The Effects of Social Media Influencers' Advertising Disclosure on Consumer Responses on Instagram

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Abstract: *As many brands use social media influencers (SMIs) on Instagram to advertise, not disclosing advertised content affects how consumers perceive these influencers. The purpose of this study was to investigate two objectives: 1) recent advertising disclosure types on Instagram and 2) the factors that affect consumer responses towards Instagram influencers posting advertised content. Using an experimental 2x2 between-subjects design (N=200), the findings show that "sponsored" and "paid partnership with" are two recent types of ad disclosures. However, both factors are insignificantly different from each other. Also, ad disclosure condition enhances the trustworthiness of the influencer than no disclosure. Ad skepticism, source credibility, and the level of persuasion strongly relate to how consumers perceive Instagram influencers advertising for brands. These factors enable consumers to assess if the influencer is a reliable source of information when faced with advertisement. Ultimately, using disclosure gives full information to consumers about the persuasive intent, as well as increases positive consumer responses towards the influencer who discloses, thereby, enhancing the ethical use of the influencer advertising strategy and long-term consumer relationship.*

Keywords: Social media influencers; Instagram; Advertising disclosure; Advertising skepticism

1. Introduction

1.1 Background

Social media has become an efficient and influential electronic tool affecting people's social, commercial, business, and political lives. It can be broadly defined as a new media technology that allows users to interact with each other and create relationships, create and share user-generated content, and promote businesses [1].

Social media now gives consumers more power when engaging with brands, changing the way brands advertise online [2]. Consumers in certain online communities have become opinion-leaders, also known as social media influencers (SMIs), who play an important role in how companies create and execute a successful advertising campaign on social media. Unlike in the past, brands now specifically target and entrust SMIs to convey their brand message to their followers with whom they have an intimate relationship [3].

SMIs also benefit from this. Apart from the sponsorship deals and advertising compensation for posting advertised content on their social media platforms, SMIs are viewed as a valuable source of information rather than just being popular [4]. SMIs are being increasingly recognized because they can be any individual online consumers who are directly connected to followers [5]. SMIs establish trust with their followers over time as opposed to celebrities [6] and are perceived as a more reliable source of information because advertisements with a social connection are considered more favorable and have a more positive impact on consumer attitude [7]. With the increase in SMIs, there is a greater amount of sponsored content on social media platforms.

1.2 Instagram

Instagram is the most popular social media platform where influencer advertising is very common [10]. The online photo-sharing and social networking platform was acquired by Facebook in 2012 [8]. It allows users

to take and share filtered and edited photos for others to view, like, and share. It also allows following different profiles and direct messaging. Unlike other platforms, Instagram is not text/conversation intensive; rather, it is for sharing posts with a meaningful caption that have a longer shelf life [9]. Therefore, users aim to get many followers to engage with through sharing creative content. This is why brands use Instagram to target and create brand awareness among a large group of consumers who follow certain SMIs.

The [11] number of monthly active Instagram users is now 1 billion, with a constant exponential growth. Influencer marketing is expected to double the current amount (1.3 billion USD) in 2020 and the number of sponsored influencer posts is also expected to double, surpassing 6 billion USD. Instagram's global-user base allows an organic and reliable reach using this form of influencer marketing. Advertisers can target their preferred audiences with more precision and increase the probability of future purchases when compared to other advertising strategies [12]. The US is Instagram's biggest market with more than 70% of US companies using it [13].

It is, therefore, not surprising that many of the SMIs on Instagram were "ordinary" users who found online fame by reaching millions of followers, creating a fan-base and went from being mere influencers to micro-celebrities [5, 14]. This has led brands to increase their annual digital advertising revenue on influencer advertising significantly. However, one problem with this increase in influencer advertising is the lack of transparency in sponsored content—the lack of advertising disclosure.

1.3 Purpose of study

The lack of research on the impact of advertising disclosure on Instagram motivates this study to: (1) examine what constitutes advertising disclosure on Instagram and (2) investigate the effects of disclosure on consumer responses to the SMI.

Consumer responses to SMIs are; their ability to recognize a post as advertising; the persuasive intent of the post; and whether the influencer is perceived as trustworthy, attractive, and competent. Another influential factor that needs examination is whether consumers' advertising skepticism moderates the effect of advertising disclosure on consumer response to SMIs.

This study contributes by providing a better understanding of how transparency (or a lack thereof) in advertised content by SMIs on Instagram impacts consumers.

