Disclosing the Truth About Instagram Endorsers: A Study of the Effects of the Use of Material-Connection Disclosures on Instagram and Types of Endorsers on Advertising Identification and Consumer Response

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DISCLOSING THE TRUTH ABOUT INSTAGRAM ENDORSERS: A STUDY OF THE EFFECTS OF THE USE OF MATERIAL-CONNECTION DISCLOSURES ON INSTAGRAM AND TYPES OF ENDORSERS ON ADVERTISING IDENTIFICATION AND CONSUMER RESPONSE

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ABSTRACT

This experiment studies the effects of the Federal Trade Commission’s material-connection disclosure requirement as it applies to Instagram, as well as consumer responses to the types of endorsers that advertise a product on their Instagram profiles. In this experiment, participants viewed the Instagram profiles of a social-media endorser or celebrity, followed by an Instagram posting of a product with or without a material-connection disclosure. Participants then answered a survey with questions referring to advertising identification, source credibility, message credibility, brand attitude, and purchase intentions. Results suggest that there are no significant effects of material-connection disclosures on the identification of a post as an advertisement. The type of poster also had no significant effects on brand attitude, message credibility, or purchase intentions. Celebrity posters were, however, found to be more credible than social-media influencers. This study adds to the literature about the effectiveness of disclosures and provides new information about the effectiveness of celebrity and social-media influencer endorsers.
INTRODUCTION

Social-media advertising is a multi-billion dollar business. In 2017, North American businesses are expected to spend over $15 billion on social-network advertising placements ("Social network ad spending to hit $26.38 billion worldwide in 2015," 2015). For companies foraying into the social-media advertising world, Instagram has become one of the most popular media to use (Kharpal, 2015). In 2017, companies are expected to spend $2.81 billion in advertising on Instagram alone ("Social network ad spending to hit $26.38 billion worldwide in 2015," 2015). Most of these advertisements come in the form of endorsements, either through celebrities or social-media influencers (Zhang, 2015). These endorsements can feature anything from hazelnut spread to luxury cars (Brown, 2016; Zhang, 2015).

The proliferation of social-media advertising has caused regulators to step in, specifically, the Federal Trade Commission (FTC) (Brill, 2012). As an agency, the FTC is charged with protecting consumers, including protecting them from deception (Federal Trade Commission Act, 2012). Pursuant to regulations updated in 2009, known as the Guides Concerning the Use of Endorsements and Testimonials in Advertising (Guides), the FTC now requires that endorsers disclose any “material connection” with a specific company whose products it has endorsed (Guides, 2009a). A material connection is defined as “a connection between the endorser and the seller of the advertised product that might materially affect the weight or credibility of the endorsement” (Guides, 2009a). Essentially, the FTC wants to ensure that the public knows when someone endorsing a product has been paid or contracted to promote such a product. In the Instagram context, this disclosure generally requires the endorser to include “#ad” or “#sponsored” to identify the post as an endorsement (FTC, 2015b).
Although these regulations have been promulgated to ensure consumer protection, there is little research to determine how these regulations have affected audience perception of advertising on Instagram. Researchers have, however, advocated for increased regulation based on the potential audiences’ possible confusion due to new forms of advertising that utilize social media (Colliander & Dahlen, 2013). This thesis attempts to identify some of the potential effects requiring disclosures on Instagram has on audience perception, as measured by source credibility, brand attitude, and purchase intent.

**Guides Concerning the Use of Endorsements and Testimonials in Advertising**

The Guides Concerning the Use of Endorsements and Testimonials in Advertising define an endorsement as “any advertising message . . . that consumers are likely to believe reflects the opinions, beliefs, findings, or experiences of a party other than the sponsoring advertiser, even if the views expressed by that party are identical to those of the sponsoring advertiser” (Guides, 2009a). In 2009, the FTC revised the Guides for the first time in close to thirty years (Guides, 2009b). Prior to this update, the Guides did not include any information pertaining to endorsements on social media. The updated Guides reflect the changes in the advertising landscape due to the proliferation of social-media advertising (Brill, 2012).

An important requirement added in the 2009 revisions is the necessity for endorsers to provide material-connection disclosures. A material connection is a relationship “between the endorser and the seller of the advertised product that might materially affect the weight or credibility of the endorsement” (Guides, 2009a). These connections may exist if the speaker has been compensated for its postings, if the speaker received the product for free, or if there is a specific agreement between the speaker and the company related to the postings, among other things (Guides, 2009a). The FTC requires such a disclosure if a consumer is “likely to recognize
[the poster’s] statement as an advertisement” (Guides, 2009b, p. 53,134). This means, for example, that if an endorser has received a product from a manufacturer and posts about that product based on an agreement with that manufacturer, then the poster must indicate that relationship (FTC, 2009). These rules apply to advertising on all platforms (FTC, 2015b).

**The FTC’s Endorsement Guides: What People Are Asking**

In 2015, the FTC provided additional clarification about the disclosure requirement in an online frequently asked questions page (2015b). The page clarified that the Guides apply to social media in order to protect “[t]ruth in advertising” (FTC, 2015b, p. 3). When discussing the importance of disclosures on media that allow for posting photographs, the FTC indicated that a disclosure is required if the photograph implies that the poster “like[s] and approve[s] of the product” (2015b, p. 7). If the photograph conveys such a message about a product, and the poster has a material relationship with the company that manufactures the product, then the FTC considers it an endorsement (2015b, p. 7). The FTC explains that the poster may provide the words “#ad” or “#sponsored” to indicate that a material connection exists between the poster and the brand (2015b, p. 10). If a consumer is likely to be unaware of the material connection between an endorser and the brand, then the endorser is required to provide the disclosure to ensure that new followers are informed of the connection (FTC, 2015b, p. 10).

**Applying the Guides to Instagram: The Lord & Taylor Case**

In May of 2016, the FTC brought an action against fashion retailer Lord & Taylor alleging deceptive advertising practices (Complaint, 2016). These allegations stemmed from Lord & Taylor’s attempt to advertise on Instagram (Complaint, 2016). In its advertising campaign, the store sent a dress from its newest collection to known fashion bloggers who often
share photographs of their outfits on Instagram (Complaint, 2016). The bloggers then posted the photographs of the different ways they had styled the dress, tagging the store in their photographs (Complaint, 2016). The store required the stylists to caption the photograph with a hashtag that included the name of the collection (Complaint, 2016). The bloggers also had to get approval from Lord & Taylor before posting the photographs to their page (Complaint, 2016). The main issue the FTC had with these photographs was that the captions did not include any indication that the photographs were sponsored or advertisements (Complaint, 2016).

Ultimately, the FTC settled the case with Lord & Taylor; however the implications of the case are strong for other companies looking to use Instagram endorsements as a means of promotion (FTC, 2016b). Part of the agency’s rationale in requiring these types of disclosures has to do with the FTC’s role in protecting consumers from deceptive advertising practices. In promulgating these rules and applying them in the Lord & Taylor case, therefore, the agency indicates that Instagram advertisements that do not include disclosures harm unsuspecting audience members. The agency assumes that audience members need these disclosures to keep them well-informed, preventing the advertisements from misleading consumers.

**Purpose**

Recognizing the FTC’s goal to prevent consumer deception, this thesis explores how the presence or absence of advertising disclosures affects consumer perception of an online endorsement (with or without such a disclosure), specifically Instagram postings. This study is important for a number of reasons. First, the FTC requires advertisers to disclose material connections based on the likelihood that a consumer may perceive the posting to be an endorsement of a product (“Guides,” 2009b, p. 53,134). Requiring a disclosure based on consumer interpretation assumes that consumers have some degree of similarity in their
recognition of advertisements and endorsements. This thesis seeks to determine how these disclosure requirements affect audience interpretation of Instagram postings and whether or not they constitute advertisements.

Secondly, although a number of studies have explored the effects of advertising disclosures on consumers (e.g. Campbell, Mohr, & Verlegh, 2013; Liljander, Gummerus, Soderlund, 2014; Wojdynski & Evans, 2016), there is scant research on how advertising disclosures on Instagram affect consumers’ perceptions of endorsement advertising and consumers’ purchase intentions. This thesis thus seeks to fill a gap in the literature in understanding how advertisement disclosures affect consumers while on Instagram. In doing so, this thesis specifically observes the effects of disclosure on audience perception, measured by source credibility, brand attitude, and audience purchase intent.

