

# #Sponsored: Understanding the Boundary Conditions of Resistance Coping Activation in Influencer Advertising

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**#Sponsored: Understanding the Boundary Conditions of Resistance Coping Activation in  
Influencer Advertising**

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**Abstract**

Influencer advertising has sparked controversy among both consumers and regulators, in that influencer advertising's very effectiveness is built on deceit, since consumers are often unaware of the persuasive intent. Empirical evidence on influencer advertising is built largely on the premise that disclosure will activate consumers' reactance since consumers will recognize the persuasive intent. Using a mixed-method approach (focus groups and survey), we contribute to the growing body of research on influencer advertising by demonstrating the role of three important boundary conditions in the relationship between knowledge of persuasive intent and activation of "resistant coping" mechanisms: trust, overconfidence, and transparency. Based on our focus group results, we propose that two groups of outcome variables need further research attention: (1) consumers' moral and affective advertising literacy and (2) other individual-level psychological outcomes, such as cognitive dissonance and reduced control over one's time and productivity. In our further empirical test, we focus more specifically on perceptions of moral appropriateness of advertising, and we illustrate its importance for understanding how influencer advertising works.

*Keywords:* influencer advertising, advertising recognition, knowledge of persuasive intent, social media influencers, trustworthiness, consumer overconfidence, influencer transparency

## Introduction

Influencer advertising (also referred to in the literature as influencer marketing) involves a digital take on word-of-mouth promotion, in which individuals with large followings on social media (social media influencers) are paid to promote products or services to their personal online followers (e.g., De Jans et al., 2018; Feng et al., 2020). Influencer advertising has quickly become an important source of promotion for companies. It is estimated that from 2016 to 2021 the influencer marketing industry grew from \$1.7 billion to \$13.1 billion, and it is expected to be an industry worth \$16.4 billion in 2022 (Geyser, 2022).

Research shows that influencer advertising can generate twice the sales of other forms of paid advertising (Bughin et al., 2010). Influencer advertising is so effective because the framework is built on trust and native advertising. Native advertising is a term used to describe any paid advertising that takes the form and appearance of editorial content from the publisher (Wojdyski & Evans, 2016). It is a form of promotion whereby advertising is naturally embedded into the conversation rather than separated as a traditional ad. With influencer advertising, the lines between content and advertising are blurred (An et al., 2019a). This has sparked controversy among both consumers and regulators, in that influencer advertising's very effectiveness is built on deceit.

With the rapid growth in popularity of influencer advertising, disclosure regulations have been put in place around the world in an attempt to prevent consumers from being misled with this form of native advertising. Some regions that updated disclosure guidelines include the US (Beck, 2015), Canada (Influencer Marketing Steering Committee, 2019) and the European Union (IAB Europe, 2016). Thus, this is a research topic with parallel interests and importance in both industry and academia.

Research on influencer advertising to date has been largely built on the premise of the Persuasion Knowledge Model (Friestad & Wright, 1994), and assumes that disclosure will activate consumers' reactance since consumers will recognize the persuasive intent. The Persuasion Knowledge Model (PKM) is built on the idea of consumers' knowledge and beliefs about various advertising aspects, such as tactics used by marketers to persuade consumers, and personal beliefs about how to cope with such tactics (Friestad & Wright, 1994). The model assumes that when consumers recognize the persuasive intent of a message (e.g., recognize a message as an advertisement via a clear disclosure), it activates a resistance process, and the consumer may be more doubtful towards the message. However, recent research suggests that consumers lower their guard online (vs offline) and underestimate the manipulation to which they may be exposed in an online shopping environment (Moran, 2020). Thus, while regulations have been put in place with regard to conspicuous disclosure in the context of influencer advertising, recent research suggests that it is unclear how well those regulations protect consumers (e.g., Boerman & Muller, 2021; Boerman & Van Reijmersdal 2020). Those findings bring to light the need to understand what factors alter the ability of consumers to use their conceptual persuasion knowledge (i.e., recognition that they are being exposed to advertising) to engage in resistance coping using attitudinal processes, such as scepticism or perceptions of moral appropriateness in the context of influencer advertising. Furthermore, this raises questions about the extent to which conceptual persuasion knowledge/cognitive advertising literacy (leading to the ability to recognize that the message has a commercial intent) is sufficient for consumer protection. A small body of recent studies points to the potential importance of moral and affective advertising literacy (in addition to cognitive literacy) as important variables that can contribute to our understanding of consumer reactions to influencer advertising (e.g., De Jans

et al., 2020; Van Dam & Van Reijmersdal, 2019). Those additional aspects of advertising literacy refer to moral judgements about the appropriateness of influencer advertising, and the ability of emotion regulation to counterbalance the affective reactions of persuasive messages (Hudders et al., 2017). While those dimensions have been suggested as important, very little empirical research has paid attention to them, and recent studies have called for considering those dimensions for a more complete understanding of influencer advertising (Boerman, 2020), and how consumers activate resistance coping processes in the presence of influencer advertising.

Correspondingly, the research question that we address is: *under what conditions does knowledge of persuasive intent fail to activate consumers' defense mechanisms in influencer advertising?* To answer our research question, we conducted a two-stage mixed method study, consisting of focus groups (study 1), and a survey (study 2), where we focused on consumers' understanding of persuasive intent in relation to influencer advertising, factors that may alter this understanding, coping reactions, and perceptions of moral appropriateness. We offer the following contributions to the literature on influencer advertising. First, our focus groups and follow-up survey results point to three important conditions in the relationship between knowledge of persuasive intent and activation of "reactance" mechanisms: trust in the influencer, overconfidence in one's ability to understand and cope with influencer advertising, and perceived transparency of the influencer. As such, we advance research on influencer advertising by identifying boundary conditions under which the traditional model of persuasion knowledge may be weakened since consumers' resistant coping mechanisms do not properly function. While extant research has pointed out the importance of issues related to trustworthiness and transparency (Evans, et al., 2017; Lee & Eastin, 2020; Lou & Yuan, 2019; Schouten, et al., 2020;

Wojdyski et al., 2018; Wojdyski & Evans, 2020), we advance current research by offering a nuanced understanding about the mechanisms by which those boundary conditions affect outcome variables of influencer advertising.

Second, based on our focus group findings, we propose two groups of outcome variables that have been so far largely neglected in the literature on influencer advertising (for notable exceptions see Hudders et al., 2017; Van Dam & Van Reijmersdal, 2019) and the broader literature on covert intent in advertising: (1) consumers' moral and affective advertising literacy and (2) other individual-level psychological outcomes, such as cognitive dissonance and reduced control over one's time and productivity. While research so far has uncovered the effect of influencer advertising on consumers' brand attitudes and purchase intentions (e.g., An et al., 2019a; Jiang et al., 2017), our results point to additional outcome variables underscoring the importance of ethical considerations and consumer well-being, as they relate to influencer advertising. Furthermore, in our follow-up study, using a survey, we specifically explore the role of perceived moral appropriateness of influencer advertising for painting a complete picture of how persuasion knowledge works in the context of influencer advertising.

## **Literature Review**

Empirical research on the topic of influencer advertising and other forms of native advertising is still in its infancy with most of the literature on the topic being very recent (e.g., An et al., 2019a; Campbell & Evans, 2018; De Cicco et al., 2020; De Vierman & Hudders, 2020; Evans et al., 2017; Lou, 2021; Lou et al., 2020; Mayrhofer et al., 2020; Pfeuffer & Huh, 2020; Wojdyski et al., 2018; Wojdyski & Evans, 2020). Scholars have examined the effectiveness of disclosure language (e.g., content labeled "sponsored", "sp", or "paid ad") and disclosure

format on recognizing ads presented within the framework of influencer/native advertising, and some alarming findings suggest very low advertising recognition rates (e.g., Boerman et al., 2017; Jiang et al., 2017; Wojdyski & Evans, 2016).

