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Master's Thesis of Marketing

The Effect of Advertising Disclosure on the Intent of Instagram Users to Follow the Influencer: the Role of Perceived Expertise

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ABSTRACT

Due to the advance of influencer marketing in recent years for marketers, as much as for influencers themselves, it is undeniably important to understand how consumers interact with influencer content perceive and how they perceive influencers. This research aims to look at the effect of influencer advertising disclosure on the intention of users to follow a definite influencer on Instagram and to provide an explanation of its underlying process. Although earlier influencers advertised products in a covert manner, now with the enforcing of legislation on advertising disclosure all the sponsored content has to be disclosed and clearly marked as being paid for. This research states that advertising disclosure on Instagram will negatively affect the users' perceptions and intentions towards influencers. Specifically, it is shown that advertising disclosure on Instagram leads to the lower intention of users to follow the influencer and the effect is demonstrated to be mediated by a negative change in the perceived influencer expertise.

Keywords: social media, advertising disclosure, influencer, intention to follow, Instagram, expertise

TABLE OF CONTENTS

INTRODUCTION

Instagram is one of the most popular social networks worldwide. The photo sharing app most recently reported 500 million daily active users and one billion monthly active users worldwide (Statista 2020). And with the development of the social network service itself the variety of promotion instruments and forms is being broadened from year to year providing marketers with absolute access to the Instagram audience's attention. One of the most popular and acknowledged for its effectiveness forms of Instagram promotion is promotion through Instagram influencers, who can be referred to as Instagram users, who have built a sizeable social network of people following them and who are seen as a trusted tastemaker in one specific or several niches (De Veirman, Cauberghe, and Hudders 2017). Influencer marketing has gained that much popularity because, first of all, it brings all the possible promotional effects traditional advertising do, and second, because consumers value opinions of others over advertisers, message is perceived as more authentic and credible when it is communicated by a fellow consumer, or influencer, in our case compared to when it would have been put forward by an advertiser (De Veirman et al. 2017). However, influencer-created branded content, when it is sponsored represents a deceptive concept for consumers, since it is usually presented as their genuine opinions, when in reality they are not. A recent shift to upbringing and enforcing the legislation on advertising disclosure in social media has

brought up to the front the issue of understanding how consumers perceptions, evaluations or behavioral intents would change when all the sponsored content of influencer content is disclosed as being paid for. Earlier research has shown that advertising disclosure leads in social media leads to lower evaluations of the content itself, lower advertising effectiveness, lower brand attitudes and purchase intentions towards advertised brands (Boerman 2020; Coursaris, Van Osch, and Kourganoff 2018; Evans et al. 2017; Lee, Kim, and Ham 2016). However, the previous research mostly did not investigate, how would the perceptions and behavioral intention of consumers towards the influencer change with the advertising disclosure. Current research aims to address this gap by examining how advertising disclosure would affect the perceived expertise of the influencer and intention of users to follow the influencer. To achieve this goal I refer to literature on the effects of advertising disclosure, perceptions of communication source expertise, and intention to follow, and conduct an online experiment to test the hypothesized relationships.

LITERATURE REVIEW

Instagram Influencers

There are many ways in which brands can use Instagram to engage with their target audience, including creating and promoting brand accounts,

communicating through paid ads or sponsored posts, and employing electronic word of mouth (eWOM), or unpaid organic communication by consumers who voluntarily act as brand advocates due to positive prior experiences with particular brands (Scott 2015).

Being a social networking site that provides users with video- and photo-sharing possibilities, Instagram lends itself very well for eWOM purposes because products and brands can be visually imaged and named in the caption of the photo (De Veirman et al. 2017). However, the most often brands prefer to use paid eWOM, which is basically a paid advertising, to promote their brands through Instagram influencers. This type of advertising is more effective from the marketers' point of view since it is manageable and guarantees spreading the brand image that is initially imposed by the brand, compared to classic eWOM, which can be only observed, but not managed, as well as cannot guarantee only positive opinions being published. In Instagram context paid eWOM is content, created by a hired Instagram user, or provided to Instagram user by brand and published in the user's account, given that the user is being compensated financially or in any other material form by the brand, This type of promotion can be also referred as native advertising, a term used to describe any paid advertising that takes the specific form and appearance of editorial content from the publisher itself (Wojdynski and Evans 2016).

Such a popularity of eWOM, whether it is paid or non-sponsored, can be explained with the Persuasion Knowledge Model, proposed and

developed by Friestad and Wright (1994). The authors described the persuasion knowledge model in which consumers' persuasion knowledge enables them to recognize, analyze, interpret, evaluate, and remember persuasion messages and behaviors and to select and use coping tactics to resist persuasion attempts. As such, individuals who recognize that the intention of advertisers is to sell products or services are more likely to doubt or be suspicious of the information presented in different types of advertisements (Moore and Rodgers 2005). As in case of eWOM, the content is presented as the authors' genuine opinions consumers attend less to the persuasive intent of these messages and thus is less suspicions or doubtful about them, and as a result, such promotions prove to work better than any other traditional advertising forms.

Moreover, to spread and increase the message's impact marketers search Instagram users, who have built a sizeable social network of people following them and who are seen as a trusted tastemaker in one specific or several niches, who are referred as social media influencers (De Veirman et al. 2017). A social media influencer is first and foremost a content generator: one who has a status of expertise in a specific area, who has cultivated a sizable number of captive followers — who are of marketing value to brands — by regularly producing valuable content via social media (Lou and Yuan 2019). Unlike mainstream celebrities, influencers are believed to be accessible, believable, intimate and thus easy to relate to as they share the personal, usually publically inaccessible aspects of their life with their

followers and interact with them in flesh (Abidin 2016). Social media influencers are "regular people" who have become "online celebrities" by creating and posting content on social media; they generally have some expertise in specific areas, such as healthy living, travel, food, lifestyle, beauty, or fashion (Lou and Yuan 2019).

Thus, influencer marketing refers to a form of marketing where marketers and brands invest in selected influencers to create and/or promote their branded content to both the influencers' own followers and to the brands' target consumers (Yodel 2017). Due to its ability to reach a large segment of consumers in a relatively short period of time and its low cost compared to traditional ad campaigns, social media-based influencer marketing has become a highly popular way for brands to engage their consumers online (Phua, Jin, and Kim 2017). A recent report on social media trends stated that 94% of marketers who have used influencer marketing campaigns found them effective (Ahmad 2018).