Thirdly, recognizing the utility of Instagram as a platform for both celebrity and non-celebrity users, this thesis also explores the impact of the type of Instagram endorser on audience perception. This is of particular importance as the FTC’s regulations apply to both celebrity and non-celebrity endorsers. In pursuing this research, this thesis ultimately helps to provide evidence as to whether or not the FTC’s material-connection disclosure requirement is reasonable and necessary, as well as the implications of the requirement as it applies to advertising on Instagram.
LITERATURE REVIEW

An Overview of Instagram

Instagram is a social media platform that allows users to share photographs and short videos with their followers (Desreumaux, 2014). These images usually include text commentary to describe the contents of the photograph (Buck, 2012). Users also have the ability to “tag” other users who may be present in the photograph, which then links someone who clicks on the photograph to that user’s profile (Buck, 2012). Since its creation in 2010, Instagram has more than 600 million users (“600 million and counting,” 2016).

There are two means of advertising on Instagram. The first type allows a company to create specific advertising posts which feature a good or service and randomly populate on a user’s feed, whether or not the user follows that brand’s profile (“Instagram as a growing business,” 2013). These posts include a “Sponsored” tag in the upper left-hand corner to indicate that they are paid advertisements (“Instagram as a growing business,” 2013). Instagram users are 58 times more likely to engage with these types of advertisements on Instagram than those on Facebook, and 120 times more likely to engage with them than those on Twitter (Mortimer, 2015).

The second type of Instagram advertisement comes from Instagram users themselves. These advertisements are actual posts Instagram users provide to endorse specific products (Brown, 2016). Both celebrities and social-media influencers (users with a strong social media presence, although potentially not celebrities in the traditional sense of the term) can post about products that they have a connection to, whether “material” as defined by the FTC, or not. Promotion through these celebrities and influencers allows for more authenticity than if the endorsement came from the brand itself (Brown, 2016).
Native Advertising

The second type of Instagram advertisement is a type of native advertising. The FTC defines native advertising as advertisements that “often resemble the design, style, and functionality of the media in which they are disseminated” (FTC, 2015a). Native advertising blurs the lines between traditional advertising and other forms of communication (Sweetser, Ahn, Golan, & Hochman, 2016). The FTC deems it necessary to regulate native advertising because “knowing the source of an advertisement or promotional message typically affects the weight or credibility consumers give it” and “influence[s] whether and to what extent consumers choose to interact with content containing a promotional message” (FTC, 2015a). The FTC requires disclosures in native advertising to ensure consumers can identify native advertising as advertisements (FTC, 2015a). The agency is specifically concerned with consumer deception, which it defines as occurring when consumers are misled by the nature or source of an advertisement which would affect their decisions either about the product being advertised or the advertisement itself (FTC, 2015a).

To help advertisers avoid deceiving consumers, the FTC has provided multiple resources to clarify how advertisers should disclose that certain content is advertising (2015a; 2015b; 2016b). Generally, the FTC requires disclosures to be “clear and conspicuous” (2015b, p. 12). However, recent empirical research indicates that disclosures may not have as much of an effect on brand attitudes or relationship with the organization as the FTC might assume (Sweetser et al., 2016, p. 1454).
Advertising on Social Media

There are a few studies on the effectiveness of social-media advertising, specifically focusing on user-generated content (UGC). Advertising that utilizes UGC has the potential to be more persuasive because people identify with the source of the advertising (Thompson & Malaviya, 2013). Research determining the effects of UGC advertising on audiences is a developing field that has specific importance due to the increased prevalence of marketers using UGC to advertise products. Some completed studies look at social-media platforms such as Twitter (Chen, 2014; Jansen, Zhang, Sobel, & Chowdury, 2009), blogs (Colliander & Dahlen, 2011), and YouTube (Hansen, J. Lee, & S. Lee, 2014; Verhellen, Dens, & De Pelsmacker, 2013). Still, none of this research focuses on advertising utilizing UGC on Instagram specifically.

Researchers have considered social media as a form of electronic word-of-mouth (eWOM) as a tool of customer communication (Jansen et al., 2009). Traditional word-of-mouth (WOM) is the sharing of information from person to person (Jansen et al., 2009). Such WOM is of particular importance in commercial situations, where consumers share information and opinions about brands and products, specifically because people tend to trust the information they gain from people they trust within their social networks (Jansen et al., 2009). Electronic WOM replicates the ability to share information amongst people, and still allows for a certain level of trust, even without the requisite social-network similarity required by traditional WOM (Jansen et al., 2009). Electronic WOM has the potential to be more powerful than traditional WOM because “it is immediate, has a significant reach, is credible by being in print, and is accessible by others” (Jansen et al., 2009, p. 2170).
Research on the effects of social-media advertising is limited. However, as it applies to Twitter, college-aged consumers at least have found it to be “less relevant” (Chen, 2014, p. 218). Still, social-media advertising, and more specifically, blogs, have been found to be more effective than other forms of online advertising (Colliander & Dahlen, 2011). This is due to the perceived relationship an audience has with someone posting on social media (Colliander & Dahlen, 2011). This relationship is known as parasocial interaction, the “illusion of a face-to-face relationship with a media performer” (Colliander & Dahlen, 2011, p. 314). Parasocial interaction derives from the audience being able to get insights into a poster’s daily life through his or her postings (Colliander & Erlandsson, 2015). These personal insights lead the audience member to consider the poster to be a close friend, even if the two have never met in person (Colliander & Erlandsson, 2015). Advertising sources with more parasocial interaction create more brand credibility for audiences (Colliander & Dahlen, 2011). Instagram, like blogs, likely engenders parasocial interaction as users, including celebrities and social-media influencers, often post daily about their personal lives.

Social media often utilizes consumer-generated content (CGC) and product placement as advertising techniques. The increased prominence of the brand in these social-media advertisements makes them more effective in encouraging a consumer to purchase a product (Verhellen et al., 2013). More subtle brand placements may have the effect of making an audience believe that they are being manipulated, leading to less trust for the brand (Verhellen et al., 2013). CGC is effective in positively influencing source credibility perceptions, making the ad itself seem more credible to the participants and resulting in a more positive attitude towards advertising (Hansen, Lee, & Lee, 2014). Still, a positive perception towards CGC involving a brand does not equate to a positive perception of a brand (Hansen et al., 2014).
Researchers have also considered the effectiveness of utilizing celebrities in social-media advertising (Jin & Phua, 2014; Verhellen et al. 2013). Celebrities that are more popular on social media tend to be more influential in their social-media-advertising efforts (Jin & Phua, 2014). Additionally, brand prominence and celebrity endorsers may allow audiences to see social-media advertising as “overt and honest brand endorsement[s]” (Verhellen et al., 2013). A more subtle brand placement raises suspicion about a brand’s attempt to manipulate a viewer (Verhellen et al., 2013).

Research has also considered the relationship between a celebrity’s tweets about a particular brand and an audience’s response to that brand (Jin & Phua, 2014). Twitter users with more followers tend to be more credible than those with fewer followers (Jin & Phua, 2014). An increased number of followers can also positively influence a celebrity’s perceived credibility and the audience’s buying intention toward a particular brand (Jin & Phua, 2014). Jin and Phua (2014) have found that celebrity users with a lower number of followers, in contrast, did not have a significant effect on product involvement or buying intention.

Marketing on social media tends to be different than traditional media in that it often focuses on product recommendations (Liljander et al., 2014). Generally, consumers have a positive reaction to product recommendations from those they have a close social relationship with, as compared to advertisements (Liljander et al., 2014). This may explain why product marketing on social media has the potential to be successful, as consumers build relationships utilizing online social networks.

**Covert & Overt Marketing**

In the social media context, marketing can be either covert or overt (Liljander et al., 2014). Overt marketing refers to marketing where “the consumer is aware of the commercial
interest of the communicator” (Liljander et al., 2014, p. 613). In contrast, covert marketing is marketing where the poster does not reveal his or her compensation for the promotion of a particular product (Swanepoel, Lye, & Rugimbana, 2009). Advertisers have turned to covert marketing in response to consumers’ attempts to avoid traditional advertising (Ashley & Leonard, 2009).

