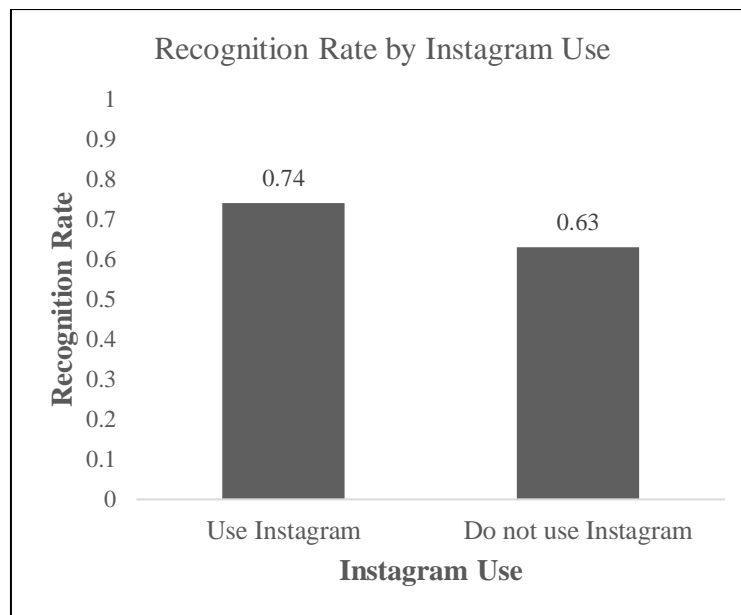


Figure 2. Recognition Rate by Instagram Use

To further examine the relationship between Instagram use and recognition of influencer marketing, participants were separated into high- and low-use Instagram users. High-use users ( $n = 110$ ) were categorized as those who use Instagram daily or more than once a day. Low-use users ( $n = 40$ ) were categorized as those who used Instagram a few times a week (but less than daily), rarely, almost never, and those who did not have an Instagram account. The mean recognition rate of the high-use group was 0.74 ( $SD = 0.16$ ), and the mean recognition rate of the low-use group was 0.69 ( $SD = 0.16$ ). While the high-use group had a higher recognition rate than the low-use group, the difference was not deemed statistically significant. An independent samples  $t$ -test was performed to compare the two groups. The results of a one-tailed  $t$ -test showed a  $t$ -value of 1.638 ( $df = 148$ ), and a  $p$ -value of 0.052.

- Ib. Explicit disclosures will have a higher recognition rate than ambiguous disclosures

To test hypothesis 1(b), the 10 simulated Instagram posts were categorized as having (a) no disclosure, (b) an explicit disclosure, or (c) and ambiguous disclosure. Four of the

posts had no disclosure, four had an explicit disclosure. (#ad used twice, #sponsored, and “paid post”), and two had an ambiguous disclosure (#sp, #spon). The recognition rates of the disclosure types were combined to create total recognition rates for the undisclosed, explicit, and ambiguous posts. A statistical test was not performed on the disclosure variables because they examine the differences within individual users, meaning every participant was concluded. They were not separated into individual groups. However, the results are still interesting to discuss on a descriptive level, and statistical tests comparing those who use Instagram and those who don’t with the disclosure types may point to significant results.

While no participant responded to each question (“Was the previous post a paid advertisement?”) incorrectly, this changes when the posts are sorted by disclosure type. The average recognition rate for all of the posts was 0.73 ( $SD = 0.16$ ). For the explicit posts, the average recognition rate was 0.84 ( $SD = 0.25$ ), for the ambiguous posts it was 0.58 ( $SD = 0.39$ ), and the mean recognition rate of the undisclosed posts was 0.69 ( $SD = 0.25$ ) (Figure 5).

Fifteen participants, or 10% of total participants, recognized all of the posts correctly. Ninety-six participants (64%) recognized all of the explicit posts correctly. Sixty-one participants (41%) recognized all of the ambiguous posts correctly. Interestingly, only 53 (35%) of participants recognized all of the undisclosed posts correctly, meaning they didn’t think they were paid advertisements, which could suggest some confusion among participants, which will be discussed later.