Research has shown that a message is perceived as more credible and effective when portrayed by a consumer rather than an advertiser (Bughin et al., 2010; Goldsmith & Clark, 2008). There are a number of reasons for this, one of the major reasons being the lack of awareness of persuasive intent. According to the Persuasion Knowledge Model by Friestad and Wright (1994), consumers consider the source of a message when determining the credibility of the content, and in traditional advertising formats, consumers discount the validity of a message when they perceive a message as an ad. Influencer advertising and other forms of native advertising thrive by concealing persuasive intent. Extant research on influencer advertising has addressed mainly three broad topics: (1) the role of disclosures on advertising recognition, (2) the role of advertising recognition on resistance strategies and persuasive outcomes, and (3) potential moderators. We discuss those in turn.

### **(1) The Role of Disclosures on Advertising Recognition**

Disclosure regulations put in place to protect consumers (such as the FTC guidelines) offer variations of acceptable disclosure, and research has been conducted to analyze the effects of language and placement variation in text disclosures. For instance, Evans et al. (2017) found that variations in disclosure language impact recognition, and that disclosures labeled “paid ad” had higher ad recognition rates and disclosure memory than ads labeled “sponsored”, “sp”, or without disclosure at all. Wojdyski and Evans (2016) analyzed placement of disclosure and found that recognition rates are higher when placed on the middle or bottom of the content than

when included at the top. However, despite the findings that recognition rates are higher when the disclosure is placed in the middle or bottom of the content, “Paid Partnership” along the top of influencer posts has become the industry standard. With that said, research suggests that this standard Instagram disclosure (“Paid Partnership”) still effectively increases advertising recognition (Boerman, 2020). However, as seen by the 2-11% range in ad recognition rates reported by Wojdyski and Evans (2016), the number of consumers who are recognizing the nature of the ad remains staggeringly low. A troubling finding is the use of neologisms by major content publishers when labelling the commercial nature of native ads, such as “T Brand Studio,” “Brand Voice,” and “Content Solutions” (An et al., 2019b). Such neologisms make it difficult for consumers to recognize that they are being exposed to a commercial message. Building on the idea that there is more to advertising recognition than disclosure, Boerman and Muller (2021) suggest that it is not only ad disclosure, but rather the combination of the disclosure with bottom-up factors such as type of influencer and brand presence that contribute to conceptual persuasion knowledge.

While several studies have analyzed native advertising placed on news sites, the literature is lacking research on native advertising that is integrated into a consumer’s natural social media feed. Indeed, most research on native advertising has focused on sponsored news articles and video product placement, with comparatively little research on other forms of native advertising, such as consumer-generated social media posts (Wojdyski & Evans, 2020). Influencers regularly share their personal stories and opinions with their followers, building trust over time. Influencer advertising leverages established online relationships, and therefore, conceptual persuasion knowledge (CPK) and consumer attitudes pertaining specifically to influencer-generated social media posts warrants further study. While the FTC and other regulatory bodies

have put regulations in place, there is a need for further research to determine how consumers react to influencer advertising. Recent studies have uncovered that the inclusion of disclosure which supposedly activates CPK does not necessarily lead to the activation of defence mechanisms (Lou, Tan, & Chen 2019; Van Dam & Van Reijmersdal, 2019). Scholars have suggested looking critically into how persuasion works in the context of influencer advertising (Lou, Tan & Chen 2019; Lou, 2021). This body of work indicates that exposure to influencer advertising and conceptual persuasion knowledge may not lead to negative attitudes (e.g., building scepticism towards the ad, perceiving influencer advertising as morally inappropriate), and may actually go in the opposite direction. In line with this stream of literature, we focus here on understanding the boundary conditions between knowledge of persuasive intent and resistance coping processes.

## **(2) The Role of Advertising Recognition on Resistance Strategies and Persuasive Outcomes**

Literature has also explored how the recognition of persuasive intent impacts persuasive outcomes and resistance strategies. Research on consumer reactions to influencer advertising yields mixed results. According to research, while 23% of participants felt deceived by their exposure to native advertising, 17% reportedly enjoyed the ad experience and content (Jiang et al., 2017). Sponsorship disclosure helps consumers to recognize celebrity endorsements on Facebook as advertising, and this further *negatively* affects consumers' responses to the ad (e.g., by developing critical and distrusting beliefs about the Facebook post) (Boerman et al., 2017). Similarly, the literature suggests that consumers who perceived the ad to have greater manipulative intent displayed negative consequences, such as less sharing and purchase intention, and more negative brand attitudes (An et al., 2019a). Further, research suggests that ad

disclosure led to reduced consumer trust in a reviewer and more negative brand attitudes (Pfeuffer & Huh, 2020).

Conversely, the notion that native advertising can lead to *positive* consumer reactions, as well as a higher likelihood of landing a social media share, is echoed in an eye-tracking study that compared online display ads with native advertisements, and found native advertising to be more effective, as both sharing/purchase intention and time spent on content was higher than display ads (IPG Media Lab, 2013).

While research so far has been centered on cognitive advertising literacy (consumer's ability to recognize a message as advertising) and subsequent consumer reactions, we know comparatively little about other aspects of advertising literacy, such as consumers' ethical judgements about the moral appropriateness of influencer advertising and other covert advertising tactics. While the consumer may recognize the persuasive intent of an influencer's sponsored post, further research is needed on the outcomes as they relate to moral and affective advertising literacy.

Moral advertising literacy is defined by Hudders et al. (2017) as individuals' ability to develop thoughts about the moral appropriateness of specific advertising formats. This dimension is related also to the ability to notice when advertising is biased or does not tell the truth. While Friestad and Wright (1994) emphasized the importance of those aspects in their seminal persuasion knowledge paper, little research has examined this dimension within the context of covert advertising formats (Van Dam & Van Reijmersdal, 2019). The affective (also referred to as attitudinal) dimension of advertising literacy emphasizes the importance of emotion regulation to counterbalance the affective reactions evoked by the entertaining character of most new online advertising formats through e.g., scepticism (Rozendaal et al., 2011; Van

Dam & Van Reijmersdal, 2019). Wellman et al. (2020) discuss the premise that influencer sponsored content is not inherently unethical, instead the ethics that guide the production of this content is poorly understood. In summary, advertising recognition plays an important role in resistance strategies and persuasive outcomes. However, further research attention is needed to better understand moral and affective advertising literacy and its role in the activation of resistance to covert influencer advertisements.

### **(3) Potential Moderators**

The literature has also examined potential moderators that may play a role in the relationship between exposure to influencer advertising, disclosure, as well as different outcome variables. The literature remains scattered and further research is needed to better understand relevant moderators in influencer advertising. Moderators that have been empirically examined include: follower-influencer similarity (Naderer et al., 2021), influencer size (Boerman, 2020), ad recognition (De Jans et al., 2020), audience comments (Reinikainen et al., 2020), and envy of the influencer (Lee & Eastin 2020). Collectively this body of knowledge speaks to the importance of evaluating the role of moderators and how they can potentially mitigate the negative effects predicted by the persuasion knowledge model in the context of influencer advertising.

Wojdyski and Evans (2020) developed a model on covert advertising recognition effects (CARE), discussing the processes involved in recognizing covert advertising. This model encompasses consumers' reactions to sponsored ads, outlining coping strategies and the corresponding effects of covert advertising recognition. In the CARE model, Wojdyski and Evans (2020) integrate related literature to suggest two moderators of the recognition-reactance relationship: sponsorship transparency (e.g. mitigating negative effects; Amazeen & Wojdyski,

2019) (e.g. predicting advertiser credibility; Krouwer et al., 2019) and relevance of motivational goals (Ducoffe, 1995; Wang & Huang, 2017). Research on these moderators is important as ad recognition does not lead to activation of resistance processes equally.