One of the keys to influencer marketing success is that consumers value opinions of others over advertisers, and message is perceived as more authentic and credible when it is communicated by a fellow consumer, compared to when it would have been put forward by an advertiser (De Veirman et al. 2017). Djafarova and Rushworth (2017) conducted in-depth interviews with young female Instagram users to investigate the effects of celebrities and influencers on purchase decisions. They argued that influencers were more influential, credible, and relatable than traditional

celebrities among young females. Also, influencer-produced branded content is considered to have more organic, authentic, and direct contact with potential consumers than brand-generated ads (Talavera 2015). Moreover, a recent Twitter study suggested that consumers may accord social media influencers a similar level of trust as they hold for their friends (Swant 2016).

Most of the research in the field of influencer marketing is focused on the consumers' perceptions of advertising and advertised brand, as well as purchase intentions, however, very few research is focused on the consumer's perceptions of influencers themselves. The current research aims to achieve better understanding of the factors that affects consumer's interactions with the influencer account, and specifically, we focus on one of the crucial behavioral intentions, such as intention to follow an influencer account.

In contrast with the earlier research in the eWOM domain, which has mostly studied the intention to follow the advice, received from other's opinions presented online (Casaló, Flavián, and Guinalíu 2011; Zainal, Harun, and Lily 2017) or 'continuance intention to follow', which is conceptualized as the intention of followers to maintain a relationship, continue receiving information from, and interacting with the blog (Hsu, Liu, and Lee 2010; Zhao, Su, and Hua 2016), in the current research the main focus is placed on the initial decision of the consumer to follow an influencer's account on Instagram. Thus, I define 'intention to follow' as the

intention of Instagram users to establish and maintain a relationship with the influencer's account.

Since the ultimate goal of any influencer is monetization of his influence, number of followers is the key factor of enhancing this influence and result in higher profits for the influencer. And thus, intention to follow is one of the key concepts that might define the commercial success of an influencer. Earlier research has already addressed the antecedents of consumer intention to follow an Instagram account (Casalo et al. 2017). It has been shown that perceived enjoyment and usefulness of the content have a positive effect on user's satisfaction with the Instagram account, which in turn positively affects the intention to follow the account. In current research I refer to the advertising disclosure as one of the factors that might affect the intention to follow the account. For this purpose I further refer to the research on advertising disclosure and how it affects consumers' perceptions, evaluations and behavioral intentions in the context of different advertising platforms, including social media.

Advertising Disclosure

Although influencers promoting branded content on social media has its advantages for both marketers and influencers, for consumers it might be a deceptive content. As influencer content is mostly presented as their own thoughts, which is similar to what is organic eWOM, in reality is not

necessarily representing the real opinions of influencers, but it is rather a result of money reward-based relationship between advertiser, whose goal is to promote his product, and influencer, whose goal is monetization of his influence. Prior studies posit that persuasive intent in nontraditional advertising formats, such as social media campaigns, is less recognizable than in traditional commercials (van Noort, Antheunis, and van Reijmersdal 2012; van Reijmersdal, Smit, and Neijens 2010). These findings suggest that because consumers do not attend to the persuasive intent of the message they do not activate coping processes and make consumers trust the message more than if they knew it was commercial in nature. This also correlates with the findings that social media users are less patient with advertising when they account for perceive the advertisement's persuasive intent (Bang and Lee 2016). Thus, the growth of native advertising online, including Instagram, has brought to the forefront questions about how much of its effectiveness is due to consumers not recognizing that such content is advertising at all (Wojdynski and Evans 2016). Moreover, due to several resonant incidents with famous celebrities and influencers posting covert advertising, the Federal Trade Commission (Federal Trade Commission 2019), which has consumer protection as their basic goal, initiated a number of initiatives to stop the covert nature of native advertising in social media and make it transparent, so that it does not deceive consumers. As one of the measures taken they imposed strict requirement for all the social media influencers to disclose in their posts that it was sponsored in any form by an

advertiser (Federal Trade Commission 2019). And since Instagram is based in USA and thus operates under the American laws, this regulations might change the rules of the Instagram-based influencer marketing significantly, bringing the topic of sponsored content disclosure to the top of interest for marketers all over the world. Moreover, it is undeniable that for many influencer's account disclosing the sponsored content may significantly affect the consumers' attitudes and judgments about the influencers themselves.

As explained by the FTC guidelines for influencers to comply with laws against deceptive ads influencers have to clearly disclose sponsorship of the post every time when they have any financial, employment, personal, or family relationship with a brand (Federal Trade Commission 2019). Moreover, they explain that financial relationships aren't limited to money. Influencer have to disclose the relationship if they got anything of value to mention a product, for example, if a brand provided influencer with free or discounted products or other perks and then the influencer mentions one of its products, he is obliged to disclose the sponsorship of the brand even if the sponsor didn't ask to mention that product.

As it was mentioned earlier, influencer endorsements are likely to be interpreted as highly credible electronic word-of-mouth (eWOM) rather than paid advertising as they are often seamlessly woven into the daily narratives influencers post on their Instagram accounts (Abidin 2016). This is particularly desirable for brands as it appears to be more effective than

traditional advertising tactics, due to higher authenticity and credibility, which subsequently leads to lower resistance to the message (de Vries, Gensler, and Leeflang 2012). Moreover, due to its relative newness and the inexperience of consumers to influencer marketing strategies, it is less likely to trigger persuasion knowledge which could render unfavorable attitudes (Friestad and Wright 1994; Tutaj and Van Reijmmersdal 2012). Thus, in attempting to persuade consumers without triggering advertising recognition and associated coping mechanisms that include resistance and skepticism, advertisers have increasingly incorporated into their strategies the use of native advertising, that also includes influencer branded content on Instagram, and which minimizes advertising's interruption of social media usage (Lee, Kim, and Ham 2016). The emergence of native advertising has seen a resonant rise in concern that its effectiveness may stem from viewers' lack of awareness that they are viewing paid content (Carlson 2015; Hart 2014).

However, Friestad and Wright (1994) proposed that consumers' experience with various persuasive messages helps them develop an understanding and awareness of persuasive intent in the marketplace. Accordingly, individuals learn over time from experience what constitutes persuasive communication and how to appropriately carry out coping strategies designed to defend against the persuasive episode, such as skepticism, resistance, and counter arguing (Friestad and Wright 1994; Wright, Friestad, and Boush 2005). Thus the most possible consequence of

sponsored content disclosure is consumers' recognition of the content as advertising (i.e., a persuasive episode) is activation of coping strategies (Nelson, Wood, and Paek 2009). Since the emergence of the issue it has become a hot topic and caused an appearance of new direction of research, which focused on the effects of sponsorship disclosure on consumer judgments, evaluations, attitudes and behavioral intentions.