Generally, advertisers embed covert marketing in media-rich environments such as television shows to allow for more effective advertising (Campbell et al., 2013). Another form of covert marketing is to place a product in the media that the consumer is focusing on (such as in a video game or movie), to make the advertisement subtler (Campbell et al., 2013). Covert marketing takes a variety of forms, such as advertorials (advertisements in the form of editorials) and product placements (Campbell et al., 2013; Kim, Pasadeos, & Barban, 2001).

Participants are more engaged with advertisements in an advertorial format than with traditional advertising (Kim et al., 2001). If an advertisement is labeled, audience members are more likely to identify the editorial as an advertisement (Kim et al., 2001). Still, placing a label on an advertisement does not guarantee that an audience member will recognize the material as an advertisement (Kim et al., 2001; Wojdynski & Evans, 2016). Audiences may also be able to infer that something is an advertisement based on its message, regardless of its label (Kim et al., 2001). Therefore, “label identification is a necessary condition, but not a sufficient one, for preventing confusion” (Kim et al., 2001, p. 277). If a brand does utilize disclosures, those in the middle of a covert advertisement using the words “sponsored” or “advertising” are most identifiable in determining if something is an advertisement (Wojdynski & Evans, 2016).

In passing the material-connection disclosure requirements, the FTC seeks to prevent deceptive marketing by requiring endorsers to identify certain posts as advertisements (FTC,
Such a disclosure shifts advertising from covert marketing to overt marketing. However, previous research has shown that adding a disclosure does not necessarily mean that an audience member views a posting as an advertisement (Kim et al., 2001). Still, because the words “sponsored” or “advertising” have been shown to increase an audience’s ability to identify other forms of online media as advertisements, the same is likely to be true on Instagram. Therefore, I propose the following hypothesis:

**H1:** Adding a disclosure indicating that an Instagram posting is “sponsored” will increase a participant’s ability to identify the Instagram posting as an advertisement.

### Source & Message Credibility

Source credibility is defined as “a communicator’s positive characteristics that affect the receiver’s acceptance of the message” (Ohanian, 1990, p. 41). Generally, source credibility refers to a source’s expertise and trustworthiness (Pornpitakpan, 2004). Expertise typically refers to “the extent to which a speaker is perceived to be capable of making correct assertions” and trustworthiness is considered “the degree to which an audience perceives the assertions made by a communicator to be ones that the speaker considers valid” (Pornpitakpan, 2004, p. 244). There have been many studies to examine the effects of source credibility (Pornpitakpan, 2004). Generally, higher source credibility seems to be more persuasive than lower source credibility (Pornpitakpan, 2004).

There are a number of ways to determine source credibility (Pornpitakpan, 2004). Colliander and Dahlen (2011), for example, assessed source credibility by having participants determine whether a blog writer was “convincing,” “believable,” or “unbiased” (p. 317). Ohanian (1990), on the other hand, developed a scale to identify an endorser’s expertise, trustworthiness, and attractiveness. Specifically, she defines expertise as an endorser’s authority...
about a particular topic (Ohanian, 1990). Trustworthiness refers to “the listener’s degree of confidence in, and level of acceptance of, the speaker and the message” (Ohanian, 1990, p. 317). Attractiveness specifically refers to physical attractiveness of the speaker (Ohanian, 1990). Generally, however, source credibility looks to trustworthiness and expertness (Hansen et al., 2014).

Source credibility is of particular importance when consumers share information on social networking sites (Pan & Chiou, 2011). Consumers judge the credibility of information online based on their perceived social relationship with those disseminating the information (Pan & Chiou, 2011). In attempting to change attitudes about a subject, high source credibility is more successful than low source credibility (Wu et al., 2016). In native advertising, source credibility can refer to both corporate credibility (the trustworthiness of a company to satisfy customer needs) and media-source credibility (the trustworthiness of the media source) (Wu et al., 2016). Particularly as it applies to social media, online popularity can be an indicator of source credibility (Jin & Phua, 2014). Similarly, in online blogs, the more credible the writer, the more persuasive his or her material will be to an audience (Colliander & Dahlen, 2011).

Considering how native advertising manifests on Instagram, an important factor is the trustworthiness of the endorser herself. In the context of social media, studies have identified audience perception of a blogger based on her use of covert and overt marketing (Liljander et al., 2014). Overt marketing on blogs can have a negative effect on young consumers’ intentions to purchase (Liljander et al., 2014). Blogger credibility however, may not be affected by either covert or overt marketing (Liljander et al., 2014). Still, covert marketing does influence the participant’s future interest in engaging with the blogger (Liljander et al., 2014).
Message credibility specifically refers to “an individual’s judgment of the veracity of the content of communication” (Appelman & Sundar, 2016, p. 63). Appelman and Sundar (2016) explain message credibility as a subset of media credibility, which also includes source and medium credibility. In a 2016 study, the researchers created a scale to specifically measure message credibility (Appelman & Sundar, 2016). Although other studies have identified different ways of measuring credibility as applied to specific media, such as blogs, and online media (Chung, Nam, & Stefanone, 2012; Kang & Yang, 2011), there was no singular measure of message credibility prior to this study (Appelman & Sundar, 2016). Therefore, I will specifically utilize Appelman and Sundar’s (2016) measure for message credibility to measure the effects of disclosure and source on message credibility.

**Celebrity Endorsements.** Celebrity endorsements can be particularly effective in advertising campaigns (Chung, Derdenger, & Srinivasan, 2012). Research has shown that celebrity endorsements on social media are also effective (Jin & Phua, 2014). Jin and Phua (2014) have found that specific to social media, celebrity endorsers who have a large number of followers tend to be more credible than those with fewer followers. Still, although celebrity endorsements are effective, Knoll and Matthes (2017) have found that they are not as effective as other types of endorsements, such as quality seals or awards. The majority of research dealing with celebrity endorsers focuses on the different factors that can affect celebrity influence, such as if the celebrity has suffered from negative publicity, or the number of brands a celebrity is connected with (e.g., Amos, Holmes, & Strutton, 2008; Knoll & Matthes, 2017; Tripp, Jensen, & Carlson, 1994).

In consumer-generated product reviews, professional consumer commentators are more credible than consumer commentators (Chiou et al. 2013). Additionally, perceived social
relationships with the consumer may affect the trustworthiness of the messages provided (Pan & Chiou, 2011). The type of good and the type of message about the good (positive or negative) can also affect how much a consumer trusts the messages (Pan & Chiou, 2011).

Social-media advertising is unique in that both celebrities and non-celebrities can garner the influence necessary to be effective endorsers. To this point, there has not been any research on the effects of celebrities as compared to social-media influencers on the credibility, brand attitude, or purchase intentions of an audience viewing an endorsement.

Social-media influencers may be able to establish a more authentic connection with an audience that views them as more similar than a celebrity. Because professional consumer-generated product reviews are more effective than consumer product reviews, and because celebrity endorsements are not as effective as other types of endorsements, I propose:

**H2:** Social-media influencers will be perceived as more credible than celebrity endorsers.

Therefore, based on the stronger credibility of the social media influencer, I also propose:

**H3:** Social-media-influencer endorsements will result in greater perceptions of message credibility than celebrity endorsers.

**Brand Attitude & Purchase Intentions**

Numerous studies have investigated the use of covert and overt marketing in blogging and its effect on brand attitude (Campbell, et al., 2013; Liljander et al., 2014; van Reijmersdal et al., 2016). The results of these studies have been mixed. Some studies have found that deceptive techniques used in blogs do not always negatively affect brand image or the consumer’s intent to purchase (Campbell et al., 2013; Colliander & Erlandsson, 2015). Colliander and Erlandsson (2015) found that source revelation of a blog post had a negative impact on attitude and credibility of the blog, but the disclosure did not affect purchase intention and attitude toward the
sponsoring brand. Boerman, van Reijmersdal, and Neijens (2012) also found that there is no direct relationship between sponsorship disclosure and brand perception. However, the longer the viewer is exposed to a disclosure on television, the more the viewer distrusts the content and the stronger his or her negative attitude toward the brand (Boerman et al., 2012).