In sum, the literature has uncovered some conditions that may moderate the relationship between disclosure, persuasion knowledge and outcomes of recognizing the disclosure. With that said, the literature remains scattered and further research is needed to better understand relevant moderators in influencer advertising. There is sufficient literature comparing disclosure vs no disclosure (e.g., Boerman et al., 2017; Jiang et al., 2017; Wojdyski & Evans, 2016); instead we will be looking at outcomes once participants have been exposed to a disclosure. Furthermore, the mechanisms through which conceptual persuasion knowledge works its way to consumer coping strategies are not well understood.

Friestad and Wright (1994) introduced persuasion knowledge as a multidimensional concept, however, it is typically applied as a single dimension to measure the recognition of persuasive intent. In practice, it is used to ensure disclosure guidelines have been put in place to activate a consumer's resistant coping processes. More recent research has developed a multidimensional scale to measure persuasion knowledge of sponsored content (Boerman et al., 2018). Boerman and colleagues include not only recognition of sponsored content (such as content by social media influencers paid for by brands), but also several other dimensions including understanding of persuasive tactics, self-reflective awareness, and appropriateness of sponsored content. Boerman et al.'s (2018) study points to the need to examine additional aspects of the persuasion knowledge beyond the mere recognition of disclosure. Therefore, as noted in the outset of the paper, the broad research question that we examine is: under what conditions does knowledge of persuasive intent fail to activate consumers' defense mechanisms

in influencer advertising? More specifically, we focus on the following research questions: 1) What are the boundary conditions that can alter the relationship between exposure to influencer advertising and the activation of resistance coping mechanisms? 2) What is the role of moral and ethical considerations on consumers' activation of resistance coping mechanisms? In what follows, we explain the method and results from the two studies (qualitative and quantitative) we carried out.

## **Study 1**

### **Method**

In study 1, we used an inductive, qualitative approach to the topic of influencer advertising, conducting focus groups with college student participants who are active on social media. The academic literature on influencer advertising is fairly recent since this is a relatively new phenomenon. Thus, a qualitative approach was deemed appropriate as a first step, because of the contemporary nature of the phenomenon and the limited extant literature on the topic (Steinke, 2004). Qualitative approaches have been recommended when examining social media consumption (Chatzopoulou et al., 2020) as those approaches can provide deeper insights into the emotional connections of consumers with social media influencers, and the impact on subsequent behavior.

### ***Participants and Procedure***

For study 1, three focus groups were conducted with 26 participants, (13 males and 13 females) from a mid-sized university in Western Canada. Ages varied with 10 participants between 18 and 21, 7 between 22 and 24, 6 between 25 and 34 and 3 participants were 35+. Each focus group lasted approximately 1 hour. The participants were all college students studying a range of disciplines (Bachelor of Arts, Business Management etc.). This group of generation Y and Z

consumers was selected as they are the most prevalent on social media (Morning Consult, 2022). A detailed description of the focus group procedure can be found in Appendix A.

For each focus group, the researcher shared the purpose of the study, the right to skip questions or withdraw from the study at any time. Participants provided informed consent and were given a copy with contact information in which to reach out with any questions. A semi-structured discussion protocol guide was used for the focus group discussions (see Appendix A). Moreover, pseudonyms have been assigned in place of participant names for the purpose of this study (Appendix C presents a brief description of study participants).

### ***Data Analysis***

Analysis of data was done manually following open coding procedures to arrive at common themes and emerging patterns which were further reduced to core categories (Charmaz, 2006). Data was thus analyzed inductively. Following inductive research procedures, the data analysis started with a line-by-line analysis and open coding (Corbin & Strauss, 1990). In this process, instances in the data were compared with others for similarities and differences and were then given conceptual labels. We used the constant comparison method through the exploration of similarities and differences across incidents in the data to allow for the emergence of codes from the data. This process resulted in five categories (second-order themes), which we labelled trust in the influencer, overconfidence, perceived transparency, individual psychological-level outcomes, and moral and affective advertising literacy. The same themes (i.e. trust in the influencer, transparency and consumer overconfidence) continued to emerge in each of the three focus groups leading to theoretical saturation. Table 1 presents the data structure visualizing the first-order codes, second-order themes and aggregate theoretical dimensions. In order to sharpen our theoretical contribution, we further examined linkages among the categories and between

categories and extant literature. This resulted in the development of a model which positions three of our categories (trust, overconfidence, and transparency) as factors that impact the strength of the relationship between knowledge of persuasive intent and the activation of resistance mechanisms; while the rest of the categories were positioned as outcome variables of influencer advertising.

[Insert Table 1 here]

### **Study 1 Results**

The findings from our focus groups help shed light on some of the boundary conditions and consequences related to persuasive knowledge and reveal two important and under-researched groups of topics that need further attention. We categorize them as (1) moderators of the relationship between knowledge of persuasive intent (e.g., via disclosure) and the activation of resistance / “defensive” mechanisms by consumers; and (2) additional outcomes of influencer advertising related to ethical considerations (advertising literacy) and individual-level psychological outcomes. We discuss those in turn.

#### ***Moderators of the relationship between conceptual persuasion knowledge and the activation of “reactance” mechanisms***

The most striking findings from the focus groups conducted in our study demonstrated that even when consumers recognize persuasive intent in influencer advertising, it does not necessarily translate to the activation of the resistant coping processes that are typical when exposed to traditional advertising. This aligns with Van Reijmersdal et al. (2013) in that disclosures do not necessarily lead to the activation of critical attitudes or resistance processes. It is important to

note that the Persuasion Knowledge Model does not always activate defensive processes, as consumers do not “guard themselves against it”. Rather, they choose to be persuaded by these influencer endorsements. The barriers to activating resistant coping processes in influencer advertising that our research suggests include: trust in the influencer, perceived transparency, and overconfidence.

**Trust in influencer.** Trust in the influencer is one of the elements that may prevent consumers from activating resistant coping processes. Two trust related themes emerged from the focus groups. Participants claimed to trust an influencer’s opinion if they have followed the influencer for an extended period of time, and if the influencer appears to be authentic and relatable in their content and endorsements.

Similar to offline relationships, participants explained they are more likely to trust an influencer’s endorsement when they have been following them for a significant period of time. A respondent stated:

*“If I’m following an influencer, I follow them for quite a bit of time and see what they bring to the table. If they’re always switching it up, getting new products and recommending this and that then it’s like these guys are just getting paid. So, a lot of people that I buy from are people that I have been following for years, multiple years.”* - Bella, 21, female

Our results complement previous findings on the role of trust in influencer marketing (Lee & Eastin, 2020; Lou & Yuan, 2019; Schouten, et al., 2020) by underscoring the importance of trust-building in how consumers perceive influencers and consequently influencer advertising. Specifically, we propose that trust can weaken the relationship between knowledge of persuasive intent and activation of reactance mechanisms.

The participants in our study also discussed the value of influencers sharing negative reviews. This aligns with research that one-sided messaging (strictly highlighting positive aspects of the product) can negatively affect brand attitude, whereas this risk can be mitigated when the influencer content includes two-sided messaging (both what they liked and disliked about the product / brand) (Crowley & Hoyer, 1994; De Veirman & Hudders, 2020; Settle & Golden, 1974). When influencers included what was perceived to be genuine opinions, the participants in our focus groups reported being more likely to trust the influencer, and evidently, less likely to activate the advertising reactance processes.

Trust in the influencer thus appeared to be a particularly important factor that can weaken the relationship between knowledge of persuasive intent (i.e. recognizing that the influencer has been paid) and activation of “coping” mechanisms that may lead a consumer to be more resistant to or skeptical of the message. Supporting quotes can be found in Table 2.