The previous research has shown that sponsored content disclosure in different contexts and media affects consumers' judgments evaluations and attitudes. For example, Wei, Fischer, and Main (2008) demonstrated that prior activation of persuasion knowledge by embedding and emphasizing the advertised brand in the radio-program negatively affected consumer evaluations of embedded brands. Also, Sophie C. Boerman with colleagues (2012, 2014, and 2015) examined how sponsorship disclosure on television influences persuasion knowledge and brand responses (i.e., brand memory and brand attitude). In all of the three researches sponsorship disclosure was shown to activate conceptual and consequently attitudinal persuasion knowledge and result in the higher recognition of advertising, as well as increased brand memory, and led to more negative brand attitude. The effect was enhanced by longer duration of the disclosure mark, by the design that attracted more visual attention and by the timing of the disclosure mark appearance in the beginning of the video. Later Wojdynski and Evans (2016) examined effects of language and positioning in native advertising disclosures in web-site news on recognition of the content as advertising,

effects of recognition on brand and publisher evaluations. Not only their findings show that middle or bottom positioning and wording using "advertisement" or "sponsored content" increased advertising recognition compared to wording using "Brand-voice" or "Presented by", but also higher ad recognition generally led to more negative evaluations, such as lower perceived news credibility, more negative attitude towards company, lower intention to share a story, as well as perceived story quality.

Also Nathaniel J. Evans with colleagues (2017) had investigated whether the presence in Instagram influencer post of disclosure sponsorship in general, or which disclosure language characteristics (e.g., "SP," "Sponsored," "Paid Ad") are effective in promoting consumers' recognition of influencer posts as advertising and whether the presence of these advertising disclosures can minimize social media users' persuasion knowledge. An experiment was conducted, in which participants were randomly assigned to one of four disclosure conditions (control/no disclosure; the letters "SP," used to indicate sponsored content in a post; "Sponsored"; and "Paid Ad") and asked to rate a brand advertised by an influencer on Instagram based on post exposure ad recognition, brand attitude, purchase intention, and intention to spread eWOM. Indeed, their findings has shown that exposure to an advertising disclosure leads to higher advertising recognition compared to no advertising disclosure, as well as the use of "Paid Ad" and "Sponsored" wording in disclosure conditions lead to more negative attitudes towards the advertised brand compared to no

disclosure condition.

Lee, Kim, and Ham (2016) investigated native advertising effects on consumer attitudes and sharing intention in the context of native advertising on Facebook. Findings from an online survey showed that native ad non-intrusiveness was positively related to attitude toward and sharing intention of native advertising, whereas native ad manipulativeness was not. Consumers' ad skepticism and persuasion knowledge were negatively related to attitude toward and sharing intention of native advertising. Similarly, another research on sponsorship disclosure on Facebook by Boerman, Willemsen, and Van Der Aa (2017) suggests that sponsorship disclosure starts a process in which the recognition of advertising (i.e., the activation of conceptual persuasion knowledge) causes consumers to develop distrusting beliefs about the post (i.e., higher attitudinal persuasion knowledge), and in turn, decreases their intention to engage in electronic word of mouth.

However, since the introduction by the FTC of the new rules and requirements on sponsorship disclosure for influencers, the Instagram turned out to be the most controversial media, since it is considered as one of the key media for influencer marketing. For example, Coursaris, Van Osch, and Kourganoff (2018) in the context of Instagram-based influencer marketing examined the effect of distinct sponsorship disclosure types on consumers' ability to recognize the sponsorship's disclosure. Their findings indicate that any type of disclosure is effective, however, the authors show, that in the

context of Instagram, a combination of medium (official branded content tool "paid partnership with [brand]") and message-based disclosures (hashtags "#ad", "#paidad", "#advertisement" or "#sponsored") is the most effective. In a latest study Sophie C. Boerman (2020) examined whether the Instagram official branded content tool "paid partnership with [brand]" on its own effectively raises ad recognition, and how this consequently affects consumers' responses to the message, influencer, and brand. Results showed that the disclosure did achieve its goal of increasing ad recognition.

Also, Kim and Kim (2020) investigate the effects of Instagram influencer advertising attributes on consumer responses via multiple motive inference processing by manipulating influencer-product congruence and sponsorship disclosure. Results suggest that influencer-product congruence can be used to enhance product attitude and reduce advertising recognition by generating a higher affective motive inference. Sponsorship disclosure can also affect product attitude in a serial mediation of calculative motive inference and advertising recognition.

De Veirman and Hudders (2020) conduct a research reflecting different types of material connections between the Instagram influencer and the brand and two kinds of message sidedness, to investigate how the sponsorship disclosure affects consumers' responses to sponsored Instagram posts. Findings show that including a sponsorship disclosure (compared to no disclosure) negatively affects brand attitude through enhanced ad recognition, which activates ad skepticism, which, in turn, negatively affects

the influencer's credibility. Further, results show a significant moderated mediation effect in that source's credibility and, consequently, brand attitude was only negatively affected when the influencer used a one-sided message (indicated only positive arguments) and not when the message was two-sided (highlighting both advantages and disadvantages). Also the authors suggest, that influencers who post genuine product recommendations and thus have no commercial relationship with the brand, do well by explicitly mentioning this. Specifically they suggest that including a statement that a post is not sponsored, rather than leaving it unclear whether their post is sponsored, may generate more positive brand responses through lowered ad recognition and skepticism.

Thus, earlier studies that have investigated the impact of sponsorship disclosures indicate a significant negative effect on brand related attitudes, purchase intention, online sharing intention, and credibility perceptions. The generally proposed and investigated mechanism is that effective advertising disclosure may facilitate recognition of the content as advertising and thus trigger consumers' previously acquired persuasion knowledge and coping mechanisms. Moreover, regarding the possible coping mechanisms, except of enforcing skepticism over the content, in online context activating persuasion knowledge of users was shown to be associated with coping behavior of ad avoidance throughout cognitive appraisal process (Ham, 2017). Thus, I suggest that sponsored content disclosure may not only lower consumer's perception and behavioral intentions towards content, advertised

brands and products, but might also affect the behavioral intention of users towards influencers themselves through activating skepticism and avoidance as tactics to cope with the experienced persuasion attempt. More specifically, I suggest that advertising disclosure in branded content will lead to lower intention of users' to follow this exact influencer. For influencers one of the most important indicators of their success is number of followers. Thus, with this research I aim to establish whether there would be a significant negative effect of advertising disclosure on user's intention to follow the influencer.