2. Literature Review

The literature on advertising and disclosure on Instagram suggests several findings. First, one study found that advertising disclosure is enhanced by incorporating non-ambiguous and well-known advertising disclosure language, such as "#sponsored" or "paid ad" [15]. On the contrary, this also indicates that when consumers are faced with disclosure language, especially the term "#sponsored," they perceive the brand negatively and had low purchase-intention. Second, one study [16] explored the factors that shape consumer perception and attitude toward Instagram advertising—perception of credibility, informativeness, entertainment, and lack of annoyance. The results indicate that Instagram advertisements can be effective in enhancing consumers' relationships with brands when new social media platforms, such as Instagram are used. Third, a study [17] studied the effects of disclosure versus no disclosure on consumers' brand attitude when faced with a one- or two-sided message advertisement. The findings suggest that a sponsored Instagram post by an influencer is perceived more positively when the post is not sponsored and generates more positive brand responses when there is no disclosure through lowered ad recognition and ad skepticism.

However, there is limited research on how advertising disclosure and influencer advertising affects consumer perception and response to the influencer. This study identifies the recent advertising disclosure types on Instagram and the criteria for measuring consumer responses to SMIs.

We first give a comprehensive breakdown of advertising disclosure followed by the relation and importance of source credibility and ad recognition. This study utilizes persuasion knowledge and reactance theory as the guiding theory alongside advertising skepticism.

2.1 Advertising disclosure

Advertising disclosure is to clearly and transparently reveal the commercial intent of a social media post when it is paid for [18]. Advertising disclosure on Instagram has become a topic for debate because celebrities

and influencers are paid to endorse branded content without any disclosure or let branded content masquerade as organic content [15].

There is no universally established definition of what constitutes "proper disclosure." However, the US Federal Trade Commission (FTC) states that when a business relationship between an endorser (SMIs or celebrities) and an advertiser might affect the weight or credibility that consumers give the endorsement, such material connection should be clearly and conspicuously disclosed [19]. Disclosure is, thus, defined as the labels and cues that help clearly identify the persuasion attempt in an advertisement [20].

The most popular disclosure types for disclosing advertised Instagram posts are "#ad" and "#sponsored," which might not be sufficient if the consumers do not recognize them. Due to repeated warnings from the FTC, Instagram recently introduced the disclosure tag *"paid partnership with"* for celebrities and influencers to use in their post when endorsing a brand, indicating that the post is an advertisement. The tag is placed at the top of the post to enhance proper disclosure. Words, such as "paid" and "partnership" are perceived as clearer indications of an advertisement. Aimee Song was one of the first influencers to use this new disclosure feature (Figure 1) in her collaboration with Volvo Car USA.

The type of disclosure that consumers see on an advertised Instagram post depends on how the influencer chooses to use it. According to studies, the most recognized type of disclosure amongst consumers was "#sponsored." Although this disclosure type increases ad recognition, it is still considered ambiguous as it does not convey the advertising intention clearly. The "paid partnership with" disclosure type was created to increase consumers' ad recognition because words like, "paid" and "partnership" are considered more sharp indicators of advertising.

2.2 Source credibility

Source credibility consists of trustworthiness, expertise, and attractiveness [21, 22] and is used to measure consumer responses to SMIs. The significance of source credibility is that it can increase consumers' perceived image, which has an influence on consumer behavior [23]. Through increased source credibility, advertisers can use SMIs to generate interest and attention towards advertised content on Instagram.

However, there is little research on the impact of advertising disclosure on consumers' perceived source credibility (trustworthiness, attractiveness, and expertise) of SMIs on Instagram. One study on celebrity credibility found that disclosing sponsored content had little influence if the influencer had credibility [23]. Another study found that sponsorship disclosure had a negative effect when consumers perceive the celebrity to have no credibility [24]. Consequently, the influencers considered trustworthy receive more positive consumer responses in terms of increased source credibility even when the influencer discloses advertised content. Therefore, the following hypotheses are developed:

H1: Ad disclosure on Instagram posts results in more trust toward the SMI than on posts with no disclosure.
H2: Ad disclosure on Instagram posts results in greater perceived expertise of the SMI than on posts with no disclosure.
H3: Ad disclosure on Instagram posts results in more attractiveness of the SMI than on posts with no disclosure.