[Insert Table 2 here]

**Transparency.** Another related finding from the focus groups is that participants were more likely to have a positive impression of an influencer’s endorsement and not activate resistant coping processes when they perceived transparency. Influencers’ attempts to cover up the fact that they are being paid to endorse a brand were described by participants as “shady, very shady”. Participants described several incidents with social media influencers who didn’t disclose the paid nature of the relationship with brands they were promoting and the negative association on followers’ attitudes towards those influencers. Conversely, participants explained

that they would be more likely to buy a product recommended by an influencer if there was a disclosure statement:

*“I like the disclosure honestly because you know at least they are being honest. That you know a company has paid me to endorse this, they like it, but it is paid.”* - Cassie, 19, female

These comments exemplify that consumers may in fact be less likely to have their guard up with influencer advertising when advertising disclosures are included, and the consumer perceives transparency. Our findings support the idea that brands could benefit by embracing more transparency in their influencer advertising. This finding is in line with a small body of research that has suggested that transparency can mitigate negative effects of influencer ad recognition (Evans et al., 2017; Wojdyski et al., 2018; Wojdyski & Evans, 2020). Wojdyski et al. (2018) assessed sponsorship transparency on recognition and evaluation of native advertising. The study also looked at how consumers typically respond more negatively to native advertising where they pick up on persuasive intent, but their research also demonstrated that this can be offset by clearly identifying the nature of the ad. If increased sponsorship transparency mitigates negative attitude toward a brand, brands would benefit by being more transparent than industry standards dictate. Our study suggests that the role of sponsorship transparency can be a crucial element in influencer advertising by lowering consumers’ resistant coping mechanisms. While this is good news for brands that are willing to embrace transparency, it also poses ethical concerns and identifies an important contingency in the relationship between advertising recognition and reactance to persuasive intents.

**Consumer Overconfidence.** Consumer overconfidence is another prospective barrier to activating reactance processes when exposed to influencer advertising. The majority of focus group participants were very confident in their personal ability to recognize the persuasive intent

of influencers' paid endorsements even if there is no disclosure; yet, it was discernible that they had a "positive bias" towards the influencers they follow. For instance, a participant said:

*"In my opinion, [I'm not saying the influencers that I follow], but most of them [influencers] share products for money."* - Elena, 26, female

At the same time, many considered undisclosed influencer advertisements to be unethical as it could be misleading to other viewers. Participants considered two groups to be the most susceptible to misunderstanding the nature of influencer advertisements. The two primary age groups our study participants believed would benefit more from disclosure were teens approximately 13 to 19 years old as well as a group over the age of 50.

*"It may be much more misunderstood [for the younger generation] that the reason why this person is wearing all Adidas for example is because they're being sponsored by Adidas. Whereas to us I feel like a lot people in my age group would understand like it's very clear that this person either has an absolute fetish for that brand or they are being sponsored."* - Xavier, 18, male

Further research should be conducted to analyze if there is merit to a variance in influencer ad recognition rates among various age groups such as less digitally savvy baby boomers. That being said, the findings uncover a discrepancy and a possible bias towards the personal ability to recognize persuasive intent and activate resistant coping processes. The inflation of self-reported persuasion knowledge is related to the theory of third-party perception (TPP) (Perloff, 1993), originally labeled third-party effect (TPE) (Davison, 1983). According to this phenomenon, perceptual discrepancies exist in the effects of communication. In measuring levels of persuasion knowledge, individuals typically self-report that they would be more likely to recognize persuasive intent than they expect others would be.

While the participants in our study reported trusting some influencers' endorsements, the overconfidence in their ability to recognize the nature of the ad may, in fact, be hindering the activation of their resistant coping processes. This finding echoes Van Dam and Van Reijmersdal's (2019) observation that young consumers may overestimate their own ability to recognize sponsored content as such. As most of the participants in our study were also young consumers (generation Z), we experienced a similar effect.

In sum, our findings demonstrate that even when consumers are actively aware of whether a message is an advertisement, certain variables impact the strength of the resistant coping processes. Elements such as trust, perceived transparency and overconfidence limit consumers' ability to truly discount the validity of an influencer advertisement. Thus, we advance the following propositions:

P1: Trust in the influencer may decrease the association suggested by the persuasion knowledge model, i.e. even in the presence of knowledge about the persuasive intent (as in disclosure and increased ad recognition) generation y and z consumers may not engage in a "resistant coping" process.

P2: Perceived disclosure transparency may decrease the likelihood that generation y and z consumers will engage in a "resistant coping" process.

P3: Overconfidence in one's abilities to uncover persuasive intent may decrease the likelihood that generation y and z consumers will engage in a "resistant coping" process.

### ***Outcomes of Influencer Advertising Related to Ethical Considerations***

Our focus group findings revealed that young consumers may let themselves be persuaded by the influencers they follow and trust their posts / ads. Thus, we proposed several contingencies of the

relationships posed by the Persuasion Knowledge Model, as consumers do not always “guard themselves” against persuasion. This further raises broader issues about consumer “rationality” and the ethics of influencer advertising even if consumers do recognize that the content posted by influencers is sponsored. Based on our focus group findings, we therefore, place an emphasis on two additional groups of outcome variables related to influencer advertising that have not received sufficient research attention: (1) individual psychological-level outcomes; and (2) moral and affective advertising literacy.

### ***Individual Psychological-level Outcomes***

Participants in our focus groups had frequently purchased influencer-endorsed products even when realizing that influencers have paid relationships with brands.

*“I’ve bought a lot of that [influencer sponsored products]. What I’m wearing right now is off of there basically.”* - Eliza, 20, female

Related to that, a pattern that emerged in the focus groups was the discrepancy between perceived quality and product quality, and self-reported cognitive dissonance. A focus group participant shared:

*“You buy those types of things [products endorsed by influencers] and you end up not liking them. You’re like she looks so nice with it but no it doesn’t work well on me.”* - Harlee, 24, female

Participants reported experiencing some cognitive dissonance regarding their influencer-promoted purchases, noting that the products being endorsed did not necessarily align with the level of quality portrayed online. Such psychological outcomes at the level of the individual consumer are lacking from the literature. Consumers’ self-perceptions (e.g., self-efficacy, ability

to make informed decisions, etc.) can be influenced by frequent experiences that leave them unsatisfied with the products they have purchased.

Participants in our focus groups also reported feeling less productive and “losing their time” with purchases related to influencer recommendations.

Feelings of cognitive dissonance and reduced control over one’s time and productivity can lead to a spiral of sub-optimal purchase decisions that affect consumers’ feelings of well-being and / or their effective participation in market transactions. Recent research suggests that common (and often necessary) consumption can become harmful to consumers if it results in maladaptive consumption (Boland et al., 2020). Overconsumption and / or lack of self-control induced by influencer advertising may result in decreased well-being.

Additionally, our study identified lost sense of purpose and connectedness as a potential outcome:

*“I think that a lot of people start really following the influencer and not exactly what their friends and family are doing. So, the whole premise of the social network kind of gets lost when it’s just “hey, let’s look at these rich famous people” and not -you know- connect with people we know.” - Jessie-Anne, 25, female*

While all of those potential outcomes have wide implications, the influencer advertising literature lacks studies focused on the individual-level psychological outcomes of influencer-induced purchases.

### ***Moral and Affective Advertising Literacy***

Hudders et al. (2017) differentiate among three dimensions of advertising literacy: cognitive, moral, and affective literacy. The cognitive component of advertising literacy has been

operationalized as the consumers' ability to recognize advertising, and to understand its selling and persuasive intent. This is the aspect that has received the most attention in research on advertising literacy in general, and covert advertising (e.g., influencer advertising) in particular, with an emphasis on consumers' ability to recognize the source of advertising via disclosure.