While the ambiguously disclosed posts had more participants recognize all of them correctly than the undisclosed posts, the ambiguous posts had the most participants recognize all of them incorrectly, with 36 participants (24%) recognizing all of them incorrectly. Only 3 participants (2%) recognized all of the explicit disclosures incorrectly, and 15 participants (10%) recognized all of the undisclosed posts incorrectly.

The post that was recognized correctly by the most participants (n = 131) was an explicitly disclosed post. The disclosure used was “paid post” at the end of the post description (Figure 3). The post that was recognized correctly by the least number of participants (n = 84) was an ambiguously disclosed post that used #spon to disclose that it was a paid advertisement. The disclosure was in the middle of the post description, as the first hashtag in the string of hashtags (Figure 4). Figure 5 shows the recognition rates of all disclosures used in the study.



Figure 3. Disclosure: “paid post”



Figure 4. Disclosure: #spon

To gain more insight into the difference between recognition of explicit and ambiguous disclosures, independent samples *t*-tests were performed comparing Instagram use and disclosure types. The groups from hypothesis 1(a) (did or did not use Instagram) were used to compare the disclosure types. The *t*-tests did not show a statistically significant

difference between the groups for no disclosures ( $t = 0.77$ ,  $df = 148$ ,  $p = 0.22$ ), or ambiguous disclosures ( $t = 0.99$ ,  $df = 148$ ,  $p = 0.16$ ). The  $t$ -test did, however, find a difference between the groups for the recognition of explicit disclosures. The mean recognition rate of explicit disclosures for those who used Instagram was 0.87 ( $SD = 0.23$ ), and 0.70 ( $SD = 0.31$ ) for those who do not use Instagram. The  $t$ -test showed a  $t$ -value of 2.814 ( $df = 148$ ) and a  $p$ -value of 0.003. When using the high and low Instagram use groups from the supplemental hypothesis 1(a) analysis, the differences between the groups was not statistically significant for any disclosure type.

Based on these results, hypothesis 1(b) is supported, because the recognition rate of the explicitly disclosed posts was higher than the recognition rate of the ambiguously disclosed posts, although it is unknown whether the difference between the groups is statistically significant.