Covert marketing tends to negatively impact a consumer’s response to the brand (Ashley & Leonard, 2009; Wojdynski & Evans, 2016). This can result in lower levels of trust or commitment to the brand (Ashley & Leonard, 2009). When people attempt to resist covert marketing, they tend to use negative cognitions, such as counterarguing (van Reijmersdal et al., 2016). Additionally, people tend to have affective responses (mood and feelings) toward covert marketing attempts when their persuasion knowledge is activated (van Reijmersdal et al., 2016). Such affective responses to disclosures that activate persuasion knowledge may look like skepticism and dislike (Boerman et al., 2012). Cognitive and affective resistance may have differing effects on brand attitudes, however (van Reijmersdal et al., 2016). Affective resistance may lead to negative brand attitudes and purchase intention, while cognitive resistance may not affect brand attitudes at all (van Reijmersdal et al., 2016).

Instagram is an interesting medium to research in considering the effects of disclosure on brand attitude. Advertisements on Instagram can be considered similar to traditional advertisements seen in magazines because they usually consist of a photograph of the product and a caption. Unlike blogs, another popular forum for covert marketing, Instagram captions usually do not always include a plethora of information about the product or how to use it. Therefore, this thesis will research the effects of disclosure on brand attitude specifically as it applies to Instagram.
Based on previous research, activated persuasion knowledge tends to lead to negative brand attitudes and purchase intention. Covert marketing also leads to negative brand attitudes (Ashley & Leonard, 2009; Wojdynski & Evans, 2016). However, the results of these studies have been mixed, so it is unclear exactly how disclosure may affect brand attitude and purchase intentions. Still, considering the potential for distrust in response to sponsorship disclosures, I propose:

**H4:** The absence of a material-connection disclosure on an Instagram post will lead to more positive attitude towards the brand than the presence of one.

Deceptive techniques have not always led to lower purchase intentions (Colliander & Erlandsson, 2015). If there is no disclosure, distrust of the brand may not be activated if viewers do not recognize the content to be advertising; thus, I propose:

**H5:** The absence of a material-connection disclosure on an Instagram post will lead to higher purchase intentions of the product than a post with an advertising disclosure.

Additionally, considering the previous discussion about celebrity versus non-celebrity endorsements, I propose the following as it applies to brand attitudes and purchase intention:

**H6:** Social-media-influencer endorsements will garner more positive brand attitudes than celebrity endorsements.

**H7:** Social-media-influencer endorsements will garner more positive purchase intentions than celebrity endorsements.
METHODS & PROCEDURE

This study used a 2 (disclosure: present/absent) by 2 (source: celebrity/social-media influencer) experimental design. Both disclosure and source were between-subjects factors. Each of these independent variables had two levels: for the disclosure variable, the advertisements either had a material-connection disclosure or did not, and for the source, the advertisements were either posted on a celebrity’s Instagram or a social-media influencer’s.

Participants

Participants were students enrolled in mass communications courses at a large Southern university. Participants completed the study in exchange for the incentive of course credit. A total of 279 students participated in the experiment ($N = 279$; 242 females and 37 males; $M_{Age} = 20.23$, $SD_{Age} = 2.95$; 89.2% white, 7.5% Black/African-American, 1.1% American Indian or Alaskan Native, .7% Asian, and 1.4% Other). Each participant was randomly assigned to one of two profiles: either a celebrity or a social-media influencer. Then participants were assigned one of two pictures from the profile they viewed: either with or without a “#sponsored” disclosure. Participants then answered a posttest questionnaire, followed by a manipulation check about the advertisement as it related to advertising identification, source credibility, brand attitude, and purchase intentions.

Independent Variables

For the source variable, participants viewed either a celebrity or social-media influencer’s profile. One profile was a current celebrity’s profile, the other profile was an artificial profile created for the purpose of the experiment.
For advertisements including a disclosure, the comment on the post included a “#sponsored” tag. Wojdynski and Evans (2016) found that disclosures utilizing the words “sponsored” or “advertising” were the most recognizable as advertisements. Additionally, the FTC has indicated that use of the word “sponsored” is sufficient as a material-connection disclosure (FTC, 2015b). Posts without a disclosure will had the same text as the comment on the post, but did not include the “#sponsored” language.

Stimuli

The stimuli included two mock-up Instagram profiles, one of a celebrity, the other of a social-media endorser and fashion blogger (see Appendix A and Appendix D). Each profile included a short biography of the poster and six photographs, including the endorsement photograph. The celebrity profile included photographs from the real celebrity’s own profile. The social-media influencer’s profile included photographs of “lifestyle” and fashion posts. Neither profile indicated that the poster was sponsored by the company that produces the product they endorsed on their profile. The number of followers for the artificial profiles was smaller than the number of followers for the celebrity to increase authenticity.

The advertisement included four posts of the same photograph, two from either poster, with the same comments about the photograph (see Appendices B, C, E, and F). The advertisement was a photograph of the endorser holding a bottle of Coke Life. The captions of both advertisement photographs were the same, although those in the disclosure-present group included a “#sponsored” in the comment, while those without a disclosure did not include the same hashtag. Because the FTC has indicated that a disclosure is required if a viewer believes that the photograph implies that the poster likes or approves of a product, the captions on the
photographs were somewhat vague, so as to not make it overtly obvious that the poster was endorsing the product.

Because the stimuli included a real product, the survey measured prior brand attitude on a 7-point scale (1 = Not at All, 7 = Very Much, or N/A if the participant had not tried the brand). It was used as a control variable only when it appeared to function as an effective covariate. Participants were also asked if they had tried the advertised product prior to the survey. It was used as a covariate in measuring the effects of the independent variables on purchase intentions only when it appeared to function as an effective covariate.

Dependent Variables

To get a scale score for data analysis for hypothesis testing, scores on all items of a scale were averaged for each dependent variable.

Identification of a Post as Advertising. Participants were asked to agree on a 7-point semantic differential scale (1 = strongly disagree, 7 = strongly agree) with two items to identify the post as an advertisement: “There was a clear presence of a brand in the Instagram post” and “The Instagram post made the name of the advertiser very obvious.” These items come from Wojdynski, Evans, and Hoy’s (2017) measures (Cronbach’s α = .78).

Source Credibility. To measure source credibility, the participants used a 7-point semantic differential scale to rate the poster on the following scales: (a) knowledgeable/unknowledgeable, (b) not influential/influential, (c) indifferent/passionate, (d) secretive/transparent, (e) unreliable/reliable. These characteristics come from Kang’s (2009) measure (Cronbach’s α = .74).
Message Credibility. The participants used a 7-point Likert scale to rate the poster on the following categories: (a) accurate, (b) authentic, and (c) believable. These characteristics come from Appelman and Sundar’s (2016) measure (Cronbach’s α = .82).

Brand Attitude. Brand attitude was measured by using a 7-point Likert scale (1 = strongly disagree, 7 = strongly agree) to measure the agreement with the following statements: (a) The Coca Cola brand is credible, (b) The Coca Cola brand is appealing, (c) The Coca Cola brand is likeable. These items are modeled after Abzari, Ghassemi, and Vosta’s (2014) research (Cronbach’s α = .84).

Purchase Intention. Purchase intention was measured by two 7-point Likert-type items (1 = strongly agree, 7 = strongly disagree) measuring participant agreement with the following statements: (a) I would purchase this product in the future, and (b) I would buy this product rather than other products available. These items are also modeled after Abzari, Ghassemi, and Vosta’s (2014) research (Cronbach’s α = .77).

Manipulation Check

Two questions measured whether participants recognize the difference between the disclosure and source variables. For the disclosure variable, participants answered “yes” or “no” to the following question: “Was there a “#sponsored” on the Instagram post?”

For the source variable, participants identified the following on a scale from zero to ten measuring: “This Instagram user is a celebrity” (0) as compared to “This Instagram user is a lay person” (10).
Procedure

Participants were randomly assigned to first view one of the two profiles and then one of the four individual Instagram posts. Participants only saw the profile of the endorser whose posting was present on the Instagram feed they viewed. Participants then answered the posttest questionnaire followed by the manipulation check questions.
RESULTS

Manipulation Check

To confirm the manipulation of the presence or absence of disclosure, participants were asked to indicate whether they saw “#sponsored” on the advertisement they viewed. Of the 279 participants, 225 (81%) correctly identified if the poster included “#sponsored” on the post they viewed. The 54 responses from those who were incorrect were discarded.