The findings from our focus groups demonstrate the importance of including the additional dimensions of advertising literacy (moral and affective advertising literacy) as outcome variables in future research about influencer advertising. Participants expressed clear judgements about the moral appropriateness and affective coping with the overwhelming presence of covert advertising formats, as exemplified in the following quote:

*“Somehow everything is a commercial almost and I’m guilty of that too I’m not gonna say that I’m not. But it’s, it’s just making it hard to distinguish whether you’re being sold to or whether you’re getting information, right?” - Stella 35, female*

While study participants expressed concerns about the moral appropriateness of some of the tactics used in influencer advertising and commented on their affective reaction, there was also a pattern reflective of young consumers' acceptance of the influencer advertising model as part of daily life.

This pattern is reflective of Wojdyski and Evans's (2020) “bottom-up” advertising recognition where it is suggested that with continued exposure consumers develop an understanding that particular covert executions are actually advertising messages. Most research in the context of influencer advertising to date has focused on effects of disclosure implementation and/or disclosure characteristics as a means of eliciting advertising recognition. Our findings point to a need for understanding better the “bottom-up” recognition where consumers “just know” that what they are being exposed to is in fact an ad. Furthermore, our

results suggest that continued exposure to, and recognition of covert persuasive intent can shift consumers' ethical perceptions and expectations, thus impacting moral and affective advertising literacy. Recent studies have pointed out that we need a better understanding of how conceptual persuasion knowledge impacts consumers' attitudes in the context of influencer advertising, as some of the findings from those studies contradict the predictions of the PKM. For instance, in Boerman's (2020) study, advertising recognition (CPK) did not lead to negative perceptions and intentions (attitudinal and behavioral aspects), which led the author to conclude that sponsored posts are not necessarily seen as a bad thing, and therefore to suggest the importance of examining outcomes such as moral appropriateness, in addition to cognitive aspects. Other studies have also noted that exposure to influencer advertising may not lead to negative perceptions, i.e., CPK does not necessarily lead to negative attitudinal persuasion knowledge (APK) and have suggested to look critically into how persuasion works in the context of influencer advertising (Lou, Tan & Chen 2019; Lou, 2021). Our findings similarly suggest that more research attention is needed to understand how exposure to influencer advertising impacts attitudinal aspects, such as perceptions of moral appropriateness.

As previously mentioned, the individual psychological-level outcomes of continuous exposure to covert ad tactics and the activation of "resistant coping" processes (or lack thereof – as seen in participants' frequent purchases of influencer-sponsored products) is also an area that needs further study. Therefore, based on our findings we advance the following additional propositions:

P4: Continuous exposure to covert advertising tactics / influencer advertising and the activation of "resistant coping" mechanisms impact the development of generation y and z consumers' moral and affective advertising literacy.

P5: Continuous exposure to covert advertising tactics / influencer advertising and the activation of “resistant coping” mechanisms impact generation y and z consumers’ individual-level psychological outcomes.

In figure 1, we offer a graphical representation of our propositions. In the figure, we position trust, transparency, and overconfidence as moderators of the relationship between knowledge of persuasive intent and the activation of resistance coping mechanisms. Furthermore, we include individual psychological level outcomes and moral and affective advertising literacy as important, but under-researched outcomes of being exposed to influencer advertising and the activation of resistance coping processes. Our focus group results suggest pathways from knowledge of persuasive intent (e.g., via disclosure, or via “bottom up” processes where consumers infer that they are being exposed to advertising) to two different groups of outcomes: (1) well-established advertising outcomes such as attitudinal and behavioral outcomes related to brands/influencers; and (2) moral/affective perceptions and psychological consumer outcomes. According to the Persuasion Knowledge Model (Friestad & Wright, 1994) understanding of the selling intent is crucial for activation of resistance mechanisms. It is this understanding that would make consumers be more skeptical about the advertising message (instead of perceiving it as the genuine opinion of the influencer) and potentially decrease purchase intention (Boerman et al., 2018). The understanding of selling intent, thus, acts as a mediator between conceptual persuasion knowledge and outcome variables such as attitudinal and behavioral outcomes related to brands and influencers. This model offers opportunities for future research to test how influencer advertising works to affect a variety of outcomes. In study 2, we test some of the relationships proposed in the model. Specifically, we focus on recognition of persuasive intent via disclosure (as opposed to “bottom up” processes), and one outcome in

each of the two groups: purchase intentions (behavioral brand outcome), and perceptions of moral appropriateness of influencer advertising (an indicator of moral / affective advertising literacy). We also test all three moderator variables.

[Insert Figure 1 here]

## **Study 2**

### **Method**

#### ***Data and Analytical Approach***

In order to test the boundary conditions proposed in the conceptual model that resulted from our qualitative study, we followed the procedures commonly applied in studies on social media influencers, which typically include showing the participants a post (e.g., Instagram post), followed by a series of questions (Naderer et al., 2021; De Cicco et al., 2020; De Jans et al., 2020). While similar in that the stimulus (Instagram post) was followed by a series of questions, this study used a survey research method rather than an experimental method. Previous research has commonly compared disclosure vs no disclosure conditions (hence needing an experimental design); however, we are interested in boundary conditions between disclosure and activation of reactance mechanisms. Therefore, we opted for a survey. We conducted an online questionnaire (n=131) among university students in a major Western Canadian university. Participants were recruited from a research pool, where students receive credit towards their course. At the beginning of the study, students were exposed to an Instagram post by an influencer that contained a paid partnership with a brand, along with a brief description of the influencer. The Instagram post contained a clear disclosure (“paid partnership with [brand]”), following the

standard Instagram disclosure practice. The sponsored product (a well-known brand of shoes) was prominently displayed on the image, and the influencer openly indicated the existence of a paid relationship with the brand in the text as well (in addition to the standard Instagram disclosure). Approximately half of the participants (49.62%) indicated that they were familiar with the influencer featured in the study; 93% were familiar with the featured brand. Sixty percent of participants were male; the majority (95%) were generation Z, while the rest were millennials. Most of the participants were active users of Instagram with 72.5% using Instagram at least 2 times a day.

Our data revealed that close to 22% of participants were able to correctly recall the exact disclosure (paid partnership with [brand]), while a total of 59.38% recalled there was a disclosure even if not remembering the exact disclosure language (e.g., instead of “paid partnership” some participant thought they had seen #ad or #sponsored). To test the proposed model about boundary conditions that could impede the activation of “defense” mechanisms in influencer advertising, we used structural equation modelling (SEM).

### ***Measures***

Existing measures were adopted whenever possible. To measure *knowledge of persuasive intent*, we used the conceptual persuasion knowledge scale commonly used in the literature (Boerman & Muller, 2021; Boerman & Van Reijmersdal, 2020; Van Reijmersdal et al., 2016). Participants were asked 7-point (strongly disagree - strongly agree) questions about their ability to recognize if there was a paid relationship between the influencer and the brand (e.g., “The post I just saw contained advertising”). To model the activation of resistance / “defensive” processes, we included a 7-point (strongly disagree - strongly agree) scale of *understanding of selling and*

*persuasive intent* (based on Boerman et al., 2018) with items including e.g., “The reason a brand is shown in the Instagram post is to sell products”, “The reason a brand is shown in the Instagram post is to make people think positively about the brand”. We use understanding of selling intent as a necessary component of resistance / “defensive” processes, since critical attitudinal outcomes (e.g., skepticism or ad appropriateness perceptions) or behavioural outcomes (e.g., reduced purchase intentions) can only occur if consumers understand that there is a commercial intent behind the social media post. With regard to brand-related outcomes, we focus here on *purchase intention* as an outcome, as it is a widely accepted and used measure. We used a 7-point semantic differential scale (e.g., unlikely - likely, improbable - probable) to assess how likely participants were to consider purchasing the product featured in the post (Lee & Kim, 2020; Till & Busler, 2000; Uribe et al., 2016). To operationalize aspects of moral / affective advertising literacy (our second dependent variable), we followed Boerman et al.’s (2018) scale of *appropriateness* of sponsored content which measures beliefs about the moral appropriateness of sponsored content. Participants were asked on a 7-point semantic differential scale (e.g., inappropriate - appropriate, unacceptable - acceptable) their opinion about individuals being paid to endorse brands on Instagram.