H1: Advertising disclosure will lead to lower intention to follow the influencer.

The Role of Perceived Expertise

Instagram influencers, similar to advisors, experts and opinion leaders across a range of professions, often face a conflict of interest (COI), that is, a potential conflict between their professional responsibilities, which is providing good quality, unbiased advice, and self-interest, which is financial gain (Sah, Malaviya and Thompson 2018). For example, in pursue of promoting their brands and services, companies often offer monetary compensation or other material gifts and gains, such as free products, or discounts, for reviewing their products or services, while the ultimate goal of influencers is monetization of their influence so that they agree to receive

the compensation to promote the products. These and other similar situations create a COI because the advisor, in our case influencer, has an incentive to provide recommendations that benefit the sponsor of the content, whether or not the recommendations are best for the audience, and thus, COIs create the possibility of biased advice (Sah et al. 2018). In the influencer marketing advertising disclosure, or sponsored content disclosure, which is informing the audience of the possible COI of the influencer, is a common approach to managing such conflicts (Sah 2017).

As it has already been shown in the preceding section the previous research has shown that advertising disclosure affects consumers' perceptions, judgments and behavioral intents in various ways. However, most of the research has been covering the effect of advertising disclosure on perceptions of the content itself, for example advertising effectiveness or information credibility, and the advertised brands. In the current research I aim to investigate the perceptions of the source of information, in our case it is influencer, rather that post or brand evaluations. In that respect, one of the main perceptions about influencer that is affected by advertising disclosure is influencer credibility. Although from a recent research on advertising disclosure we know that it can negatively affect the influencer credibility, I aim to provide better understanding of this effect.

Most of the research on source credibility has focused on the expertise and trustworthiness of the communicator (Hass 1981). Expertise refers to the extent to which the source of a communication is perceived to be

capable of making correct assertions by virtue of having relevant skills, whereas trustworthiness refers to the degree to which an audience perceives that the communicator considers the assertions to be valid (Hovland, Janis, and Kelley 1953).

Considering the effects of COI disclosure has generally been shown to reduce trust in the honest advisor (Hwong, Sah, and Lehmann 2017; Sah and Feiler 2020). However, recent research examining the effect of disclosure in information-rich environments suggests that disclosures may increase trust and compliance. For example, research of disclosure effects in the word-of-mouth marketing domain, has shown that disclosure of a COI had a positive effect on trust or the persuasiveness of the agent (Abendroth and Heyman 2013; Tuk et al. 2009). Thus the possible effects of disclosure on trust can be different in direction, depending on circumstances. Moreover, another research has shown that expertise was the dimension of trust with the strongest effect of COI disclosure in online blogging settings (Sah, Malaviya and Thompson 2018). Based on this findings I suggest that expertise, which is another dimension of influencer credibility, might be a very important concept in the context of advertising disclosure on Instagram and intention to follow the influencer. In the current research I focus on the expertise, which is relatively under-researched in the context of advertising disclosure. Influencer's expertise can be referred to the audience's perception of influencer's skills, competency, and knowledge of the subject of his blog (Uribe, Buzeta, and Velásquez 2015). In one of the most recent

studies Sah, Malaviya and Thompson (2018) investigated the effect of COI disclosure on the perceived blogger expertise the setting of online blogs. The authors has shown that although conflict of interest (COI) disclosures can increase trust in an advisor's expertise and subsequently persuasiveness, when processed automatically, after prompting consumers to carefully think about and elaborate on the disclosure, which is prompting deliberative processing, increases perceptions of bias in the opinions of the blogger, which in turn, reduces perceptions of expertise and subsequently blogger evaluations and persuasiveness (measured by willingness to share the post, evaluations of the featured brand and taking the advice). Also, according to the authors, placing the disclosure at the beginning of the post (vs. the end) may increase the deliberative processing of the disclosure. As well the authors outline, that in the online blog setting, given the amount of competing information in the stimuli, the automatic processing of the disclosure might be implied instead of deliberative processing (Sah et al. 2018). Building on that propositions I suggest that, given that in Instagram official branded tool 'Paid partnership with [brand]' is presented in the upper part of the post, and given that in contrast with online blogging the amount of competing information in Instagram influencer's posts will be much lower, consumers will mostly imply deliberative processing of the disclosure, and thus a negative effect of the advertising disclosure on the perceived influencer expertise will be observed.

H2: Advertising disclosure will lead to lower perceived expertise of the influencer.

In the case of the social networking sites, including Instagram, the fact that users follow an influencer account is one of the most important activities in order to develop and sustain the account and in order to the influencer achieve his ultimate goal, which is monetization of his influence. When a person is a follower of a particular influencer on a social networking site, he is exposing himself voluntarily to the available information (Chu and Kim 2011). Therefore, the intention of following would be related to keeping up with all the available information that is considered as interesting by the users, and is an important indicator of the influencer's success.

Considering consumers motivations of using social media networks, Bonds-Raacke and Raacke (2010) found the existence of an informative and utilitarian dimension on social networking sites usage, which is related to the ability to obtain and share useful information about events, for academic purposes, etc. Further, for consumers obtaining useful information and new ideas, as well as learning more about a particular topic has been identified as factors that explain the motivations of users to consume content on a social networking sites (Mull and Lee 2014; Muntinga, Moorman, and Smit 2011).

According to the information system continuance model (Bhattacherjee 2001), satisfaction plays a vital role in the formation of the intention to continue using an information system and the creation of a long-term

relationship with consumers. Based on this model, in the context of social networking sites, perceived usefulness of the influencer's account has been shown to positively affect the user's satisfaction with the account and resulted in higher intention to follow the account by Instagram users has proven to be a key variable to explain users' behavior (Casaló et al. 2017). Based on these findings and the Expectation-Confirmation theory (Oliver 1980), which states that satisfaction reflects that the benefits derived from using a product or service exceed the expected ones, I assume that when the perceived influencer expertise, which is one of the determinants of the information quality, will affect the intention to follow the influencer, so that lower influencer expertise will result in lower intention to follow. I suggest that lower levels of influencer expertise will result in lower anticipated utility of following this influencer and result in lower intentions to follow. I expect that perceived influencer expertise will mediate the effect of advertising disclosure on intention to follow the influencer (figure 1).

> **H3.** Perceived influencer expertise will mediate the effect of advertising disclosure on intention to follow the influencer, so that in disclosure condition, compared to control condition, lower level of perceived influencer expertise and lower intention to follow the influencer will be observed.