The second manipulation check involved using a scale to identify if there was a difference in characterization between the celebrity (0) and social-media influencer as a lay person (10). Those viewing the celebrity profile identified the poster as a celebrity ($M = .73, SD = 1.74$), while the social-media influencer was identified as a lay person ($M = 6.03, SD = 2.36$). This finding indicates a successful manipulation of the type of poster (celebrity or social-media influencer/layperson) in this experiment.

The following table shows the distribution of profiles after accounting for the manipulation checks:

<table>
<thead>
<tr>
<th>Profile</th>
<th>Disclosure</th>
<th>No. of Participants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Celebrity</td>
<td>Present</td>
<td>47</td>
</tr>
<tr>
<td></td>
<td>Absent</td>
<td>59</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>106</td>
</tr>
<tr>
<td>Social-Media Influencer</td>
<td>Present</td>
<td>55</td>
</tr>
<tr>
<td></td>
<td>Absent</td>
<td>64</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>119</td>
</tr>
</tbody>
</table>

Effect of Disclosure on Identifying Post as Advertisement

Two-way ANCOVAs were run to determine whether the disclosure had a significant effect on identification of the post as an advertisement, using prior perception of Coca-Cola as a covariate, $F(1, 220) = 12.20, p < .05$. The results indicated no significant effect of the disclosure
on the identification of the post as an advertisement, $F(1, 220) = 2.00, p = .16$. However, the post with a disclosure was more likely to lead people to identify the picture as an advertisement ($M = 1.93, SD = 1.023$) than the post without a disclosure ($M = 1.70, SD = 1.03$).

There was also no significant effect of the poster on the identification of the post as an advertisement, $F(1, 220) = .019, p = .89$. People who viewed the social-media influencer’s profile were slightly more likely to identify the post as advertising ($M = 1.81, SD = 1.02$) than those who viewed the celebrity profile ($M = 1.80, SD = 1.05$). The interaction effect between the type of profile and presence of disclosure was not significant, $F(1, 220) = .22, p = .64$. Therefore, it appears that the disclosure did not significantly affect whether the viewer would identify the post as an advertisement. This result did not support Hypothesis 1.

Table 2: Descriptive Statistics for Identifying Post as Advertisement

<table>
<thead>
<tr>
<th>Profile Viewed</th>
<th>Sponsored or Not</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEL</td>
<td>Sponsored</td>
<td>1.89</td>
<td>1.15</td>
<td>47</td>
</tr>
<tr>
<td></td>
<td>Not Sponsored</td>
<td>1.72</td>
<td>0.98</td>
<td>59</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>1.80</td>
<td>1.05</td>
<td>106</td>
</tr>
<tr>
<td>SMI</td>
<td>Sponsored</td>
<td>1.96</td>
<td>0.92</td>
<td>55</td>
</tr>
<tr>
<td></td>
<td>Not Sponsored</td>
<td>1.68</td>
<td>1.09</td>
<td>64</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>1.81</td>
<td>1.02</td>
<td>119</td>
</tr>
<tr>
<td>Total</td>
<td>Sponsored</td>
<td>1.93</td>
<td>1.03</td>
<td>102</td>
</tr>
<tr>
<td></td>
<td>Not Sponsored</td>
<td>1.70</td>
<td>1.03</td>
<td>123</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>1.80</td>
<td>1.03</td>
<td>225</td>
</tr>
</tbody>
</table>

Note. CEL = celebrity; SMI = social-media influencer

Table 3: Two-Way ANCOVA Results for Identifying Post as Advertisement

<table>
<thead>
<tr>
<th>Source</th>
<th>Type III SS</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coke perception</td>
<td>12.31</td>
<td>1</td>
<td>12.31</td>
<td>12.12</td>
<td>.00</td>
</tr>
<tr>
<td>PROF</td>
<td>0.02</td>
<td>1</td>
<td>0.02</td>
<td>0.02</td>
<td>.89</td>
</tr>
<tr>
<td>SPON</td>
<td>2.03</td>
<td>1</td>
<td>2.03</td>
<td>2.00</td>
<td>.16</td>
</tr>
<tr>
<td>PROF x SPON</td>
<td>0.22</td>
<td>1</td>
<td>0.22</td>
<td>0.22</td>
<td>.64</td>
</tr>
<tr>
<td>Error</td>
<td>223.41</td>
<td>220</td>
<td>1.02</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note. PROF = profile type; SPON = presence/absence of disclosure
Effect of Poster on Source Credibility

A two-way ANOVA indicated a significant effect of the poster on credibility of the source, $F(1, 221) = 4.35, p < .05$. Participants viewed the celebrity as slightly more credible ($M = 6.45, SD = 1.77$) than the social-media influencer ($M = 5.99, SD = 1.52$), the opposite of the expected effect. Thus, Hypothesis 2 was not supported.

Table 4: Descriptive Statistics for Source Credibility

<table>
<thead>
<tr>
<th>Profile Viewed</th>
<th>Sponsored or Not</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEL Sponsored</td>
<td></td>
<td>6.31</td>
<td>1.55</td>
<td>47</td>
</tr>
<tr>
<td>CEL Not Sponsored</td>
<td></td>
<td>6.56</td>
<td>1.93</td>
<td>59</td>
</tr>
<tr>
<td>CEL Total</td>
<td></td>
<td>6.45</td>
<td>1.77</td>
<td>106</td>
</tr>
<tr>
<td>SMI Sponsored</td>
<td></td>
<td>5.86</td>
<td>1.68</td>
<td>55</td>
</tr>
<tr>
<td>SMI Not Sponsored</td>
<td></td>
<td>6.10</td>
<td>1.37</td>
<td>64</td>
</tr>
<tr>
<td>SMI Total</td>
<td></td>
<td>5.99</td>
<td>1.52</td>
<td>119</td>
</tr>
<tr>
<td>Total Sponsored</td>
<td></td>
<td>6.07</td>
<td>1.63</td>
<td>102</td>
</tr>
<tr>
<td>Total Not Sponsored</td>
<td></td>
<td>6.32</td>
<td>1.67</td>
<td>123</td>
</tr>
<tr>
<td>Total Total</td>
<td></td>
<td>6.21</td>
<td>1.66</td>
<td>225</td>
</tr>
</tbody>
</table>

Note. CEL = celebrity; SMI = social-media influencer

Table 5: Two-Way ANOVA Results for Source Credibility

<table>
<thead>
<tr>
<th>Source</th>
<th>Type III SS</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>PROF</td>
<td>11.77</td>
<td>1</td>
<td>11.77</td>
<td>4.35</td>
<td>.04</td>
</tr>
<tr>
<td>SPON</td>
<td>3.31</td>
<td>1</td>
<td>3.31</td>
<td>1.22</td>
<td>.27</td>
</tr>
<tr>
<td>PROF x SPON</td>
<td>.00</td>
<td>1</td>
<td>.00</td>
<td>.00</td>
<td>.98</td>
</tr>
<tr>
<td>Error</td>
<td>597.81</td>
<td>221</td>
<td>2.71</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note. PROF = profile type; SPON = presence/absence of disclosure

Effect of Poster on Message Credibility

A two-way ANOVA also indicated no significant effect of the poster on message credibility, $F(1, 221) = 1.20, p = .28$. Message credibility of the social-media influencer ($M = 4.74, SD = 1.08$) was not significantly greater than that for the celebrity ($M = 4.54, SD = 1.27$). Thus, the result did not support Hypothesis 3. No significant interaction effects between the type
of profile viewed and the presence or absence of the disclosure were found for message credibility either, $F(1, 221) = 2.37, p = .13$.