Confirmatory factor analysis (CFA) was performed to assess the measurement properties of those four constructs. The model had good fit:  $\chi^2 = 139.99$  ( $df=84$ ,  $p<.00$ ) ; CFI = .968, TLI = .960, RMSEA=.07, and SRMR=.05. Table 3 shows the factor loadings, construct reliability and average variance extracted (AVE) for the constructs. All constructs were well within norm, with factor loadings exceeding .7 (all statistically significant), construct reliabilities exceeding .9, and AVE above .7. The evidence supports the convergent validity of the model. All AVE estimates

of the constructs are greater than the corresponding interconstruct-squared correlation estimates (shown in Table 4). Therefore, discriminant validity for the CFA model is established.

[Insert Table 3 here]

[Insert Table 4 here]

### ***Moderator Variables***

To measure the boundary conditions that emerged from our qualitative study (trust in influencer, overconfidence, and perceived transparency of the influencer), we adopted existing measures. For *trust in the influencer*, we relied on the trustworthiness scale used by other researchers (De Jans et al., 2020; Ohanian, 1990). It was measured with 4 items on a 7-point semantic differential scale (dishonest - honest, unreliable - reliable, insincere - sincere, untrustworthy - trustworthy) ( $M=4.32$ ,  $SE=.12$ , Cronbach's  $\alpha=.93$ ). We considered participants who answered 5 and above to exhibit high trust in the influencer. Since 4 was the neutral point in our measurement, only those answering 5 and above were classified as exhibiting high trust. This was theoretically relevant for our model, since our focus group results suggested that the link between knowledge of persuasive intent and activation of resistance coping will be weakened in the presence of high trust in the influencer. Thus, for purposes of modelling this variable as a moderator in the SEM model, we divided participants in two groups (1= high trust; 0 otherwise;  $N=82$ ) and used multigroup analysis in SEM.

For perceived *transparency* of the influencer, we created a measurement based on De Cicco et al. (2020). It was measured with 5 items on a 7-point Strongly disagree-Strongly agree scale (e.g., “The influencer clearly stated that the post was an advertisement”, “The influencer

was trying to fool consumers into thinking the Instagram post was not advertising” (reverse-coded) ( $M=4.96$ ,  $SE=.13$ , Cronbach’s  $\alpha=.88$ ). Similar to our trust measure, we considered participants who answered 5 and above to exhibit high perceived transparency of the influencer, while leaving those who answered 4 (the neutral category) and below in the lower perceived transparency category. As before, for purposes of modelling this variable as a moderator in our model, we divided participants in two groups (1= high perceived transparency; 0 otherwise;  $N=63$ ) and used multigroup analysis in SEM.

*Overconfidence* was measured following the procedures of Hilton et al. (2011) for self-placement on a calibration task. First, participants were asked “To what extent do you believe you succeeded in recognizing the advertisement in the Instagram post?” (11-point scale: Entirely failed - entirely succeeded). Next, they indicated to what extent they believed their peers had succeeded at the same task, and to what extent they believed younger consumers would successfully recognize the advertising. The calibration self-placement index was computed by subtracting the others-evaluation score from the self-evaluation score. A positive score indicates participants evaluate themselves as “better-than-average”, i.e. they overestimate their achievements and abilities relative to others (Hilton et al., 2011). For purposes of evaluating overconfidence as a boundary condition for activation of resistance / “defensive” process, we then grouped participants in two groups (0=participants with 0 or negative score; 1=participants with positive scores;  $N=92$ ). Since we are interested in overconfidence, this measurement indicates as 1 those participants who exhibit overconfidence and 0 for everybody else (i.e. participants who do not exhibit overconfidence).

## ***SEM Results***

We started with a base SEM model (Table 5, model 1) which included the four constructs in the model (with understanding of selling intent acting as a mediator), along with several control variables. Specifically, we controlled for participants' gender (0=male), whether they were familiar with the influencer featured in the Instagram post (1=yes), and whether they were regular users of Instagram (being on Instagram at least once a day=1). Additionally, we included a structural link from appropriateness to purchase intention to understand how the perception of moral appropriateness of influencer advertising affects behavioral outcomes. The model performed well with  $\chi^2=202.72$  ( $df=125, p <.00$ ) ; CFI =.956; TLI =.947, RMSEA =.07, and SRMR =.06. We also tested an alternative model with direct links between persuasion knowledge and purchase intention, as well as between persuasion knowledge and appropriateness. The model did not perform any better than the original (base) model, and the analysis revealed that persuasion knowledge does not affect the dependent variables directly; thus, understanding of selling intent acts as a mediator in the model. As a robustness check, we ran the model with brand familiarity as an additional control variable. The results remained the same, and brand familiarity was not significant.

Furthermore, we performed a bootstrapped SEM estimation (with 5000 bootstrap replications) and checked for indirect effects. The results indicated that persuasion knowledge has an indirect association with both dependent variables via the mediation of understanding of selling intent; it had negative indirect association with purchase intent ( $\beta =-.12, p <.10$ ), and positive indirect association with appropriateness ( $\beta =.11, p <.10$ ).

The results of our model (Table 5, model 1) indicate that persuasion knowledge (recognizing the post was sponsored) positively influences the understanding of selling intent ( $\beta = .513, p < .01$ ). Furthermore, being able to understand that there is a selling intent has a negative association with purchase intention ( $\beta = -.221, p < .05$ ). This is in line with the Persuasion Knowledge Model (Friestad & Wright, 1994), which postulates that conceptual persuasion knowledge / understanding the selling intent would activate resistance processes. However, contrary to expectations from the PKM, our results also indicate that understanding of the selling intent is positively related to the perception of appropriateness of sponsored content ( $\beta = .202, p < .05$ ). Thus, for consumers in generation Z (the majority of our participants) who have been exposed to influencer advertising from a young age, the fact that they understand the persuasive intent does not translate into negative moral perceptions about the appropriateness of influencer advertising; on the contrary, as our focus group results in study 1 also indicated, those consumers perceive influencer advertising as part of daily life, which appears to alter their moral perceptions. Importantly, perceptions of appropriateness impact purchase intentions positively ( $\beta = .257, p < .01$ ). Therefore, while understanding of selling intent reduces purchase intention directly, this relationship is partially counteracted by the positive indirect path via appropriateness. In this base model, of the control variables only gender had significant association ( $\beta = .15; p < .10$ ), with women having higher purchase intentions.

Next, we proceeded to model the moderation of influencer transparency (Table 5, model 2), using multigroup SEM analysis<sup>1</sup>. Knowledge of persuasive intent increased understanding of

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<sup>1</sup> For the multigroup analyses, we conducted power analysis a posteriori for the “knowledge of persuasive intent” and “appropriateness” constructs using the mean and standard deviation for the same variables from the studies of Boerman and Muller (2021) and Boerman et al. (2018) respectively. The results indicate that the sample size of the study provides acceptable power values.

selling intent for both the low and the high transparency groups. However, the results reveal that under low perceived transparency, participants activated “defense” mechanisms, as understanding of the selling intent has a negative association with purchase intention ( $\beta = -.251, p < .05$ ), whereas this was not the case for the high perceived transparency group (no significant effect). Thus, perceiving the influencer as being transparent mitigates the probability that consumers will use reactance mechanisms, as specified in the Persuasion Knowledge Model (Friestad & Wright, 1994), and therefore acts as a barrier towards activating such mechanisms. There was no significant association between understanding of selling intent and appropriateness in this model, but we did find that appropriateness increased purchase intention for the low transparency group ( $\beta = .416, p < .01$ ). Of the control variables, familiarity with the influencer positively impacted appropriateness under the high transparency condition ( $\beta = .255, p < .05$ ), while gender (being male) had a negative impact on appropriateness ( $\beta = -.256, p < .05$ ).

