Cause Message in an Instagram Post: Do Disclosure and Homophily Matter on Attitudes toward the Sponsorship?

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<u>Rationale and Purpose:</u> Brands are increasingly employing cause-related marketing (e.g., donation to charity for brand purchases) on social media because it positively affects consumers' attitudes towards the brand and purchase intention (Patel et al., 2017). However, its advertising via influencers is in the early stage and warrants further investigation. In fact, partnerships between brands and social media influencers are commonly known as sponsored content (De Veirman et al., 2017). Importantly, The Federal Trade Commission (FTC) advocates that in order to avoid misleading customers, any online endorsed contents by third party sources need to reveal sponsorship facts (FTC, 2017). Despite the best attempts of social media influencers to clearly mark endorsed content on social media through disclosures, such as "sponsored content", there remains issues around clarity of such disclosure information. Social media users are left confused and annoyed by the delicate character of endorsed content integrated into social media posts. Thus, additional work is needed to more clearly understand the effect of sponsorship disclosure on consumers' attitudinal and behavior responses to a social media post.

Furthermore, within social media marketing, homophily has become an important consideration (Hughes et al., 2019). Homophily, the degree to which consumers perceive themselves as similar to the source, can act as a persuasion tool in the online environment (Wang et al., 2008). Research points to the notion that consumers' perceptions of homophily (i.e., source similarity) can impact how consumers assess provided information (Faraji-Rad et al., 2015; Wang et al., 2008). According to Faraji-Rad et al. (2015), feelings of similarities or a match between entities enhances feelings of certainty when advice is provided. In the case of social media influencers, feelings of homophily can enhance consumers' feelings that the social media influencer understands and knows them well, which is likely to enhance consumers' attitudinal and behavioral responses. The purpose of this experimental study is to examine the effects of (a) sponsorship disclosure (vs. non-disclosure) and (b) homophily (high vs. low) on consumers' attitudes (towards sponsorship clarity and ad deception) and behavior (intentions to follow and purchase). This led to hypotheses that test main effects of disclosure (H1) and homophily (H2) and their interaction effects (H3) on attitudes and behavior.

Methods: For the experimental stimuli, we designed Instagram posts with two levels of disclosure (disclosure vs. non-disclosure). For disclosure, we used "Paid partnership"; for non-disclosure, this information was not included. For all stimuli, the setting was a cause Instagram post, with the message "They're donating 5% of the profits this month to Girls Inc., an organization dedicated to raising a strong generation of women." To be more inclusive, we identified two female social media influencers (one black and one white) who have more than a million hashtags and would promote skin care products. The t-test shows that there are no significant differences in the dependent variables between these two influencers and therefore they were merged in the analysis. Although the brand price level was not used as a manipulation, we used two brands—Curology (higher price) and Arm and Hammer (lower price)—to increase the external validity. These two brands did not reveal any significant differences in the four dependent variables; thus, two brands were merged in the analyses.

An online US female consumer panel, aged 18-40 as the majority of Instagram users ("Which Social Media," 2020), participated in the survey via MTurk. After each respondent was asked to watch a 30-second video clip that shows the Instagram images of the influencer, the respondent was assigned to one of the two ad groups (disclosure vs. non-disclosure). Homophily was measured with three items (e.g., This influencer seems to be relatable) (Hughes et al., 2019). Based on the mean (m = 2.94), two groups were generated (high vs. low homophily). The final sample consisted of 237 respondents who constituted 2 (disclosure vs. non-disclosure) x 2 (high vs. low homophily) experimental groups. The survey questions consisted of two attitudes toward the sponsorship (sponsorship clarity and ad deception) and two intentions (intention to follow the influencer, and intention to buy the same product/brand promoted by the influencer). These measures were modified from the existing studies (e.g., Ki & Kim 2019; Wojdynski et al., 2018), and rated on 5-point Likert-type scales (1 = Strongly Disagree, 5 = Strongly Agree). The reliabilities of all factors were satisfactory (Cronbach's alphas > .80). To control the impact of extraneous variables such as familiarity with the influencer and familiarity with the brand, these two variables were entered as covariates.

Results: We first confirmed successful manipulations of the stimuli. The disclosure group (m = 4.35) had significantly higher score than non-disclosure group (m = 3.93) on the item "It is clear who paid for this ad." ($p < .001$). The hypotheses were tested with two-way ANOVAs (disclosure vs. non-disclosure and high vs. low homophily). The covariates of familiarity with the influencer and the brand were mostly significant ($p < .05$). Main effects of disclosure existed on two attitudes toward sponsorship—sponsorship clarity and ad deception ($p < .05$), with higher clarity scores for respondents who were exposed to a disclosure and higher ad deception scores for those who were exposed to a non-disclosure Instagram post. Main effects of homophily existed on ad deception, intention follow, and purchase intention ($p < .05$) with higher scores for

high homophily group than low homophily group, partially supporting H2. Interaction effects existed on sponsorship clarity (F = 9.175, *p* = .003) and ad deception (F = 6.297, *p* = .013), partially supporting H3. As illustrated in Figure 1, among the respondents who were exposed to disclosure posts, sponsorship clarity did not differ between low and high homophily group, but for non-disclosure posts, high homophily produced higher sponsorship clarity score than low homophily group. Regarding ad deception (Figure 2), no difference existed between disclosure and non-disclosure groups for high homophily group, while non-disclosure group produced a higher score than the disclosure group for low homophily group.

Discussion and Implications The results reveal (a) the main effect of disclosure on attitudes (sponsorship clarity and ad deception), (b) the main effect of homophily on intentions to follow and purchase, and (c) the interaction effect of disclosure and homophily level. For those with high homophily, ad deception was perceived high whether the post had disclosure or non-disclosure. Retailers may depict social media influencers who are similar to their target consumers because they tend to follow the influencer more and purchase more the products that the influencer promotes. In doing so, retailers must disclose who paid the ad to deliver transparency and improve their sales. Future research can examine factors influencing other attitudes such as authenticity and credibility with different cause-related issues.

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