Table 6: Descriptive Statistics for Message Credibility

<table>
<thead>
<tr>
<th>Profile Viewed</th>
<th>Sponsored or Not</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEL</td>
<td>Sponsored</td>
<td>4.69</td>
<td>1.06</td>
<td>47</td>
</tr>
<tr>
<td></td>
<td>Not Sponsored</td>
<td>4.43</td>
<td>1.42</td>
<td>59</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>4.54</td>
<td>1.27</td>
<td>106</td>
</tr>
<tr>
<td>SMI</td>
<td>Sponsored</td>
<td>4.62</td>
<td>1.10</td>
<td>55</td>
</tr>
<tr>
<td></td>
<td>Not Sponsored</td>
<td>4.84</td>
<td>1.05</td>
<td>64</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>4.74</td>
<td>1.08</td>
<td>119</td>
</tr>
<tr>
<td>Total</td>
<td>Sponsored</td>
<td>4.65</td>
<td>1.08</td>
<td>102</td>
</tr>
<tr>
<td></td>
<td>Not Sponsored</td>
<td>4.65</td>
<td>1.25</td>
<td>123</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>4.65</td>
<td>1.18</td>
<td>225</td>
</tr>
</tbody>
</table>

Note. CEL = celebrity; SMI = social-media influencer

Table 7: Two-Way ANOVA Results for Message Credibility

<table>
<thead>
<tr>
<th>Source</th>
<th>Type III SS</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>PROF</td>
<td>1.65</td>
<td>1</td>
<td>1.65</td>
<td>1.20</td>
<td>.28</td>
</tr>
<tr>
<td>SPON</td>
<td>.02</td>
<td>1</td>
<td>.02</td>
<td>.01</td>
<td>.92</td>
</tr>
<tr>
<td>PROF x SPON</td>
<td>3.25</td>
<td>1</td>
<td>3.25</td>
<td>2.37</td>
<td>.13</td>
</tr>
<tr>
<td>Error</td>
<td>303.74</td>
<td>221</td>
<td>1.37</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note. PROF = profile type; SPON = presence/absence of disclosure

**Effects of Disclosure and Poster on Brand Attitude**

I ran a two-way ANCOVA to determine effects on brand attitude, using prior brand attitude as a control variable. The effect of the control was significant, $F(1, 220) = 59.21, p < .00$.

The two-way ANCOVA indicated no significant effect of the presence/absence of a disclosure on brand attitude, adjusting for participants’ previous brand attitudes, $F(1, 220) = .38, p = .54$.

Participants who did not see an advertising disclosure in the post ($M = 6.13, SD = .77$) had only a slightly more favorable attitude towards the brand than those who saw a disclosure ($M = 6.01, SD = .84$). There were no interaction effects of the presence or absence of the disclosure and type of post on brand attitude, $F(1,220) = .56, p = .45$. These results refute Hypothesis 4.
A two-way ANCOVA also indicated no significant effect of poster on brand attitude,

\[ F(1, 220) = .59, p = .44. \] The social-media influencer’s post resulted in only a slightly less favorable attitude towards the brand \((M = 6.01, SD = .81)\) than the celebrity’s post \((M = 6.15, SD = .80)\). These results do not support Hypothesis 6.

Table 8: Descriptive Statistics for Brand Attitude

<table>
<thead>
<tr>
<th>Profile Viewed</th>
<th>Sponsored or Not</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEL</td>
<td>Sponsored</td>
<td>6.04</td>
<td>.85</td>
<td>47</td>
</tr>
<tr>
<td></td>
<td>Not Sponsored</td>
<td>6.24</td>
<td>.73</td>
<td>59</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>6.15</td>
<td>.79</td>
<td>106</td>
</tr>
<tr>
<td>SMI</td>
<td>Sponsored</td>
<td>5.99</td>
<td>.84</td>
<td>55</td>
</tr>
<tr>
<td></td>
<td>Not Sponsored</td>
<td>6.03</td>
<td>.80</td>
<td>64</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>6.01</td>
<td>.81</td>
<td>119</td>
</tr>
<tr>
<td>Total</td>
<td>Sponsored</td>
<td>6.01</td>
<td>.84</td>
<td>102</td>
</tr>
<tr>
<td></td>
<td>Not Sponsored</td>
<td>6.13</td>
<td>.77</td>
<td>123</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>6.08</td>
<td>.80</td>
<td>225</td>
</tr>
</tbody>
</table>

Note. CEL = celebrity; SMI = social-media influencer

Table 9: Two-Way ANCOVA Results for Brand Attitude

<table>
<thead>
<tr>
<th>Source</th>
<th>Type III SS</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coke perceptions</td>
<td>30.31</td>
<td>1</td>
<td>30.31</td>
<td>59.21</td>
<td>.00</td>
</tr>
<tr>
<td>PROF</td>
<td>.30</td>
<td>1</td>
<td>.30</td>
<td>.59</td>
<td>.44</td>
</tr>
<tr>
<td>SPON</td>
<td>.20</td>
<td>1</td>
<td>.20</td>
<td>.38</td>
<td>.54</td>
</tr>
<tr>
<td>PROF x SPON</td>
<td>.29</td>
<td>1</td>
<td>.29</td>
<td>.56</td>
<td>.45</td>
</tr>
<tr>
<td>Error</td>
<td>112.60</td>
<td>220</td>
<td>.51</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note. PROF = profile type; SPON = presence/absence of disclosure

Effects of Disclosure and Poster on Purchase Intentions

I also ran a two-way ANCOVA to test the effects of disclosure and source on purchase intentions. The two control variables used were participants’ perceptions of Coca-Cola, \(F(1, 219) = 27.02, p < .05\), and whether they had tried Coke Life in the past, \(F(1, 219) = 5.19, p < .05\), both with a significant effect. The results indicated no significant effect of disclosure on purchase intentions, \(F(1, 219) = .09, p = .76\). Participants were slightly more likely to purchase the product
if they saw a post without a disclosure \((M = 3.91, SD = 1.60)\) than if they saw a post with a disclosure \((M = 3.97, SD = 1.51)\). Thus, Hypothesis 5 was refuted.

A two-way ANCOVA indicated no significant effect of poster on purchase intentions, \(F(1, 219) = 2.69, p = .26\). Those viewing the social-media influencer’s profile were slightly more likely to intend to purchase the product \((M = 4.11, SD = 1.51)\) than those who viewed the celebrity’s profile \((M = 3.75, SD = 1.59)\). However, these results did not reach statistical significance and thus did not support Hypothesis 7.

### Table 10: Descriptive Statistics for Purchase Intentions

<table>
<thead>
<tr>
<th>Profile Viewed</th>
<th>Sponsored or Not</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEL</td>
<td>Sponsored</td>
<td>3.78</td>
<td>1.56</td>
<td>47</td>
</tr>
<tr>
<td></td>
<td>Not Sponsored</td>
<td>3.72</td>
<td>1.63</td>
<td>59</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>3.75</td>
<td>1.59</td>
<td>106</td>
</tr>
<tr>
<td>SMI</td>
<td>Sponsored</td>
<td>4.14</td>
<td>1.45</td>
<td>55</td>
</tr>
<tr>
<td></td>
<td>Not Sponsored</td>
<td>4.08</td>
<td>1.56</td>
<td>64</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>4.11</td>
<td>1.51</td>
<td>119</td>
</tr>
<tr>
<td>Total</td>
<td>Sponsored</td>
<td>3.97</td>
<td>1.51</td>
<td>102</td>
</tr>
<tr>
<td></td>
<td>Not Sponsored</td>
<td>3.91</td>
<td>1.60</td>
<td>123</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>3.94</td>
<td>1.56</td>
<td>225</td>
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</tbody>
</table>

Note. CEL = celebrity; SMI = social-media influencer

### Table 11: Two-Way ANCOVA Results for Purchase Intentions

<table>
<thead>
<tr>
<th>Source</th>
<th>Type III SS</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
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</thead>
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<tr>
<td>Coke perceptions</td>
<td>56.26</td>
<td>1</td>
<td>56.26</td>
<td>27.02</td>
<td>.00</td>
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<tr>
<td>Tried Coke Life</td>
<td>10.81</td>
<td>1</td>
<td>10.81</td>
<td>5.19</td>
<td>.02</td>
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<tr>
<td>PROF</td>
<td>2.69</td>
<td>1</td>
<td>2.69</td>
<td>1.29</td>
<td>.26</td>
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<tr>
<td>SPON</td>
<td>.19</td>
<td>1</td>
<td>.19</td>
<td>.09</td>
<td>.76</td>
</tr>
<tr>
<td>PROF x SPON</td>
<td>.01</td>
<td>1</td>
<td>.01</td>
<td>.01</td>
<td>.94</td>
</tr>
<tr>
<td>Error</td>
<td>455.96</td>
<td>219</td>
<td>2.08</td>
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</tr>
</tbody>
</table>

Note. PROF = profile type; SPON = presence/absence of disclosure
DISCUSSION

Disclosures

With this study, I sought to identify the effects of the FTC’s material-connection-disclosure requirement on advertising identification and consumer response to advertising. The study specifically focused on Instagram because it had not previously been researched as an advertising platform. The results indicate that neither the presence nor absence of a disclosure had much of an effect on any of the dependent variables. Interestingly, there was no significant effect of the disclosure on identifying the stimuli as advertisements. This may not be surprising; previous research has shown that solely labeling something as an advertisement does not ensure that viewers will identify it as such (Kim et al., 2001; Wojdynski & Evans, 2016).