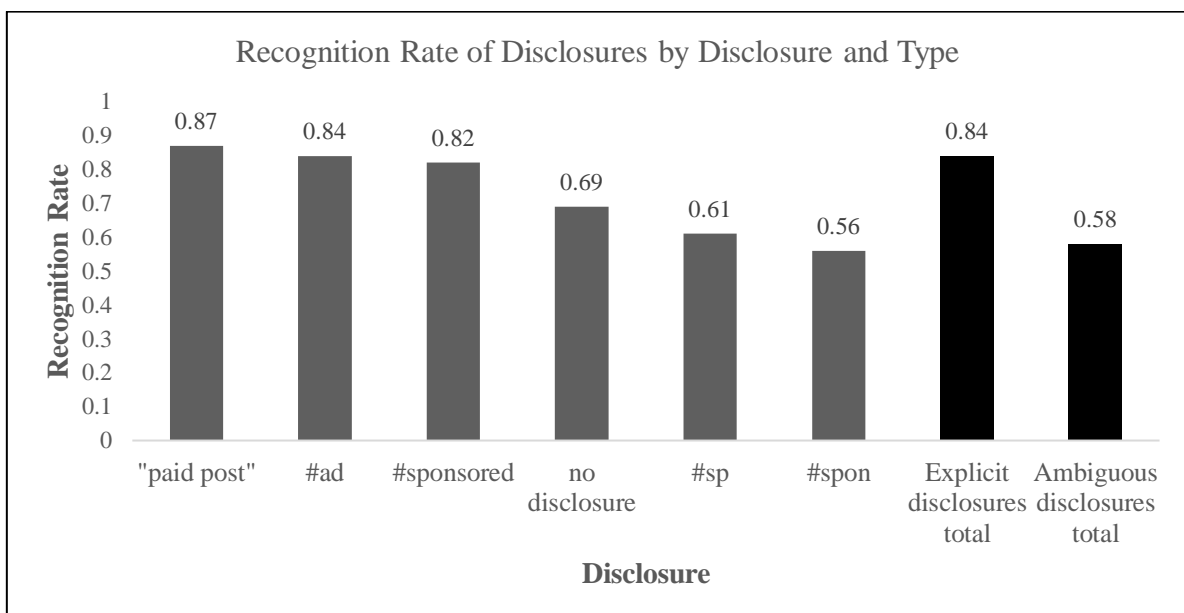


Figure 5. Recognition Rate of Disclosures by Disclosures and Type

## II. Effects of Unethical Disclosure Practices

- IIa. Participants in the proper disclosure condition will report the highest brand attitude, followed by the condition without manipulation. The improper disclosure condition will report the lowest brand attitude.

To test hypothesis 2(a), participants were randomly assigned to one of three groups as described in the methods section: No Manipulation ( $n = 49$ ), Proper Disclosure ( $n = 50$ ), and Improper Disclosure ( $n = 51$ ). A brand attitude variable was created by combining 11 five-point likert-scale items, measuring participant's attitudes towards H&M in a number, 1 being the lowest brand attitude and 5 being the highest. The mean brand attitude for all participants ( $n = 150$ ) was 3.37 ( $SD = 0.50$ ), which is on the more positive side of the likert scale.

A one-way analysis of variance (ANOVA) test was performed to calculate the difference between the three groups. The mean brand attitude of the No Manipulation group was 3.37 ( $SD = 0.49$ ). The mean brand attitude of the Proper Disclosure group was 3.47 ( $SD = 0.51$ ), and the mean brand attitude of the Improper Disclosure group was 3.28 ( $SD = 0.48$ ) (Figure 6). None of the differences between the three groups was found to be statistically significant ( $F(2,147) = 1.965, p = 0.144$ ). A Tukey post-hoc test revealed that the largest difference was between the Proper and Improper Disclosure groups, with a mean difference of 0.19, but this difference was not statistically significant ( $p = 0.12$ ). Although, as predicted, the Proper Disclosure group reported the highest brand attitude, followed by the No Manipulation group and the Improper Disclosure group, the differences between the three groups was not statistically significant. Therefore, hypothesis 2(a) was not supported.

- IIb. Participants in the proper disclosure condition will report the highest advertising value, followed by the condition without manipulation. The improper disclosure condition will report the lowest advertising value.

To test hypothesis 2(b), the same randomly-assigned groups were used as hypothesis 2(a). A new advertising value variable was created by combining five five-point likert-scale items about the participant's attitude toward the Instagram post, measured by a number 1

through 5, where 1 is the lowest advertising value, and 5 is the highest. The mean advertising value was 2.67 ( $SD = 0.57$ ).

A one-way ANOVA was performed to calculate the difference between the three groups. The mean advertising value for the No Manipulation group was 2.68 ( $SD = 0.57$ ). The mean advertising value of the Proper Disclosure group was 2.69 ( $SD = 0.08$ ), and the mean advertising value of the Improper Disclosure group was 2.64 ( $SD = 0.57$ ) (Figure 6). None of the differences between the three groups were found to be statistically significant ( $F(2,147) = 0.11, p = 0.9$ ). A Tukey post-hoc test revealed that the largest difference was between the Proper and Improper Disclosure groups, like the brand attitude measure, however the difference was only 0.05 points, and was not statistically significant. The differences between the three group's reported advertising values were very small (0.01 between the No Manipulation and Proper Disclosure groups; 0.04 between the No Manipulation and Improper Disclosure groups; and 0.05 between the Proper and Improper Disclosure groups). Although, as predicted, the Proper Disclosure group reported the highest advertising value, followed by the No Manipulation group and then the Improper Disclosure group, the difference was not statistically significant. Therefore, hypothesis 2(b) was not supported.