2.3 Persuasive knowledge and reactance theory

Consumers use their knowledge of persuasion motives and tactics to interpret, evaluate, and respond to persuasion attempts from marketers [25]. The significance and relevance of persuasive knowledge theory is that despite consumers having a knowledge of persuasion and being able to defend against it, does not necessarily mean that they are resistant to persuasion. In fact, it means that, with reasonable arguments, it is a way of justifying rejecting persuasion. Therefore, resistance towards persuasion due to a lack of ability to comprehend it is different from resistance towards persuasion with argumentative tactics. Moreover, when a consumer's freedom to choose is restricted, it sparks a motivational arousal or reaction, according to the theory of reactance [26]. The way consumers react depends on the degree to which their freedom to choose is restricted. When a consumer is faced with advertised content by an influencer, but the intent is limited due to a lack of full or clear disclosure, there could be a reactance towards the ad. Consumers who recognize advertising disclosure ("paid partnership with" or "#sponsored") may be more likely to have an increased consumer response towards the influencer who posts advertised content than those who are unfamiliar with or do not/cannot recognize advertising disclosure.

With this, it is predicted that consumers' level of persuasion is influenced by the influencer's decision to disclose the Instagram post as an advertisement with a disclosure type leading to the following hypothesis:

H4: Ad disclosure on Instagram posts results in less consumer persuasion than on posts with no disclosure.

Figure 1. Songofstyle's Instagram post using the new disclosure tag function *"paid partnership with"*

2.4 Advertising recognition

When consumers do not have the ability to recognize advertising due to the absence of disclosure, it could lead to negative consumer responses to SMIs because of negative feelings [27]. If Instagram users do not recognize advertised content (with the help of advertising disclosure), it supposedly threatens their choice of freedom and can produce resistance towards unwanted persuasion effort (negative consumer response) [28]. The absence of advertising disclosure could decrease consumers' ability to recognize Instagram posts as advertising, resulting in unfavorable responses towards SMIs, as proposed in the following hypothesis:

H5: Ad disclosure on Instagram posts by SMI increases consumers' ad recognition than on posts with no disclosure.

2.5 Advertising skepticism

Advertising skepticism is the tendency to disbelieve advertising claims [29] and skepticism is a moderating factor used by consumers to cope with persuasion attempts [30]. Consumers may believe that advertising can be trusted to some degree when they trust the source of the information—SMIs. Another important factor is that a highly skeptical consumer might not disbelieve every ad claim and a less skeptical consumer may not necessarily believe every ad claim. This study predicts that consumers' characteristics (high or low ad skepticism) is an important factor that determines how the presence, or the absence of advertising disclosure affects consumer responses to SMIs. With this, the final hypotheses are as follows:

H6: Ad skepticism affects ad disclosure on consumers' (a) ad recognition and (b) level of persuasion, and SMI's (c) trustworthiness, (d) perceived expertise, and (e) attractiveness.

H7: Ad disclosure and ad skepticism have an interaction effect on: (a) ad recognition, (b) level of persuasion, and (c) trustworthiness, (d) perceived expertise, and (e) attractiveness of the SMI.

2.6 Research framework

Based on the literature review and our hypotheses, a conceptual research framework (figure 2) is developed to: first, measure the effects of ad disclosure on the dependent variables; second, measure the effects of ad skepticism on the dependent variables; and finally, measure the interaction-effect between ad disclosure and ad skepticism.
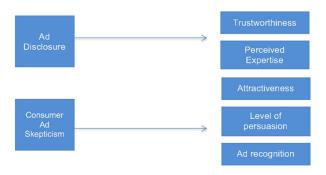

Figure 2. Conceptual research framework

3. Method

3.1 Participants and study design

Data from a sample of 200 US Instagram users was collected to measure consumer responses to SMIs using an online self-administrated questionnaire with different stimuli. The participants were randomly assigned to one of the four stimuli. All participants were screened beforehand and only those who are Instagram users on different levels (using Instagram at least once a day) were considered. Prior familiarity and use is necessary for a better measure of the experiment.

A 2x2 between-subjects factorial design was applied to measure two conditions of advertising disclosure (disclosure vs. no disclosure) and consumers' advertising skepticism (high vs. low).

3.2 Stimulus material

The stimulus material (see appendix) was different only in the disclosure type: "paid partnership with," "#sponsored," and no disclosure. An old Instagram post was used to increase the external validity of the experiment. The post was manipulated by changing the official handle of the influencer "Songofstyles" to "sfstyles" to reduce possible bias toward the influencer (in case the participants tried to search the influencer during the survey). In assessing manipulation-check, the participants were asked to indicate the ad disclosure type they saw in the post by selecting one of four disclosure types (#sponsored, paid partnership with, #ad, or none of the above) in a multiple-choice question. The participants who did not select the appropriate ad disclosure type or chose "none of the above" were removed from the sample.