The results of this study provide some clarity as to how disclosures affect brand attitude and purchase intentions. This study indicates that the presence or absence of disclosures on Instagram do not have significant effects on these two variables, supporting earlier research that did not find a direct effect of covert marketing on brand attitude or purchase intentions (Boerman, van Reijmersdal, & Neijens, 2012; Colliander & Erlandsson, 2015).

One potential explanation for these results is that the experimental posting looked more like an advertisement than other posts participants may have encountered on Instagram. The advertisement posting had a strong brand presence, with the product highlighted in the middle of the posting. Studies have shown that brand placement affects the way an audience perceives a post (Verhellen et al., 2013). A subtler brand placement may engender distrust for the brand (Verhellen et al., 2013). The posting also looked as though it was taken by a professional photographer, rather than some of the more organic postings that may be present on Instagram. Indeed, in the survey, participants indicated that the experimental post looked like an advertisement. This indicates that the brand placement was not subtle, which may account for
why participants who did not view a disclosure on the posting did not differ in their brand attitude from those who did.

Alternatively, participants may assume that any posting that includes a brand constitutes an advertisement, regardless of who posts it. Indeed, in providing guidelines for when an endorser must provide a disclosure, the FTC makes this same assumption, stating “[s]imply posting a picture of a product in social media . . . could convey that [the poster] like[s] and approve[s] of the product” (2015b, p. 7). Additionally, there was no effect of the source of the posting on the identification of the post as an advertisement, which indicates that the content of the post itself may have more of an effect than who posts it. Other researchers have identified that audiences can interpret something as an advertisement regardless of the presence of a label (Kim et al., 2001). If the message is more important than whomever is posting, then the FTC’s decision to require both celebrities and social-media influencers to use disclosures in their postings is reasonable.

The rationale behind the FTC’s requirement of the disclosure is to ensure consumers can identify advertisements in new media to prevent consumer deception (2015b). The results of this study, however, indicate that the presence of the disclosure itself does not play a significant role in informing consumers that what they are looking at is an advertisement, at least on Instagram. This confirms previous research that recognized that advertising disclosures were ineffective when used in other media (Kim, et al., 2001; Wojdynski & Evans, 2016).

Close to 90% (n = 201) of participants in this experiment indicated that they viewed social-media advertising daily; there is a lot of opportunity to confuse consumers if they do not know what they are looking for. However, perhaps the disclosure advised by the FTC is not the most effective way to inform potential consumers that a posting is an advertisement.
Considering the inefficacy of the disclosure in this study, the FTC may want to consider other options in disclosing material connections. If the main goal of the agency is to ensure consumers can identify new media advertisements as such, then this study indicates that disclosures may not be necessary for consumers to be able to do so. Perhaps Instagram as a medium requires a different type of disclosure than other media. There seems to be a blanket assumption that the use of a hashtag as a disclosure is effective for all types of social media; however, there may be more effective means to inform consumers when a post is an advertisement on different kinds of media.

The suggestion that the FTC develop more specific disclosure requirements for different types of social media may seem like a burdensome one. However, the push to utilize new media in advertising campaigns indicates that the FTC must think critically about how to regulate newer forms of advertising. If, as this study indicates, a method of disclosure is ineffective for a certain type of media, then the FTC must rethink its regulatory approach to continue to effectively protect consumers.

**Celebrity vs. Social-Media Influencer Endorsers**

A second objective of this study was to identify the effects of the type of poster on consumer response to the advertisement. Prior to this study, there was no research comparing the responses of consumers to celebrity endorsers as compared to social-media-influencer endorsers. This thesis found that the type of poster had a statistically significant effect on the perceived source credibility, with the celebrity poster garnering more credibility than the social-media influencer. Consumers may find celebrities to be more credible because they are expected to participate as endorsers, while the motives for social-media-influencer endorsers may be more suspicious to consumers. Plus, the use of celebrity endorsers in social-media advertising has led
to viewers considering the advertisement to be a more honest endorsement (Verhellen et al., 2013). This study thus supports the idea that celebrity endorsements are an effective means of advertising (Chung, Derdenger, & Srinivasan, 2012).

An additional explanation for this statistically significant effect is the poster herself. The celebrity in this study’s celebrity condition is likely widely recognized, while the social-media influencer’s profile was created specifically for this study. The celebrity utilized in this study has an extremely popular social-media presence, which would suggest that she would be more influential as an advertiser (Jin & Phua, 2014). Research has also shown that sources with more parasocial interaction lead to more brand credibility for consumers (Colliander & Dahlen, 2011). Thus, participants in this study may have found the celebrity to be more credible due to actually having some knowledge of who this poster was, rather than viewing the profile of a random person they had no previous interaction with. This makes sense, considering consumers are more likely to have a positive reaction to recommendations from those with which they have a close relationship (Liljander et al., 2014). Audience members are able to build relationships with people on social media due to the daily personal insights posters provide through these platforms (Colliander & Erlandsson, 2015). It is not unusual, therefore, to conclude that having known of the poster prior to the experiment could affect the results of the study.

Regardless, the type of poster had no statistically significant effect on the other dependent variables measuring consumer response. This may indicate that there is very little difference in the way consumers respond to who is posting when the message is the same. This supports research showing that audiences can infer that something is an advertisement, regardless of its label (Kim et al., 2001). That may be some of the explanation here as to why there was no difference in audience response between the two types of posters.
An additional reason for not seeing a difference between the posters was the fact that this thesis used an existing, and well-known, brand in the experiment. Prior attitude and previous experience with the brand were significant in the ANCOVA analyses, which may have outweighed who was endorsing the product. Perhaps, if the experiment used a lesser-known brand, the outcome would have been different. Indeed, study participants noted that social-media advertising has successfully encouraged them to try new products they would not have otherwise known about were it not for the posting, so that may be an area for further research.

The FTC requires that both social-media influencers and celebrities include disclosures on their postings if they have a material connection to the company or product they post about (2015b). The results of this study validate the need for this requirement, since consumers did not significantly differ in their responses based on the poster. Although this study indicates celebrities are more credible than social-media influencers, because message credibility was not affected by the different types of posters, it is likely that consumers see posts from social-media influencers similarly to those from celebrity endorsers. Still, in requiring anyone to post a disclosure the FTC should consider the most effective means of doing so, which may not be the method utilized in this study.
LIMITATIONS

Although this study adds to the current discourse surrounding social-media advertising and disclosures, it was not without its limitations. First, the participants in this study were mass communication students. As students who engage with and create public relations campaigns, their previous studies may have primed them to be more aware of tactics utilized in social-media advertising than the general population. This awareness may influence the way they interact with social-media advertising generally.

A second limitation was the advertising stimulus. Some participants in the study indicated that the advertising posting on Instagram obviously looked like an advertisement. This may have been the staging of the photograph itself, which looked more professional than other pictures someone might share on Instagram. A picture of the product that was more organic, such as one of the endorser at home with the product or a “selfie,” might have had a different effect. Advertising on Instagram can take many forms, and a less obvious picture might lead to different results on the part of consumer response.

A third limitation was the way in which the survey was presented. Instagram is a medium primarily viewed on smartphones. This survey, however, was done on a computer, which may have affected the way that participants interacted with the stimuli, since it was not in a way that they might have been used to. Additionally, posts on Instagram are generally scrolled through in succession, rather than presented one-by-one. The presentation of these Instagram postings, therefore, may not have been as realistic.