Advertising value is calculated by measuring a consumer's perceived information, entertainment, and irritation value of the advertisement (Ducoffe, 1995). The higher the information and entertainment value, and the lower the irritation value, the higher the advertising value of the ad. Participants in the Improper Disclosure group found the post the most irritating ( $M = 3.25, SD = 0.89$ ), followed by the Proper Disclosure group ( $M = 3.27, SD = 0.84$ ). The No Manipulation group found the post the least irritating ( $M = 3.40, SD = 0.99$ ). The information value of the post was low. The Proper Disclosure group found the post the most informative, even though the average was on the negative side of the likert scale ( $M$



= 2.60,  $SD = 0.90$ ). The Proper Disclosure group was followed by the Improper Disclosure group ( $M = 2.51$ ,  $SD = 0.99$ ), and the No Manipulation group ( $M = 2.41$ ,  $SD = 0.84$ ) in terms of information value. For entertainment value, the No Manipulation group found the post the most entertaining ( $M = 2.23$ ,  $SD = 0.76$ ), followed by the Proper Disclosure group ( $M = 2.20$ ,  $SD = 0.67$ ), and the Improper Disclosure group ( $M = 2.16$ ,  $SD = 0.74$ ).

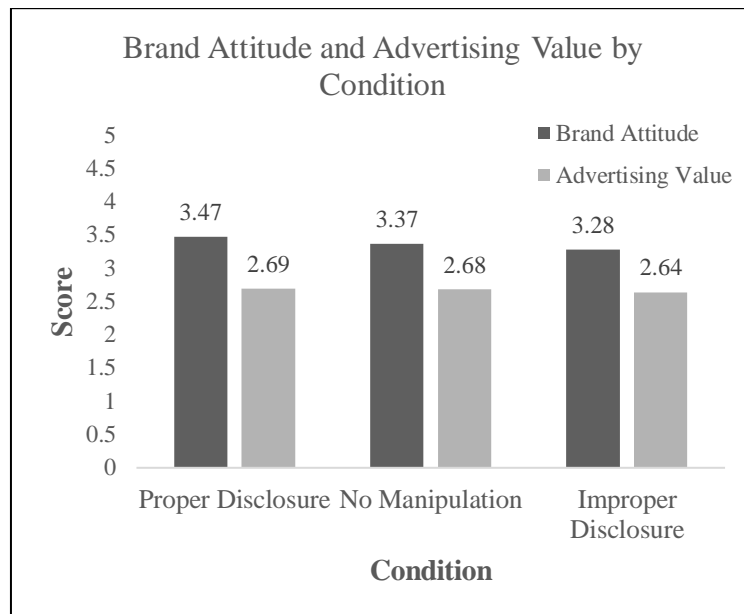


Figure 6. Brand Attitude and Advertising Value by Condition

Because hypothesis 2 was not supported, two-tailed correlations were performed to see if any demographic categories impacted brand attitude and advertising value more than ethical disclosure practices. Gender and age were not significant factors, and neither was whether the participant used Instagram or not. However, the participant's usage rate of H&M and Instagram showed significant differences in brand attitude toward H&M. None of the measures had a significant correlation with advertising value.

Using the supplemental analysis of Instagram use frequency from hypothesis 1(a), high and low Instagram use was also compared to brand attitude. High-use Instagram users ( $n = 110$ ) had a mean brand attitude of 3.44 ( $SD = 0.45$ ), and low-use Instagram users ( $n = 40$ )

had a mean brand attitude of 3.17 ( $SD = 0.56$ ). The correlation between Instagram use frequency and brand attitude was statistically significant ( $r = 0.244, p = 0.003$ ).

H&M use was also related to brand attitude. Those who shopped at H&M once a month or more frequently were considered high-use ( $n = 33$ ). The mean brand attitude of high-use H&M users was 3.55 ( $SD = 0.40$ ). Those who shopped at H&M less than monthly were considered low-use ( $n = 117$ ). The mean brand attitude of low-use H&M users was 3.32 ( $SD = 0.51$ ). The correlation between brand attitude and H&M use was statistically significant ( $r = 0.193, p = 0.018$ ).