3.3 Variable description

Consumer responses to the influencer were measured using different measures from previous studies as demonstrated in Table 1. Apart from demographic variables (age, gender, education), participants' Instagram use, and reasons for using the platform were also measured as potential covariables to control for unrelated variations in the data that might have an influence on the dependent variables [31]. Likewise, other influential covariates are product-involvement ($\alpha = 0.73$) and brand-involvement ($\alpha = 0.88$).

Table 1: Variable description

Variable*	Measuring scale	Operational definition
Ad skepticism	Obermiller & Spangenberg (1998)	Ad skepticism is the tendency toward disbelief of advertising claims.
Ad recognition	Evans et. al. (2017)	Ad recognition is consumers ability to identify the Instagram post as advertising.
Level of persuasion	Campbell (1995)	Persuasion is the ability for consumers to accept or reject an ad claim. Depending on the ad claim, consumers have either high or low level of persuasion.
Source credibility (trustworthiness, attractiveness, perceived expertise)	Ohanian (1990, 1991)	Source credibility is the influencer's positive characteristics (trustworthiness, attractiveness and perceived expertise) that affect the consumers' acceptance of an advertised message.

*All variables have been measured using a 7-point Likert-scale (1= strongly disagree, 7= strongly agree)

4. Results

Based on statistical analysis, we first tested the types of ad disclosure for statistically significant difference. Next, hypotheses testing for ad disclosure and ad skepticism was performed. The participants' demographic profile, Instagram use, and reliability test results are shown in Tables 2, 3, and 4.

Table 2: Respondents' Demographic Profile

Variable	Response	Frequency	Percent
Gender	Female	101	50.5
	Male	99	49.5
	Total	200	**100**
Age	18-20	40	20
	21-25	46	23
	26-30	63	31.5
	31-35	38	19
	36-40	4	2
	41-50	0	0
	above 50	9	4.5
	Total	200	**100**
Education	High School	49	24.5
	Undergraduate	85	42.5
	Graduate	63	31.5
	PhD.	1	0.5
	Post PhD.	2	1
	Total	200	**100**

Table 3 Respondents' Instagram Profile

Variable	Response	Frequency	Percent
IG use	Once a day	69	34.5
	Couple of times a day	49	24.5
	Multiple times a day	56	28
	Many times a day	16	8
	All the time	10	5
	Total	200	**100**
SMI follow	1-10	77	38.5

	11-20	48	24
	21-30	19	9.5
	31-40	8	4
	more than 40	48	24
	Total	**200**	**100**
Purpose	Sharing photos	132	29
	Social interaction	125	28
	Self-promoting	19	4
	Creative space	41	9
	Fun	93	21
	Follow/interact with brands	39	9
	Total	*	**100**
Reason to follow SMI	Creativity	103	22
	Credibility	33	7
	Aspiration	45	7
	Inspiration	108	23
	Curiosity	88	19
	Entertainment	105	22
	Total	*	**100**

*Based on Yes/No multiple-answer questionnaire

Table 4. Reliability Test

Variable	α	Items
Product-involvement	.727	3
Car-involvement	.875	3
Ad Skepticism	.958	8
Level of Persuasion (1)	.837	5
Level of Persuasion (2)	.851	2
Trustworthiness	.954	5
Perceived Expertise	.958	5
Attractiveness	.892	5

4.1 Ad disclosure types

Covariance analyses require covariates to be correlated with the dependent variable to control for unrelated variance [31]. Hence, a correlation matrix was first constructed to measure the correlation between the covariates and the dependent variable (see appendix). The results suggest that Instagram use (M= 3.36), SMI-follow (M= 2.51), and product-involvement (M= 5.37) have a statistically significant correlation with several dependent variables. Brand-involvement (M= 4.67) is significantly correlated with all dependent variables. Some of these variables are, therefore, controlled for in the analysis.

We conducted one-way analysis of covariance (ANCOVA) to test how well the participants were able to recognize the Instagram post as "#sponsored," "paid partnership with," or no disclosure. The disclosure conditions "#sponsored" (M= 6.12) and "paid partnership with" (M= 6.02) show no statistically significant difference. Therefore, both disclosure conditions were then combined into a "disclosure" condition and compared with the "no disclosure" condition as shown in Table 5.