A fourth limitation is the difference in the number of likes and followers, depending on the endorser. The celebrity influencer had both a greater number of followers and a greater number of likes on her endorsement. Although this difference was intentional, to make the
profile of the social-media endorser more believable, it still could have had an effect on the audience response to the postings, as previous studies have found (Jin & Phua, 2014).

An additional limitation was the fact that the stimuli featured a pre-existing, nationally recognized brand. Although there were controls for participants’ prior attitude towards the brand, there might be still be some confounding based on the participants’ prior experiences with the brand.

Finally, there was a limitation in the identities of the social-media influencer and the celebrity. Part of the appeal of a social-media influencer is his or her likely relationship with his or her followers. Because the social-media influencer in this case was not a real blogger, but the celebrity was someone the participants likely interacted with prior to this study, this may have skewed the way that participants would have otherwise interacted with the content on either profile. Conversely, although the celebrity was a preexisting figure, she was a very well-known celebrity. This could have influenced the way participants responded to the stimuli, based on their feelings about the celebrity, whether positive or negative.
FUTURE RESEARCH

There are a number of opportunities for future research that the limitations may encourage. First, more studies can be conducted adjusting for the type of advertisement shown on the Instagram platform. Pictures that are less obvious advertisements may provide different consumer responses. The disclosures for these types of advertisements may also have a different effect. An additional concern in regulating advertising on Instagram is being able to identify what advertising on Instagram looks like. More research to clarify how consumers identify advertising on Instagram would be helpful in making that identification. Advertisers are becoming more creative in the ways that they present advertising on Instagram, so modeling studies based on those methods would be a beneficial course of research. Also, a study that presents the advertisements in a format that consumers are used to viewing with regard to Instagram would be effective in truly understanding how audiences react to disclosures on this platform.

Another opportunity for future research is to utilize different types of brands. Some participants indicated that they believed social-media advertising was especially effective for products that may not be well-known. Coca-Cola is an international brand, so it might have a different type of appeal through social-media advertising than a lesser-known brand might have. Conducting a similar experiment with an unknown or contrived brand may prove to have different results in terms of brand attitude and purchase intention.

Additionally, providing this study to a broader population without the biases of mass communication studies may result in different outcomes. This is of special significance, recognizing that the FTC seeks to protect highly vulnerable populations from deceptive marketing practices (2016). More research developed to understand the effects of FTC regulation
for advertisers on perception by vulnerable populations would be beneficial to regulators and advertisers alike.

This study sought to identify the results of general social-media/Internet advertising regulation on Instagram as an advertising medium. However, there are a number of other social-media platforms that would benefit from information about how the disclosure requirement affects advertising through such media. Advertisers are constantly identifying new methods of advertising and communicating with consumers. More studies about the use of disclosures on other platforms would be helpful in determining the efficacy of disclosures more specifically.

Finally, this study also indicated that “#sponsored” as a disclosure may not be effective in allowing a consumer to identify a post as an advertisement. It suggested that other forms of disclosures be utilized to make them more effective on Instagram. A study that measures the effectiveness of other types of disclosures, whether that be through changing the words of the disclosure, or even how it is presented, such as through a tag as opposed to a hashtag, would help to identify the most effective means of disclosure. Identifying and testing such methods would be helpful in providing the FTC with alternative modes of disclosure to consider in determining the best way to protect consumers on Instagram and other forms of social media.
REFERENCES


Chen, H. (2015). College-aged youth consumers’ interpretation of Twitter and marketing information on Twitter, Young Consumers 16(2), 208-221.


APPENDIX A: CELEBRITY INSTAGRAM PROFILE

taylorswift

975 posts 98.7M followers 94 following

Following

Taylor Swift ✔️
Taylor Swift Born in 1989. taylor.lk/IDWLFVevo

Green Light
Lorde — Green Light - Single

42
APPENDIX B: CELEBRITY ADVERTISEMENT WITH DISCLOSURE

Instagram  

@taylorswift

703,421 likes

@taylorswift  life is sweet #CokeLife #sponsored

View all 35 comments

livelughlove  love that color!
adribaby22  you are so beautiful
APPENDIX C: CELEBRITY ADVERTISEMENT WITHOUT DISCLOSURE

Instagram

taylorswift

❤️ 703,421 likes
taylorswift  life is sweet #CokeLife
View all 35 comments
livelaughlove  love that color!
adribaby22  you are so beautiful
APPENDIX D: SOCIAL-MEDIA INFLUENCER PROFILE

fashionelle17

975 posts
104K followers
94 following

Elle
22. fashion blogger & college student.
APPENDIX E: SOCIAL-MEDIA INFLUENCER ADVERTISEMENT WITH DISCLOSURE

Instagram

fashionelle17

13,431 likes

fashionelle17  life is sweet #CokeLife #sponsored
View all 35 comments
livelaughlove love that color!
adribaby22 you are so beautiful
APPENDIX F: SOCIAL-MEDIA INFLUENCER ADVERTISEMENT WITHOUT DISCLOSURE

![Instagram Post](image)

13,431 likes

**fashionelle17** life is sweet #CokeLife

View all 35 comments

**livelaughlove** love that color!

**adribaby22** you are so beautiful
APPENDIX G: FINAL SURVEY

Thank you for participating in this study. To begin, please answer the following question.

How much do you like each of the following brands? (1 = Not at All, 7 = Very Much, or N/A if you have not tried the brand)
PepsiCo
Doritos
McDonald’s
Coca Cola
Sabra Hummus
Raising Cane’s
Perrier Sparkling Water
Chick-Fil-A

You will now see an Instagram profile. Pay careful attention to this profile.

You will now see an Instagram post from the user whose profile you just viewed. Pay close attention to this post.

You will now answer some questions about the posts you have just viewed. Please answer these questions based only on the previous posts.

Source Credibility
How would you describe the Instagram poster on the following scale? (1-10)
Unknowledgeable ________ Knowledgeable
Not influential ___________ Influential
Indifferent ________ Passionate
Secretive _______ Transparent
Unreliable ________ Reliable

Message Credibility
Indicate to what extent you agree with the following statements (1=strongly disagree, 7=strongly agree):
This Instagram poster is accurate.
This Instagram poster is authentic.
This Instagram poster is believable.

Brand Attitude
To what extent do you agree with the following statements? (1=strongly disagree, 7=strongly agree)
The Coca Cola brand is credible.
The Coca Cola brand is appealing.
The Coca Cola brand is likeable.
Purchase Intention
Have you ever tried Coca Cola Life? (Yes or No)
To what extent do you agree with the following statements? (1=strongly agree, 7=strongly disagree)
I would purchase Coca Cola Life in the future.
I would purchase Coca Cola Life rather than other soda products available.

Identification of a Post as Advertising
To what extent do you agree with the following statements? (1= agree, 7 = strongly disagree)
There was a clear presence of a brand in the Instagram post.
The Instagram post made the name of the advertiser very obvious.
The Instagram post said it was sponsored.
The advertiser tried to obscure the fact that this Instagram post was an ad.

Manipulation Check
Was there a “#sponsored” on the Instagram post?

How would you describe the Instagram poster on the following scale? (1-10)
This Instagram user is a celebrity. ___ ___ ___ ___ ___ This Instagram user is a lay person.

Additional Questions
On average, how often do you view advertising on social media?
Daily Weekly Monthly Never

How effective do you think social-media advertising is? Explain in 4-5 sentences.

Demographic Questions
What is your gender? Male/Female
What is your age (in years)?
Are you Hispanic or Latino? Yes No
What is your race? White, Black/African-American/Black, American Indian/Alaska Native, Asian, Native Hawaiian/Other Pacific Islander, Other
VITA

Lauren Myers is a native of Rockville, Maryland. She graduated from Duke University with a Bachelor of Arts in English and minors in Education and African & African-American Studies in 2012. After a year teaching in Donaldsonville, Louisiana, she began her Master of Mass Communication at Louisiana State University. After her first year at LSU, she decided to pursue a joint degree, obtaining her Juris Doctor from Duke University School of Law in May of 2017. She will obtain her master’s degree in August of 2017.