MAIN STUDY

Method

Participants. A total of 102 participants residing in the United States were recruited from Amazon Mechanical Turk (MTurk) to participate in the study in exchange for a monetary compensation. Of the original 102 participants 4 respondents did not pass the attention check questions and were removed from the subsequent analysis. The final sample of 98 participants was represented by 65.3% male, 63.3% were aged 18-41, and 95.9% were Instagram users. General participants' demographics are shown in table 1. The disclosure condition had a total of 50 participants (70% male) with 68% of respondents ranging from the ages of 18~40. The no disclosure condition had a total of 48 participants (60.4% male) with 67% of respondents ranging from the ages of 18~40.

Study Design. The experiment consisted of two conditions: advertising disclosure vs. no advertising disclosure. Participants were exposed to 10 posts from either a male influencer (Santos Andujar as @saintchili) for male respondents or female influencer (Khanh Cagley as @sweetandpetite) for female respondents. Participants were given a short study description and link to the study. Once clicked, the link took the participants to an online questionnaire. Participants were randomly assigned to one of two

advertising disclosure conditions (disclosure/no disclosure). Participants were then asked to view their respective stimuli, and then answered questions regarding the stimuli.

Stimulus Materials. Based on the real posts of the influencers, four different stimuli were created, two with male influencer (appendix A) and two with female influencer (appendix B). The stimuli for disclosure and no disclosure condition for both male and female participants (altogether 4 stimuli) were identical except for presence and variation in disclosures, so that in no disclosure condition none of the 10 presented posts were disclosed as sponsored and in disclosure condition 4 of 10 posts were disclosed as advertising. The posts with advertising disclosure contained a combination of medium (official branded content tool "paid partnership with [brand]" nearby the influencer account name) and message-based disclosure (hashtag #sponsored in the text of the post, which has been to shown the most effective for advertising recognition (Coursaris, Van Osch, and Kourganoff 2018). Also the posts were chosen, modified and placed so that they had matching image, identical texts and identical order for both female and male participants. All the brands mentioned in the texts and presented on the images were deleted or substituted for not existing brand to avoid effects that might appear because of well-known or familiar brands.

Measures

Intention to Follow. Participants' intention to follow an influencer's account scale was developed for the current research based on purchase intention scale (Van Reijmersdal et al. 2016) and was measured by asking them to assess the following statements: "I would like to know what this influencer's next postings would be"; "I would like to follow this influencer's account"; "I intent to follow this influencer's account"; and "I want to follow this influencer's account." All item response choices used a 7-point Likert scale (1 = Strongly Disagree, 7 = Strongly Agree) (M = 4.58, SD = 1.78, α = .951).

Perceived Expertise. Influencer's Expertise (Munnukka, Uusitalo, and Toivonen 2016) was measured by asking them to assess the following statements: "I feel the influencer knows a lot about the product"; "I feel the influencer is competent to make assertions about the product"; "I consider the influencer an expert on the product"; and "I consider the influencer sufficiently experienced to make assertions about the product." All items response choices used a 5-point Likert scale (1 = Strongly Disagree, 5 = Strongly Agree) (M = 4.17, SD = .97, α = .761).

Confound variables. Perceived influencer trustworthiness (M = 4.12, SD = 1.04, α = .821), similarity (M = 3.70, SD = 1.43, α= .891), and

attractiveness ($M = 4.16$, $SD = .92$, $\alpha = .720$) were included as potential confounding variables to test whether other than expertise elements of influencer credibility perceptions differed between disclosure conditions. All measurement scales are shown at appendix C.

RESULTS

Manipulation Check

As manipulation checks if done together with the main survey can also act as interventions which initiate new processes that would otherwise not occur and might affect experimental conclusions (Hauser, Ellsworth, and Gonzalez 2018), a separate pre-test was conducted to confirm that participants perceived the posts in disclosure condition as being more commercial and containing more advertising. Manipulation check questions (appendix C) were developed from De Veirman and Hudders (2020), the scale demonstrated to be reliable at an acceptable level ($M = 3.73$, $SD = .677$, $\alpha= .648$). A total of 50 participants residing in the United States were recruited from MTurk to participate in the study in exchange for a monetary compensation. All the participants passed the attention check questions and none of the answers were removed from the subsequent analysis. Thus the final sample of 50 participants was represented by 66% male, 76% were aged 18-41, and 98% were Instagram users. For manipulation check the same stimuli material, as was developed

for the main study was used. The results of manipulation check has shown that it was effective. Indeed, in the advertising disclosure condition participants perceived presented posts as more commercial ($M_{\text{disclosure}}$=3.87) compared to control condition (M_{control}=3.60).

Confound Checks

A series of confound checks was performed to see whether differences in dependent measures were a result inherent differences between conditions. A series of one-way analyses of variance (ANOVAs) and chi-squares indicated no significant relationship between advertising disclosure conditions and influencer trustworthiness ($F(1, 96) = 3.59$, $p = .061$), similarity ($F(1, 96) = .650$, $p = .422$), attractiveness ($F(1, 96) = 2.33$, $p = .131$), prior knowledge of influencer ($X^2(1) = .331$, $p = .565$), age ($X^2(2) = 1.604$, $p = .448$) or gender ($X^2(1) = .993$, $p = .319$).

The Effect of Advertising Disclosure on Intention to Follow

To test the effect of advertising disclosure on intention to follow the influencer a one-way ANOVA for the disclosure condition (disclosure vs. no disclosure) was conducted. A significant main effect of advertising disclosure on intention to follow was found ($F(1,96) = 6.08$, $p = .002$). The

results (table 2) indicate that those participants who were exposed to the influencer's posts with advertising disclosure reported significantly lower intention to follow the influencer, compared to those, who viewed posts without advertising disclosure ($M_{control}$ = 5.03, $SD_{control}$ = 1.80; M_{discl} = 4.16, SD_{discl} = 1.67). These results support hypothesis 1.

The Effect of Advertising Disclosure on Perceived Influencer Expertise

To test the effect of advertising disclosure on perceived influencer expertise a one-way ANOVA for the disclosure condition (disclosure vs. no disclosure) was conducted. A significant main effect of advertising disclosure on perceived expertise was found ($F(1,96)$ = 13.298, p = .0004). The results (table 2) indicate that those participants who were exposed to the influencer's posts with advertising disclosure reported significantly lower perceived influencer expertise, compared to those, who viewed posts without advertising disclosure ($M_{control}$ = 4.51, $SD_{control}$ = .72; M_{discl} = 3.84, SD_{discl} = 1.06). These results support hypothesis 2.