In model 3 (Table 5) we present the results of the moderation of trust in the influencer. Knowledge of persuasive intent had a positive association with understanding of selling intent for both the low and the high trust groups. Understanding of the selling intent had a negative relationship with purchase intention for the low trust group ( $\beta = -.243, p < .05$ ), but did not have statistically significant association for the high trust group, indicating that trust in the influencer inhibits the activation of reactance mechanisms. Furthermore, for the high trust group, understanding of selling intent significantly and positively impacted perceptions of appropriateness ( $\beta = .294, p < .05$ ), more so than the low trust group. Having high trust in the influencer, thus, alters moral perceptions and makes consumers justify the appropriateness of influencer advertising even in the presence of clear understanding that there is a selling and

persuasive intent. However, similar to the moderation effect of transparency, here again we observe that in the low trust group, perceptions of appropriateness increased purchase intention ( $\beta = .222, p < 0.05$ ). Of the control variables, in the high trust condition, gender (being female) and being a regular Instagram user had significant positive association with purchase intention ( $\beta = .22$  and  $.19$  respectively,  $p < .10$ ).

Finally, model 4 in Table 5 presents the results of the moderation of overconfidence. Here we can observe that in the overconfidence group, understanding of selling intent decreases purchase intention activating reactance mechanisms ( $\beta = -.219, p < .05$ ), but it also increases perceived appropriateness of influencer advertising ( $\beta = .222, p < .05$ ). The results for the no overconfidence group are troubling, as those consumers failed to activate understanding of selling intent even in the presence of persuasion knowledge (disclosure). Appropriateness had a positive association with purchase intention for this group, while being familiar with the influencer had a positive association with appropriateness ( $\beta = .29, p < .10$ ).

[Insert Table 5 here]

## **Discussion and Conclusion**

As a summary of key findings, our paper contributes to the literature on influencer advertising by demonstrating the importance of trust, overconfidence and transparency as boundary conditions between persuasion knowledge and activating resistance coping mechanisms. Findings from study 1 suggest that more research is needed on (1) consumers' moral and affective advertising literacy and (2) individual-level psychological outcomes (including cognitive dissonance and

impact on productivity). Furthermore, our empirical test indicates the importance of perceptions of moral appropriateness in understanding how influencer advertising works.

The preponderance of research in the context of influencer advertising has focused on the effects of disclosure and its characteristics as a means of eliciting advertising recognition (Wojdyski & Evans, 2020). This body of research relies on the premise that disclosure will activate consumers' reactance since consumers will recognize the persuasive intent. However, recent research has pointed out that we need to understand how persuasion knowledge works in the context of influencer advertising, as some of the premises of the PKM may not hold in this context (Dhanesh & Duthler, 2019; Lou, 2021; Lou, Ma & Feng, 2019). Our study presents two important contributions to this literature, which we elaborate below.

### **Theoretical Contributions**

First, we demonstrate that there are conditions that moderate the extent to which conceptual persuasion knowledge can lead to activation of resistance coping mechanisms. Recent literature has suggested that disclosure alone does not guarantee the activation of resistance coping mechanisms (e.g., Boerman & Van Reijmersdal 2020; Lou, Tan, & Chen 2019). Wojdyski and Evans (2020) propose two potential moderators that can affect the extent of the recognition-reactance relationship in digital native advertising, within which influencer advertising falls: transparency and relevance of the advertising content to consumers' situational motivational goals. Our findings provide evidence that perceived influencer transparency can have a powerful effect on whether or not the knowledge of persuasive intent will lead to the activation of resistant coping mechanisms. In our study, transparency was acting as a boundary condition, reducing the probability that consumers will engage in a resistance process. Additionally, we propose two

more moderators of this relationship – overconfidence and trust in the influencer. While the importance of trust has been discussed before in the literature (e.g., Reinikainen et al., 2020), we supply evidence of the moderating role of trust. Consumers having high trust in the influencer lower their guard, and additionally they perceive influencers being paid by brands as the appropriate thing to do. Overconfidence is also of concern, especially for a demographic group that has grown up being constantly exposed to social media. Those consumers may not activate the reactance mechanisms predicted by the Persuasion Knowledge Model, believing that they will recognize the persuasive intent and will react to it. Our focus group findings suggest that many of the consumers had purchased products endorsed by influencers multiple times in spite of participants' confidence in their ability to recognize paid brand sponsorships. Furthermore, our structural equations model revealed that in the high confidence groups, participants' understanding of selling intent of the message led to increased perceived appropriateness of influencer advertising. However, overconfidence did not act as a boundary condition for the activation of resistance mechanisms, as we did find decreased purchase intention for this group of consumers (i.e. understanding of selling intent had a significant negative association with purchase intention for this group). Therefore, the way in which overconfidence alters consumers' perceptions is different compared to trust and transparency. While high trust and high perceived transparency acted as moderators (and reduced the probability that consumers will activate resistance coping), overconfidence was seen to moderate the effect on moral perceptions (appropriateness of influencer advertising), while not having a significant impact on resistance coping (purchase intention). This result is interesting and points to the importance of examining alternative mechanisms of how influencer advertising works, in addition to the traditional paths

suggested by PKM. Being exposed to knowledge of persuasive intent alters moral perceptions, and those consumers accept influencer advertising as part of daily life.

Second, we propose additional outcome variables that have been so far largely neglected in the literature on influencer advertising and the broader literature on covert intents in advertising: consumers' moral and affective advertising literacy and individual-level psychological outcomes (e.g., cognitive dissonance, feelings of self-efficacy and productivity). Attention to issues related to beliefs about the appropriateness of marketers' tactics have been included in the original specification of the Persuasion Knowledge Model (Friestad & Wright, 1994). However, empirical studies addressing those issues are rare (Van Dam & Van Reijmersdal, 2019). It is imperative that future research further investigate the awareness of the effects of influencer advertising on oneself and related ethical and psychological constructs. In our second study, we tested specifically the role of moral appropriateness, and demonstrated how exposure to persuasive knowledge and understanding of selling intent increases perceived appropriateness. Furthermore, we uncover that perceived moral appropriateness in turn can increase purchase intentions. Thus, even though consumers activate resistance coping via understanding of selling intent (which reduces purchase intentions), this association is counteracted by the positive impact of moral appropriateness. We therefore contribute to theory the understanding of the nuanced ways in which persuasive knowledge affects consumer behavior in the context of influencer advertising. Further research is needed to empirically test the role of the other outcomes identified in our focus groups, such as individual psychological level outcomes.

## **Practical and Policy Implications**

Our study offers important practical and policy implications. For practitioners, our results point to the importance of transparency and embracing a dialogue with consumers, where consumers are actively informed about the paid nature of the relationship between brands and influencers. Our study participants expressed that transparency is an important attribute that can lead to strong long-term relationships which benefit both influencers and the brands that collaborate with them. As the influencer advertising industry matures and consumers learn to recognize the covert persuasive intent of messages even in the absence of disclosure (through a “bottom-up” approach), transparency will become ever more important to ensure that consumers do not feel deceived by influencers and brands. In terms of practical implications, the findings also emphasize the importance of influencer selection, as participants reported that they were more likely to trust an influencer’s endorsement after they have been following them for an extended period of time. For organizations, this could mean there may be more value in partnering with an influencer who has developed a loyal following over several years in comparison to someone who has quickly developed a following due to the level of trust that has been developed over time and its impact the weight of an influencer’s endorsement. Furthermore, an implication for policy resulting from our study includes the need to move beyond cognitive advertising literacy, as disclosure and persuasion knowledge alone may not be enough to protect consumers. Although disclosure is an important first step, we know from previous research that the presence of disclosure does not guarantee that consumers will recognize the persuasive intent (e.g., An et al., 2019a). Specifically, we demonstrate several factors that can weaken the relationship between conceptual persuasion knowledge via disclosure and activation of “resistant coping” mechanisms. Our findings also suggest that continued exposure to covert persuasive messages

can shift consumers' ethical perceptions and expectations, as consumers simply view influencer advertising as part of daily life that they have to cope with, and develop "bottom up" approaches to recognize persuasive messages (Wojdyski & Evans, 2020) based on the characteristics of the message and the context around it. In other words, with influencer advertising, the traditional response of recognizing the persuasive intent of a message does not necessarily trigger the defence mechanisms that have been seen with traditional advertising. From a policy standpoint, it is important to find ways to protect consumers from advertising mediums that have a more nuanced approach and thus raise fewer red flags for consumers. This consequently creates further questions about how to address the importance of moral and affective advertising literacy among consumers.