## CONCLUSIONS

### **I. Recognition of Influencer Marketing**

The results showed that both Instagram use and the ambiguity of disclosures can determine whether a user will recognize a paid brand endorsement on Instagram. The results of hypothesis 1(a) are supported by the Persuasion Knowledge Model (Friestad & Wright, 1994). The results of hypothesis 1(a) are important because they reflect the results of native advertising recognition studies on other platforms (e.g. Wojdyski & Golan, 2016), applying those ideas to Instagram, and support that recognition relies in part on familiarity with the platform. It may be possible that simple exposure to influencer marketing makes it easier to recognize later, because while Instagram use was a significant determinant of whether a participant recognized influencer marketing, the frequency of use of Instagram was not.

The differences in recognition of different disclosure hashtags may be of interest to the FTC and advertisers who pay influencers to promote their products on Instagram. The FTC requires influencer marketing and all other paid brand endorsements on any and all types of media to be clearly disclosed to consumers. The results of this study, with explicit disclosures having the highest recognition rates, and ambiguous disclosures the lowest, support their recommendations. While the FTC requires disclosure, advertisers may want to also require that the influencers they partner with use an explicit disclosure, such as #ad or “paid post” to convey their involvement with the brand instead of an ambiguous one. The purpose of a disclosure is to help consumers make the most informed purchasing decision possible, and this study shows that ambiguous disclosures are not recognizable enough to inform them.

Another interesting outcome of this study was the rate of recognition of the undisclosed posts. While the undisclosed posts had no disclosure in the post description, 64.7% of participants thought one or more of the undisclosed posts were paid advertisements.

This could signal that consumers use the content of the posts, rather than the disclosures, to make judgements about content. These results are in line with another study of online native advertising, where participants recognized both the disclosed and undisclosed articles as advertisements, but only a third of the participants saw the disclosure that labeled it as an advertisement (Kim, Pasadeos, & Barban, 2001). The content of the posts could have easily been a clue to whether a post was a paid advertisement or not in this study, because all 10 of the simulated Instagram posts had similar captions. All of the posts used the H&M brand hashtags and tagged H&M, and were fashion-focused. This is supported by a brief review of participants' explanations of why they thought the post was a paid advertisement. For example, one of the posts that did not have a disclosure was correctly marked as not a paid advertisement by 89 participants. Of the other 61 participants, the hashtags (#HM, #HMMen, etc.) and the brand mention were common reasons for the post being a paid advertisement. The post that had the highest recognition rate was the post that was disclosed with "paid post" (Figure 3), with nearly 90% recognition. Although this may be the most explicit disclosure of all of those used, the content of the image used in the post may also have been a clue. The post is a collage of three separate images, all focused on clothing. The user's face is either not in the frame, or is cut off by the frame, which states that it is what she is wearing that matters. A future study could examine how image content and disclosures work together in social media posts to inform consumers about their persuasive intent.

## **II. Effects of Ethical Behaviors on Brand Attitude and Advertising Value**

The results of this study showed that ethical behaviors do not have a significant effect on brand attitude or advertising value. This could mean that improper disclosure practices are not seen as brand transgressions (Steinman & Wolfram, 2012), and are not significant enough unethical behaviors to have a noticeable impact on the brand attitudes and advertising value

of consumers. However, the Proper Disclosure group reported higher brand attitude and advertising value than the Improper Disclosure group, suggesting that brands should require that influencer posts on their behalf should be properly disclosed, in order to keep consumers' attitudes towards them and their advertising as positive as possible.