Mediating Role of Perceived Expertise

To test the hypothesized mediating effect of perceived influencer expertise on intention to follow the influencer (figure 2) a mediation analysis was run using Model 4 of Hayes's (2012) PROCESS macro in

SPSS. Analyses used 5,000 bootstrap samples to estimate the bias-corrected bootstrap confidence intervals (CI). The results indicated that, compared to control condition, advertising disclosure condition significantly decreased perceived influencer expertise (β = -.67, boot SE = .18, 95% BCBCI [-1.0354, -.3055], p = .0004). Further, influencer expertise alone had a significant effect on intention to follow (β = 1.09, boot SE = .16, 95% BCBCI [0.7708, 1.4098], $p < .0001$). Results indicated a significant indirect effect of advertising disclosure on intention to follow the influencer (β = -.7310, boot SE = .2184, 95% BCBCI [-1.1952, -.3153]). As hypothesized, advertising disclosure does have an indirect effect on intention to follow the influencer that is fully mediated by perceived influencer expertise.

Since in previous research trustworthiness has been shown to be one of the key predictors of the consumers' behavioral intentions in different settings, including influencer marketing, and also as trustworthiness being one dimension of source credibility, there is a high possibility of the perceived influencer trustworthiness and expertise to be highly associate with each other. To account for this possibility perceived influencer trustworthiness is included as a covariant and another test of the hypothesized mediating effect of perceived influencer expertise on intention to follow the influencer is conducted (figure 3). A mediation analysis was run using Model 4 of Hayes's (2012) PROCESS macro in SPSS with including perceived trustworthiness as a covariate into the model. Similarly

to the previous test analyses used 5,000 bootstrap samples to estimate the bias-corrected bootstrap confidence intervals (CI). The results indicated that, similar to previous test, compared to control condition, advertising disclosure condition significantly decreased perceived influencer expertise, however, the effect coefficient is attenuated by the presence of a covariate, as well as significance level is affected, but still the effect is significant (β = -.45, boot SE = .3224, 95% BCBCI [-.7413, -.1606], p = .0027). Further, influencer expertise alone similarly to previous test had a significant effect on intention to follow, although the effect is also attenuated with the adding of trustworthiness as a covariant (β = .69, boot SE = .1976, 95% BCBCI [0.7708, 1.4098], p = .0007). Similar to no covariant model results indicated a significant indirect effect of advertising disclosure on intention to follow the influencer (β = -.3111, boot SE = .1710, 95% BCBCI [-.6626, -.0155]). As hypothesized, advertising disclosure does have an indirect effect on intention to follow the influencer that is fully mediated by perceived influencer expertise. These findings support hypothesis 3.

Discussion

Results provide support to the theorizing that participants exposed to advertising disclosure on Instagram will demonstrate lower intention to follow the influencer, as well as will perceive the influencer as having lower

level of expertise compared to when there is no disclosed advertising. Wherein such variables, such as previous knowledge of the influencer, influencer perceived trustworthiness, similarity, attractiveness, respondents age or gender has been eliminated as possible confounding variables, which allows to rule out a number of corresponding alternative explanations for the demonstrated effects.

What is more important, the perceived influencer expertise has been shown to fully mediate the effect of advertising disclosure on intention to follow the influencer. Thus, the results of the current research supports all three hypotheses and support the initial theorizing that advertising disclosure, due to participants being attending more to the ulterior motives of influencer and implying their coping tactics, will lead to lower perceived expertise of the influencer, and, since informational motive is one of the two major motives of following Instagram influencers, people will be less likely to follow the influencer, who's expertise is undermined by demonstrating the commercial motive of some of his posts.

CONCLUSION

Previous studies on advertising disclosure in Instagram influencer's branded content has revealed that disclosure affects the perceptions and behavioral intentions of consumers towards content and advertised brand and product, however, the fact of how it affects the users' perception of

influencers stayed mostly out of the research scope. The current researched aimed to contribute to this issue by examining the effect of advertising disclosure, realized through Instagram official branded tool ("Paid partnership with [brand]") and hashtag (#sponsored#) content, on the consumers intention to follow the influencers. In a randomized online experiment it has been shown that, as hypothesized, advertising disclosure had a significant negative effect on the intention to follow the influencer. Further analysis for the role of perceived expertise has shown that in accordance with was hypothesized advertising disclosure resulted and significantly lower level of perceived influencer expertise. And finally, influencer expertise has been shown to fully mediate the effect of advertising disclosure on the intention to follow, providing us an evidence that influencer expertise plays a significant role in defining the Instagram users' possible following an influencer and is vulnerable when consumers attend to possible ulterior motives and COI in Influencer's content.

Current research contributes to the research on advertising discourse by providing additional evidence that in the context of influencer marketing it might has a significant effect on the perceived influencer expertise, which is correlating with the earlier findings by Sah, Malaviya and Thompson (2018), who has shown that after prompting consumers to carefully think about and elaborate on the disclosure, which is prompting deliberative processing, increases perceptions of bias in the opinions of the blogger, which in turn, reduces perceptions of expertise. The authors outlined that in online

blogging setting deliberative processing of the disclosure can be manipulated through posing the advertising disclosure in the beginning of the posting, as well as reducing the amount of competing information. The current study was held in Instagram settings where advertising disclosure is posed before the user see the post itself, as well as the amount of competing information is limited to few lines under the image. And thus, indeed the current research results are confirming from the author's findings.

It also contributed to the research on the antecedents and factors that affect consumer's intention to follow the influencer. Earlier research has shown that obtaining information is one of the users' motivations of consuming Instagram content. The results of experiments show that influencer expertise, which can be referred as one of the determinants of perceived information quality, when undermined by advertising disclosure had a significant effect on users' intention to follow the influencer.

And lastly, the current results contribute to the research on the perceived source expertise, providing a new insight that in online communication settings disclosure of the message being sponsored by a brand may serve as a cue for users to draw conclusions about communicator's expertise.

The Role of Perceived Trust

Although current research is focused on the decrease in perceived expertise of Instagram influencer as the underlying mechanism for the negative effect

of advertising disclosure on intention to follow the previous research has shown a significant role of the perceived trust in defining the effect of COI disclosure on consumers' attitudes and behavioral intents. COI disclosure in different contexts has generally been shown to negatively affect trust in the advisor (Hwong et al. 2017; Kesselheim et al. 2012; Sah and Feiler 2020; Sah and Loewenstein 2014; Sah et al. 2018).

Attributing trust as one of the dimensions that might affect the informational value of the content and undermine the consumers' willingness to follow an influencer the current research was also investigating the possible role of trust in the relationship between influencer's sponsored content disclosure and the intention of consumers to follow the influencer. However, the results of the study has revealed that there was no significant effect of disclosure on the perceived trust in influencer ($F(1, 96) = 3.59$, $p = .061$).