Table 5. Number of participants by 4 experimental groups

Ad Disclosure / Ad Skepticism	*Disclosure*	*No Disclosure*	**Total**
High	54	45	99
Low	46	55	101
Total	100	100	200

4.2 Hypotheses testing: ad disclosure and ad skepticism

Two-way ANCOVA was conducted to test the dependent variables. The findings of participants' ad recognition shows no statistically significant main effect of ad disclosure ($F(1, 195)= 0.204$, $p= 0.652$) or ad skepticism ($F(1, 195)= 1.607$, $p= 0.206$). They show no statistically significant interaction-effect ($F(1, 195)= 0.850$, $p= 0.358$) either. Although ad recognition had no statistically significant difference between the groups, ad recognition in disclosure condition had the highest mean value ($M_{total}= 6.07$, SD= 1.17), especially for participants with a high level of ad skepticism ($M= 6.33$, SD= 1.15).

Participants' assessment of trustworthiness of the influencer shows an insignificant interaction-effect ($F(1, 192)= 0.105$, $p= 0.746$). However, both ad disclosure ($F(1,192)= 4.071$, $p= 0.045$) and ad skepticism ($F(1, 192)= 26.606$, $p= 0.000$) show statistically significant main-effects. Participants with low skepticism ($M= 5.13$, $SD= 0.916$) have the most trust in the SMI when there is advertising disclosure. Participants with high skepticism ($M= 3.44$, $SD= 1.37$) have the least trust in the influencer when there is no disclosure.

Participants' perceived expertise of the influencer shows no statistically significant interaction-effect ($F(1, 193)= 1.944$, $p= 0.165$) and no statistically significant main effect of ad disclosure ($F(1, 193)= 0.892$, $p= 0.346$). For ad skepticism, a statistically significant main-effect ($F(1, 193)= 19.926$, $p= 0.000$) is found. Participants with high ad skepticism ($M= 3.11$, $SD= 1.41$) in ad disclosure condition have the least perceived influencer expertise, while participants with low ad skepticism ($M= 4.83$, $SD= 1.24$) perceived the influencer as having increased perceived expertise.

Participants' assessment of attractiveness of the influencer shows no statistically significant interaction-effect ($F(1, 193)= 0.899$, $p= 0.344$) as well as no statistically significant main-effect of ad disclosure ($F(1, 193)= 1.548$, $p= 0.215$). A statistically significant main effect ($F(1, 193)= 9.754$, $p= 0.002$) of ad skepticism shows that participants with low skepticism ($M= 5.25$), $SD= 0.97$) in disclosure condition assessed the attractiveness of the SMI as the highest over other groups.

Participants' level of persuasion shows a statistically insignificant interaction-effect ($F(1, 194)= 1.324$, $p= 0.251$) and main effect ($F(1, 194)= 1.327$, $p=2.51$) of ad disclosure. However, a statistically significant main effect ($F(1, 194)= 9.560$, $p= 0.002$) of ad skepticism shows that participants with low ad skepticism ($M= 4.70$, $SD= 0.89$) in no disclosure condition had the highest level of persuasion compared to the other groups.

5. Discussion

Social media advertising on Instagram presents many opportunities over traditional advertising. However, if it is not utilized properly, it can easily become a disadvantage for the influencer who agrees to advertise for brands on their social media platforms. This is especially relevant when consumers with ad skepticism are shown advertised content. This study explores the effect of ad disclosure and ad skepticism on consumer responses to an influencer who advertises for brands on her personal Instagram profile. This study aims to fill the gap on how advertising disclosure affects consumer responses and focuses on getting a deeper understanding of how advertising disclosure on Instagram is used in practice by influencers and how consumers respond to this type of advertising.

5.1 Theoretical implications

Previous studies imply that mere disclosure does not have a significant effect, rather the consumers' perception of the endorser is an influential factor [32]. This study tests this by examining how consumers respond to influencers in influencer advertising. SMIs are generally perceived more positively than celebrities, yet the findings of this study show that ad skepticism has an influence on how consumers respond to influencer advertising on Instagram more than the influence of ad disclosure alone; however, skepticism does not imply a negative response as otherwise concluded by theory.