The purpose of testing hypothesis 2 was to get an idea of what consumers think of influencer marketing and the brands that advertise this way. The results of hypothesis 2(b) could suggest that consumers in general, regardless of disclosure presence or ethical behaviors, do not like influencer marketing, because their overall advertising value scores tended to be low, on the negative side of the scale ( $M = 2.76$ ,  $SD = 0.57$ ). This information could be useful to brands considering partnering with influencers. However, while consumers may not like influencer marketing, it does not have a significant effect on brand attitudes, regardless of disclosure practices. Brand attitudes varied only slightly among the No Manipulation, Proper Disclosure, and Improper Disclosure groups, which could mean that influencer marketing, even if consumers do not like it, does not have much of an impact on how consumers view a brand.

Instagram use frequency and H&M use frequency were more determinant of brand attitudes than the ethical conditions. It is hard to determine how these factors are related to the posts, because this study was post-test only. Brand attitudes were higher among those who frequented H&M at least once a month than those who frequented H&M less. This is almost a common-sense result, because consumers are unlikely to shop at places they don't like. Even more interesting is the positive correlation between Instagram use frequency and brand attitudes. One reason could be that people who are exposed to the types of messages on Instagram more frequently are impacted less by them than those who are not exposed to them, although the impact of the post itself on brand attitude cannot be determined because of the lack of a post-test. This idea is somewhat supported by the PKM, because those who have

established persuasion knowledge have mechanisms to guard against persuasive intent and an advertisement's intent to change their opinion or attitude (Friestad & Wright, 1994).

Consumers exposed to influencer marketing will have more tools to be aware of the effects that an advertisement has on them, according to the PKM, and will adjust their reaction to it accordingly. In this case, their reaction may be to not let an influencer post change how they feel about a brand.

Interestingly, the Proper Disclosure group found the post they viewed the most informative (one component of advertising value) of the three groups. However, on average they disagreed that the post was informative. This could be due to the nature of the post (a short caption). Although it is unknown whether the disclosure tipped the Proper Disclosure group closer to the informative side than the other groups, this result hints that disclosures do their job in helping a consumer make the most informed purchasing decision.

The small differences between the groups' brand attitudes and advertising values could mean that social media users do not put much weight into social media posts. In other words, they could simply not care. While 75% of people have purchased something they saw on social media (Sprout Social, 2016), if a post or image does not catch a user's eye or attention, it may be possible that they do not put significant thought into its content.

To expand on the results of this study, it would be interesting to see the results with another type of advertiser in a different industry, and see if the results would be different. Another interesting study would be to see how the use of other social media platforms affected the recognition of influencer marketing on Instagram, because this study only looked at the use of Instagram.

There are several limitations to this study. First, it was a post-test only study. Therefore, it is unknown whether unethical disclosure practices changed brand attitudes or advertising value in any way. Secondly, the study only looked at one brand in one industry.

As a study from Steinman and Wolfram (2012) found, fast-moving consumer goods (like the inexpensive clothes that H&M sells) are not impacted by unethical actions. This may not be true, however, with more expensive goods like luxury cars (which Sweester, 2010, found) and computers. These goods are more likely to be impacted by unethical actions and brand transgressions. Third, disclosure practices are only one of several factors that could have an effect on brand attitudes and advertising value. Others could be perceived fit of the platform or influencer, or relevance to the consumer. Therefore, this study should be taken into account with other research on the fit and relevance of social media advertising, and consumer perceptions of them. Lastly, the study used simulated influencers created by the author. Therefore, none of the participants had an emotional connection to the influencer. To expand the study and the knowledge about how unethical disclosures affect brand attitudes and advertising value, a study with both a pre- and post-test using a real influencer would be useful.

In conclusion, explicit disclosures increase the likelihood that an Instagram post will be recognized as an advertisement, while ambiguous disclosures are not sufficient to signal to the consumer that the post has been paid for. Unethical disclosure practices do not have a significant impact on brand attitudes and advertising value. Taken together, these results show that explicit disclosures should be used when posting a paid brand endorsement on Instagram. Not only can charges be brought against a brand from the FTC for not disclosing posts, but consumers are able to recognize explicit disclosures better. Brands should require that their posts be disclosed explicitly because proper disclosure reports higher brand attitudes and advertising value than improper disclosure.

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