These findings are also in accordance with the findings of Sunita Sah with colleagues (2018) who has shown that the effects of COI disclosure may be different due to automatic versus deliberative processing of the disclosure by consumers. The authors has shown that although deliberating on the COI disclosure reduced trust, it was the decrease in the blogger's expertise that accounted for the negative effect of deliberation on participants' responses to the blogger, such as blogger evaluations, willingness to share the post, evaluations of recommended brand and likelihood to take the advice. What is more important for the current study

which is made in the Instagram settings, the authors has shown in their studies that in online context blogging disclosures at the beginning of a blog may be more likely to be read and processed deliberatively, as well as when the stimuli in the study contained less competing information this might have led to greater spontaneous deliberation on the COI disclosure. Thus, I suggest that because in Instagram advertising disclosure through the official "branded tool" is placed in the upper part of the post and is seen by users before they actually see the content itself, as well as there is extremely low quantity of competing information to process since in Instagram feed only up to three lines of text only are visible, as well as full texts in general are not long, it is more likely that deliberative processing of the disclosure will prevail over automatic processing and thus, similar to the findings of Sunita Sah with colleagues (2018) it is perceived influencer expertise that is affected by advertising disclosure and results in undermined intention to follow the influencer. This primacy of the expertise dimension is also supported by a recent research suggesting that consumers place greater importance on competence-related traits of service providers than on morality-related traits (Kirmani et al. 2017). Thus, I suggest future research of deliberative versus automatic disclosure processing in different media context as well as deeper research on the antecessors of the perceived Influencer trust and expertise and their effects of the intention of consumers to follow the influencer is an important direction for future research.

Managerial Implications

Findings of this study also suggest relevant information for management. Managing promotional campaigns on Instagram, given that all the sponsored content has to be disclosed, requires better understanding of how it might affect the perceptions and behavioral intents of consumer. First conclusion for marketers might be that for promoting services that are associated with expert knowledge, such as financial services, educational services or skin care, or health services, when defining the influencers to work with it might be more effective to give preference to those who have no a lee advertising content. Second, when creating content for promoting it is better to figure out how is it possible to create content that would be signaling higher expertise of the influencer, so that the negative effect of advertising disclosure would be mitigated by the positive influencer expertise ques form the content.

For the influencers, the finding of current research outline the importance of creating and supporting the image of expert in their topic, as well as emphasize the importance of non-sponsored content be unconditionally prevailing in the feed not to allow a meaningful change in the level of their perceived expertise. As well, current findings show the importance of creating and incorporating into the content additional cues to enhance the users' perception of influencer's credibility.

Limitations and Future Research

One of the main limitations of the conducted study is that the format of Instagram posts and advertising disclosure through Instagram official branded tool ("Paid partnership with [brand]") and hashtag (#sponsored#) content are indeed implying a deliberative processing of disclosure. Although the finding of current research are corresponding to some findings of advertising disclosure effects on perceived expertise that were achieved with manipulating respondent to elaborate on the advertising disclosure, there is no clear evidence from the current research that the effect of disclosure on perceived expertise was indeed achieved due to deliberative processing od disclosure, inherent to the format of disclosure and format of Instagram posts. Thus, future research in this direction would contribute the current study. Second limitation is that in the current research the chosen domain of influencers is lifestyle and clothing, which supposedly, do not require an influencer to obtain any expert knowledge about the subject. Thus, a future research in the settings of expert domains would be a significant contribution to the meaningfulness of current study. Third limitation is that for stimuli in current research the profiles of real influencers were used, which means that previous familiarity with the influencer, although did not differ between conditions, might have also affected the variables of interest. Thus, a further research with using not real profiles but created profiles of new influencers, unknown to the participants of the study, is needed.

APPENDIX A

Stimuli Materials for Male Participants

No Disclosure Condition   Disclosure Condition

No Disclosure Condition   Disclosure Condition
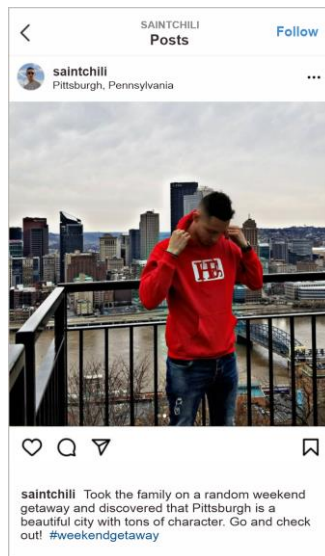
No Disclosure Condition   Disclosure Condition

No Disclosure Condition   Disclosure Condition

APPENDIX B

Stimuli Materials for Male Participants

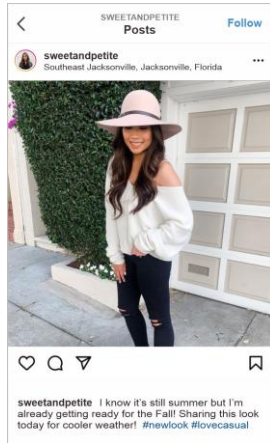No Disclosure Condition   Disclosure Condition

No Disclosure Condition   **Disclosure Condition**

No Disclosure Condition   Disclosure Condition

No Disclosure Condition   Disclosure Condition

APPENDIX C

Scale Items for the Survey

Rate from 1 (Strongly Disagree) to 5 (Strongly Agree) the following statements in relation to the Instagram influencer:

Intention to Follow (developed for the study based on the Purchase Intention scale, adapted from Van Reijmersdal et al., 2016).

- I would like to know what this influencer's next postings would be

- I would like to follow this influencer's account

- I intent to follow this influencer's account

- I want to follow this influencer's account

Rate from 1 (Strongly Disagree) to 5 (Strongly Agree) the following statements in relation to the Instagram influencer:

Perceived Expertise (adapted from four-dimension model of Influencer Credibility by Munnukka, Uusitalo, and Toivonen 2016)

- I feel the influencer knows a lot about the product

- I feel the influencer is competent to make assertions about product

- I consider the influencer an expert on the product

- I consider the influencer sufficiently experienced to make assertions about the product

Perceived Trustworthiness (adapted from four-dimension model of Influencer Credibility by Munnukka, Uusitalo, and Toivonen 2016)

- I feel the influencer was honest

- I consider the influencer trustworthy

- I feel the influencer was truthful

- I consider the influencer earnest

Perceived Similarity (adapted from four-dimension model of Influencer Credibility by Munnukka, Uusitalo, and Toivonen 2016)

- The influencer and I have a lot in common

- The influencer and I are a lot alike

- I can easily identify with the influencer

Perceived Attractiveness (adapted from four-dimension model of Influencer Credibility by Munnukka, Uusitalo, and Toivonen 2016)

- I consider the influencer very attractive

- I consider the influencer very stylish

- I think the influencer is good looking

- I think the influencer is sexy

Advertising Recognition (Manipulation Check) (adapted from De Veirman and Hudders 2020).