One study [33] claims that ad disclosure positioned at the top of an ad is most likely to be seen and increase ad recognition. The recently introduced feature "paid partnership with" is positioned at the top of an Instagram post; however, we did not find that this disclosure type has a significantly increased ad recognition than the "#sponsored" or no disclosure condition, as otherwise predicted. On the contrary, consumers recognize the "#sponsored" disclosure type the most. One possible explanation for this could be that consumers are yet to familiarize themselves with the "paid partnership with" disclosure type as it is relatively new. Or that they are simply not attentive to whether an Instagram post contains ad disclosure and instead regard the post content to be the determining factor (in this case, the influencer was promoting a new car). Consumers who are familiar with disclosure types can understand the significance of ad disclosure. Ultimately, disclosure can help consumers recognize sponsored influencer content as advertising.

In the theory of source credibility, trustworthiness is the most significant factor amongst the measured variables. This is an important finding as the core of influencer marketing is for a influencer to establish trust with an audience for an effective advertising strategy. As measured in this study, influencer advertising is more successful when consumers view the influencer as a trustworthy source. Consumers who were able to identify ad disclosure on the Instagram post generally had increased trustworthiness towards the influencer than those who did not identify ad disclosure—even with increased ad skepticism. In other words, lack of resistance to ads due to disclosure indicates that transparency can be impactful when establishing trust with consumers.

One study [21] found that endorsers who advertise products outside of their field of expertise could negatively influence consumers' perceived image of the influencer. The influencer used in this study is a beauty-blogger type of influencer who advertises a popular car brand. It can be assumed that the product is somewhat beyond the expertise of the influencer, which could explain why perceived expertise, especially during ad disclosure, had lower values than other variables in source credibility.

When consumers resist ad disclosure, it decreases source credibility towards the communicator [34, 35]. However, findings suggest that regardless of the ad disclosure type, consumers had increased ad recognition that increases trustworthiness. Consumers who recognized advertised Instagram posts and decided not to let that influence their perception of the influencer (in the case of low skeptical consumers) disregarded persuasion or did not show any negative reaction as proposed by the reactance theory. This is not due to a lack of ability to comprehend the ad claim, but that the influencer was persuasive enough. Supposedly, this can be due to the increased trustworthiness of the influencer for disclosing the advertised Instagram content and not because of mere resistance to advertising.

These findings contribute to a better understanding of why influencer advertising is increasingly being used and why it is so effective. This study provides exploratory insights into consumer characteristics influenced by advertising disclosure and advertising skepticism, which can be expanded upon by exploring influencer type, post content, prior knowledge about advertising disclosure, and more.

Table 6. ANCOVA Results (*N*= 200)

Variables	Sources	*df*	Mean Square	*F*	*Sig.*
Trustworthiness	Ad Disclosure (A)	1	6.495	4.071	.045*
	Ad skepticism (B)	1	42.451	26.606	.000*
	A x B	1	.168	.105	.746
Perceived expertise	Ad Disclosure (A)	1	1.863	.892	.346
	Ad skepticism (B)	1	41.625	19.926	.000*
	A x B	1	4.060	1.944	.165
Attractiveness	Ad Disclosure (A)	1	2.062	1.548	.215
	Ad skepticism (B)	1	12.996	9.754	.002*
	A x B	1	1.197	.899	.344
Level of persuasion	Ad Disclosure (A)	1	.732	1.327	.251
	Ad skepticism (B)	1	5.272	9.560	.002*
	A x B	1	.730	1.324	.251
Ad recognition	Ad Disclosure (A)	1	.340	.204	.652
	Ad skepticism (B)	1	2,678	1,607	.206
	A x B	1	1.417	.850	.358

Table 7. Means (Standard Deviation)

Ad disclosure	Ad skepticism	Trustworthiness	Perceived Expertise	Attractive ness	Level of persuasion	Ad recognition	*N*
Disclosure	High	3.63(1.46)	3.11(1.41)	4.32(1.19)	4.29(.64)	6.33(1.15)	54
	Low	5.13(.916)	4.83(1.24)	5.25(.97)	4.65(.59)	5.76(1.11)	46
	Total	4.32(1.45)	3.90(1.58)	4.75(1.18)	4.45(.64)	6.07(1.17)	100
No Disclosure	High	3.44(1.37)	3.28(1.58)	4.34(1.26)	4.09(.86)	6.04(1.57)	45

	Low	4.89(1.53)	4.54(1.73)	5.03(1.24)	4.70(.89)	5.80(1.35)	55
	Total	4.24(1.62)	3.97(1.77)	4.72(1.29)	4.42(.93)	5.91(1.45)	100
Total	High	3.54(1.42)	3.19(1.49)	4.33(1.22)	4.20(.75)	6.20(1.36)	99
	Low	5.00(1.29)	4.67(1.53)	5.13(1.12)	4.68(.76)	5.78(1.25)	101
	Total	4.28(1.53)	3.94(1.68)	4.73(1.23)	4.44(.79)	5.99(1.31)	200

Table 8. Overview of supported/Rejected Hypotheses

Hypotheses	*Supported/Rejected*
H1: Ad disclosure on Instagram post will result in more trust to SMI than Instagram post with no ad disclosure	Supported
H2: Ad disclosure on Instagram post will result in more perceived expertise to SMI than Instagram post with no ad disclosure.	Rejected
H3: Ad disclosure on Instagram post will result in more attractiveness to SMI than Instagram post with no ad disclosure	Supported
H4: Ad disclosure on Instagram post will result in less consumer persuasion than Instagram post with no ad disclosure.	Rejected
H5: Ad disclosure on Instagram will result in higher ad recognition than Instagram post with no ad disclosure.	Supported
H6: Ad skepticism will affect ad disclosure on consumers' (a) ad recognition, (b) level of persuasion, c) trustworthiness toward the SMI, (d) perceived expertise of the SMI, and (e) attractiveness toward the SMI.	Supported
H7: Ad disclosure and ad skepticism will have an interaction effect on (a) ad recognition, (b) level of persuasion, (c) trustworthiness toward the SMI, (d) perceived expertise of the SMI, and (e) attractiveness toward the SMI.	Rejected

5.2 Practical implications

For managers, this study provides a comprehensive solution to brands advertising through SMIs on Instagram. Disclosing advertised social media content not only helps companies become more transparent, but also helps consumers recognize advertised content. Advertising disclosure can improve how consumers respond—getting positive consumer responses in terms of increased ad recognition, transparency of the advertising intent, and consequently result in increased trustworthiness of the SMI. Disclosing advertising is an ethical responsibility of brands and influencers, which can potentially decrease the gap between consumers and advertisers, if used properly. Advertising companies should actively adjust to the changes and use influencers for their advertising purposes better, while influencers should understand how to better influence consumers when advertising for a brand—through proper and clear disclosure. In the long run, disclosure enhances influencer credibility, eliminating ambiguity over whether a post is advertised. With this, more trustworthiness can be built, which then increases the strategic use of influencer marketing.

As influencers become more transparent in disclosing advertised Instagram content, consumers become more aware of the intent of the relationship between the brand and the influencers. Disclosure can signal expertise and that there is a relationship between a brand and an influencer. Advertisers and brands should, therefore, aim to create a long-term relationship with SMIs, as it then helps enhance the consumer-brand relationship. Likewise, brands can improve their influencer advertising strategies by becoming more aware of ad disclosure challenges and better inform influencers on how to execute advertised content (e.g. through establishing their own disclosure guidelines that are in alignment with FTC regulations). One potential consequence for not disclosing advertised content is losing consumer loyalty and influencers being perceived inauthentic by consumers. Therefore, advertising disclosure can help and strengthen brand-influencer collaboration, which is ultimately beneficial for consumers.

5.3 Conclusion

This study found two types of ad disclosures: "#sponsored" and "paid partnership with." to have no significant difference. By testing ad disclosure versus no disclosure on consumer responses to SMIs, the most significant result indicates that consumers perceive the SMI to be more trustworthy in disclosure condition, as hypothesized. Transparency in disclosing advertised Instagram content then increases positive responses toward the influencer, which strengthens the use of influencer advertising.

5.4 Limitations

An evident limitation is the sample size, which was limited because this study merely explores how related variables affect one another. The sampling size is too small to be generalized to the general population. However, as our study focuses on the broader impact of influence than the individual, the data collected is still relevant here and for future studies. Another limitation is that the influencer's number of followers was not used as a measure of her popularity, which could, to some degree, demonstrate relevant findings. Although the Instagram post was manipulated such that the participants did not have a possible bias towards the influencer, it was still not directly tested whether some participants could identify the influencer (i.e. whether they could identify the influencer from the picture that was used, or had seen the post before). This could then be a possible future study to understand whether knowing and following the influencer affects consumer responses. In other words, in the data collection process, there is a possibility that the participants have a response bias towards the Instagram post or the SMI due to a lack of proper pre-test of the stimuli.