- The Instagram posts you have seen are mostly advertising.

- The Instagram posts you have seen are mostly commercial.

- The Instagram posts you have seen mostly contain advertising.

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Figure 1
Hypothesized effects of advertising disclosure
on intention to follow the influencer
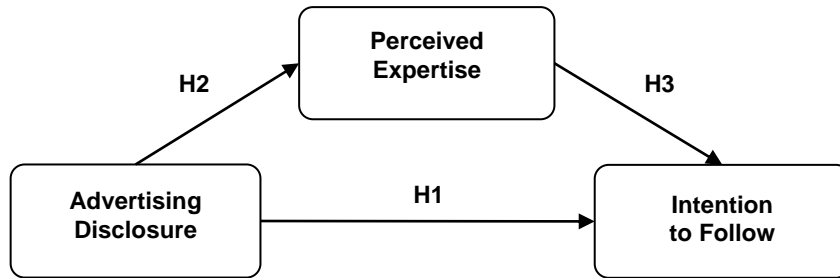
Table 1
Demographics of the Research Sample

Variable		Count	Percent
Gender	Male	64	65.3
	Female	34	34.7
Age	18-30	30	30.6
	31-40	32	32.7
	41+	36	36.7
Instagram Usage	Yes	94	95.9
	No	4	4.1

Table 2
Effects of Advertising Disclosure on Intention to Follow
and Perceived Expertise

Intention to Follow	Disclosure	M=4.160, SD=1.673	p=.015
	Control	M=5.026, SD=1.803	
Perceived Expertise	Disclosure	M=3.840, SD=1.062	p=.000
	Control	M=4.510, SD=.7180	

Figure 2
Regression Coefficients for the Relationship between
Advertising Disclosure and Intention to Follow the Influencer
as Mediated by Perceived Influencer Expertise

-.6704***

Perceived Expertise

1.0903***

Advertising Disclosure

-.8660* (-.1351)

Intention to Follow

$^*p<0.05$ $^{**}p<0.01$ $^{***}p<0.001$
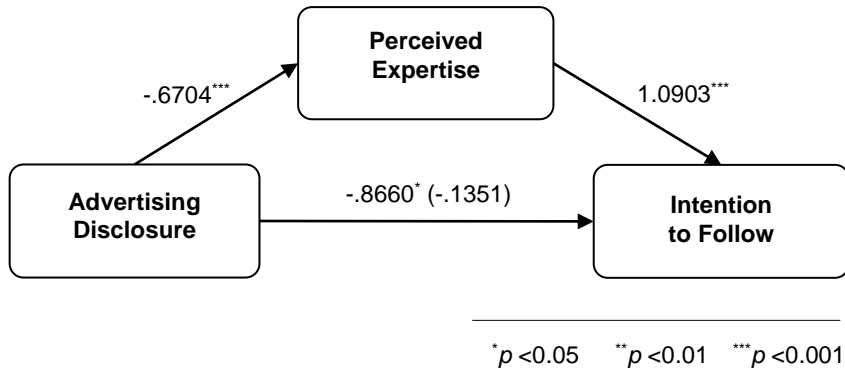
Figure 3
Regression Coefficients for the Relationship between
Advertising Disclosure and Intention to Follow the Influencer
as Mediated by Perceived Influencer Expertise with
Influencer Trustworthiness as Covariate

-.4510*

Perceived Expertise

.6897***

Advertising Disclosure

-.4929* (-.1819)

Intention to Follow

$^*p<0.05$ $^{**}p<0.01$ $^{***}p<0.001$
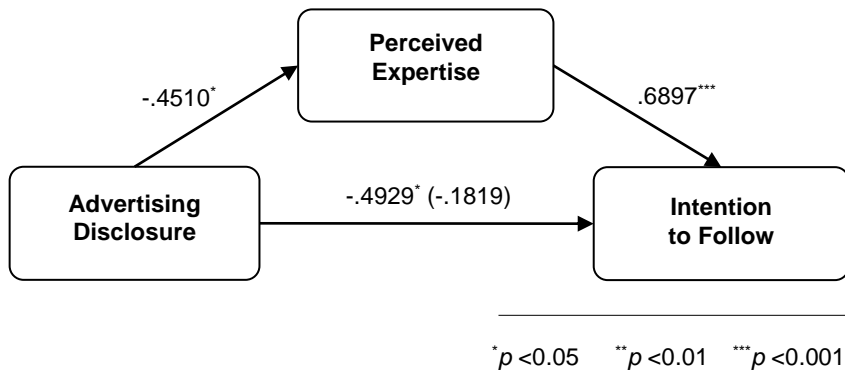
ABSTRACT IN KOREAN

인스타그램 인플루언서의 광고공개가 사용자의 팔로우십에 미치는 영향에 대한 연구

최근 몇 년 동안 인플루언서 마케팅의 발전으로 소비자들이 인플루언서 콘텐츠와 어떻게 상호 작용하는지, 그리고 인플루언서를 어떻게 인식하는지 이해하는 것이 부정 할 수 없이 중요하게 되었다. 본 연구는 인스타그램에서 명확한 인플루언서를 팔로우하려는 사용자의 의도에 대한 인플루언서 광고공개의 효과를 살펴보고 그 기본 프로세스에 대한 설명을 제공하는 것을 목표로 한다. 이전에는 인플루언서들이 광고를 은밀한 방식으로 했지만 현재는 광고공개에 관한 법률을 시행하면서 모든 후원 콘텐츠를 공개하고 지불한 것으로 명확하게 표시해야 합니다. 본 연구는 인스타그램의 광고공개가 인플루언서에 대한 사용자의 인식과 의도에 부정적인 영향을 미칠 것이라고 주장하고 있다. 구체적으로, 인스타그램 인플루언서들이 광고공개를 하면 사용자가 인플루언서를 팔로우하려는 의도가 낮아지는 것으로 나타났으며 그 영향은 인지된 인플루언서의 전문성에 미치는 부정적인 영향이 매개되는 것으로 나타났다.

키워드: 소셜 미디어, 광고공개, 인플루언서, 팔로우하려는 의도, 인스타그램, 전문성

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