5.5 Future research

Advertising on Instagram is fairly new and more exploratory research on this topic is required. Future studies can shed light on whether the content of the Instagram post, especially if a product is used to demonstrate the advertisement, affects advertising disclosure. Another point of interest could be how the frequency of viewing a social media post that contains disclosure affects consumers' recognition of advertising disclosure, and how this affects their responses to the influencer. Exploring other types of SMIs who advertise different types of products might reveal new and interesting findings about advertised content. Another interesting aspect is examining how engagement levels affect consumer perception of SMIs who use or do not use ad disclosure. Would consumers who engage more with influencers have an insignificant response towards non-disclosed advertised posts and vice versa? Comparing advertising disclosure on Instagram with advertising disclosure on other social media platforms can also yield interesting findings. Whether a strong consumer-influencer relationship impacts the perception of a brand and purchase-intent when an influencer post discloses/not discloses advertised social media content is also worth exploring.

As social media progressively develops alongside other technology, brands and advertisers must also be in constant alignment with this change so as to not lose the consumer. The future of advertising is predicted to be influenced by the dramatic shift in technology, such as virtual reality (VR), augmented reality (AR) or artificial intelligence (AI) as studies show [36-39]. These technological advancements might be able to provide more authentic and personalized interaction and engagement with consumers that will not only change consumer behavior, but also the way marketers advertise. One question is whether advertising disclosure will be a relevant topic in the future when technology, such as VR, AR, AI and immersive advertising becomes more popular. Recent studies [39] on this topic imply that interactive experience (especially VR) and immersion are important factors that influence consumers' cognitive processing. Future studies could therefore investigate the impact of this change on the progression of advertising online.

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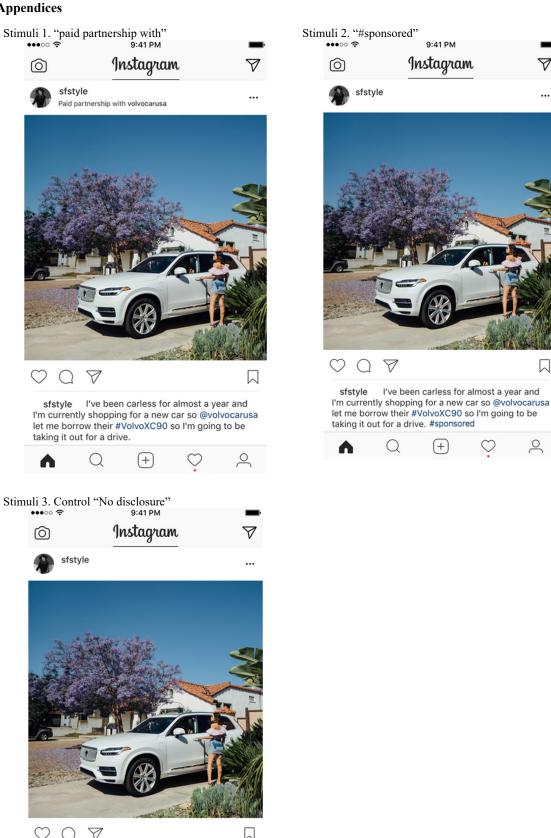
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Appendices

Stimuli 1. "paid partnership with"

Stimuli 2. "#sponsored"

Stimuli 3. Control "No disclosure"

Correlation matrix

		Ad Recognition	Persuasion	Trustworthiness	Perceived Expertise	Attractiveness
Gender	Pearson Correlation	-.008	.038	-.029	-.003	.008
	Sig. (2-tailed)	.914	.593	.685	.962	.915
	N	200	200	200	200	200
Age	Pearson Correlation	.058	-.050	-.114	-.072	-.086
	Sig. (2-tailed)	.414	.479	.107	.314	.223
	N	200	200	200	200	200
IG Use	Pearson Correlation	.103	-.067	-.224**	-.122	-.057
	Sig. (2-tailed)	.148	.348	.001	.085	.019
	N	200	200	200	200	200
SMI Follow	Pearson Correlation	-.055	.120	.271**	.252**	.189**
	Sig. (2-tailed)	.439	.090	.000	.000	.007
	N	200	200	200	200	200
Product-involvement	Pearson Correlation	.128	.172*	.177*	.182*	.193**
	Sig. (2-tailed)	.071	.015	.012	.010	.006
	N	200	200	200	200	200
Brand-involvement	Pearson Correlation	-.205**	.295**	.390**	.379**	.242**
	Sig. (2-tailed)	.004	.000	.000	.000	.001
	N	200	200	200	200	200

*. Correlation is significant at the 0.05 level (2-tailed).
**. Correlation is significant at the 0.01 level (2-tailed).