### **Limitations and Future Research Directions**

There are a number of limitations that are important to discuss. The focus groups relied on participant memory of encounters of influencer advertising. While our aim in this first study was to capture consumers' overall perception of social media influencers from their experience in their daily lives, rather than their perception of one specific presented scenario, memory is far from perfect recall and that is important to note. Participants could be overreporting certain experiences based on primacy and recency effects, and/or they could be reporting more unusual experiences, as they are more memorable (The Von Restorff effect) (Karis et al, 1984; Von Restorff, 1933). In the second study, participants were presented with a specific influencer advertising prompt in which to base their questionnaire responses, reducing the primacy, recency and Von Restorff effect.

Additionally, our study participants were primarily generation Z and college students. We were not able to examine the outcomes of influencer advertising on specific consumer segments. Our focus group results suggest that disclosure recognition may be different for younger children or for less digitally savvy consumers. Further research is needed to examine how influencer advertising affects different outcomes among specific populations. Do younger consumers have lower ad recognition rates due to fewer years of exposure, or do they have higher ad recognition rates due to their affinity for technology? Research suggests that consumers' ability to recognize a message as advertising increases with age and exposure to commercial messages (Rozenaal et al., 2010). Therefore, research comparing age groups would bring further insights into the effects of influencer advertising. Specifically, we find interesting associations as they relate to the appropriateness of influencer advertising, it would be valuable to study this relationship comparatively among various consumer groups. Furthermore, this study tested the appropriateness of influencer advertising (moral /affective advertising literacy) and did not focus on the other individual-consumer level outcomes that our focus group study uncovered. The literature would benefit from further assessing these individual-consumer level outcomes as they relate to influencer advertising. Further, it is important to mention that the cross-sectional nature of the research design is a limitation of the study, and the generalizability is limited due to the sampling method. The aim of the second study was to provide a preliminary test of some of the qualitative study's findings, as such it would be beneficial for future research to test these moderators with a larger sample size. Finally, it is our hope that the results from our research will lead to a more focused research attention toward the various effects of influencer advertising recognition, and the ethical, social, and policy implications of influencer advertising.

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**Table 1: Data structure**

<b>First-order codes</b>	<b>Second-order themes (theoretical categories)</b>	<b>Aggregate theoretical dimensions</b>
<p>Long-term followers / relationship building</p> <p>Authenticity &amp; Relatability</p>	<p><i>Trust in the influencer</i></p>	<p><b><i>Factors that impact the strength of the relationship between knowledge of persuasive intent and the activation of reactance mechanisms</i></b></p>
<p>“Shady” practices</p> <p>Long-term credibility by being open</p>	<p><i>Transparency</i></p>	
<p>I’m fine (I know it’s an ad), but my younger siblings aren’t</p> <p>I know it’s an ad but I am confident I can tell if it’s a good product</p>	<p><i>Consumer overconfidence</i></p>	
<p>Cognitive dissonance</p> <p>Losing control of time and productivity</p> <p>Losing the sense of purpose and connectedness</p>	<p><i>Individual psychological-level outcomes</i></p>	<p><b><i>Outcomes of influencer advertising related to ethical considerations</i></b></p>
<p>Moral appropriateness</p> <p>Affective coping with influencer advertising</p> <p>Acceptance of influencer advertising as part of daily life</p>	<p><i>Moral and affective advertising literacy</i></p>	

**Table 2: Supporting Quotes**

Second-order themes (theoretical categories)	Supporting Quotes
Trust in the influencer	<p><i>“I feel like a lot of people wouldn’t purchase from someone they just started following and they don’t really know. Because that’s really sketchy.” - Jaxon, 22, male.</i></p>
Transparency	<p><i>“It’s more relatable. So, I follow people that I can relate to. So, if I see someone wearing it and they look good and they have like the same features as me, I’ll probably look good in it.” - Cassie, 19, female</i></p>
Consumer overconfidence	<p><i>“Openness and transparency will give them more credibility in the long run. And anything else would just kind of discredit them to consumers.” Asher, 20, male</i></p> <p><i>“So, if it’s someone I’m already following, I’m happy they’re being paid for giving their opinions on these things, it’s good to see them make their own money on it.” - Todd, 19, male</i></p> <p><i>“Especially because social media is reaching such a younger audience who might not be aware of what’s going on. They just see someone on social media wherever using a product and they just jump to the assumption that they should get it.” - Asher, 20, male</i></p> <p><i>“I would say it depends on the influencer because there are some that have useful products and you can see them, you know, just in their daily lives. Cause, like obviously I follow racing people and so you’ll see them post like “hey, I had this crash and this helmet really helped”. You know that is a good brand, right? Even if they are sponsored by them.” - Robbie, 23, male</i></p>
Individual psychological-level outcomes	<p><i>“I’ve gotten a lot of like maybe shoes or clothing pieces or makeup products just based on recommendations and stuff I’ve seen.” - Alexandra, 24, female</i></p> <p><i>“I see too much of it. I see so many ads and I say why am I looking at this? I can be doing other things. Not look at ads all day.” - Rodney, 26, male</i></p>
Moral and affective advertising literacy	<p><i>“Well, I don’t know, I feel like with Kylie Jenner or Kim Kardashian they advertise their products of skincare and stuff and it’s just like in behind the scenes they go to dermatologists, they have all these doctors working on them and they’re like ‘Oh, I got to where I am with my skin products’. It’s just frustrating then, it’s... I don’t know, I feel like that’s how everyone makes money now. And it’s just a world that’s kind of biased and as a consumer you have to just keep your eye out for that.” - Jessie-Anne, 25, female</i></p> <p><i>“I feel like ... people that are always on social media we just always adapt to these ads... I mean it’s literally every Super Bowl, sports. It’s literally everywhere. So, I feel like not all the time it’s necessary for them to like actually put hashtag ad. Like we’re just gonna know, it’s like, like he said it’s like common sense for us that we... we know that it’s an ad.” - Rodney, 26, male</i></p>

**Table 3: Confirmatory factor analysis results**

<b>Constructs and Items</b>	<b>Mean (S.D.)</b>	<b>Factor Loading</b>	<b>Construct Reliability</b>	<b>AVE</b>
<b><i>Knowledge of persuasive intent</i></b>			.929	.814
The post I just saw showed or mentioned brands	5.92 (1.59)	.87		
The post I just saw contained advertising	6.02 (1.54)	.96		
The post I just saw was paid by a brand	5.84 (1.60)	.88		
<b><i>Understanding of selling and persuasive intent</i></b>			.911	.722
The reason a brand is featured in the Instagram post is to sell products	6.56 (.99)	.90		
The reason a brand is featured in the Instagram post is to make people think positively about the brand	6.22 (1.23)	.72		
The reason a brand is featured in the Instagram post is to attract attention to the brand	6.47 (.92)	.78		
The reason a brand is featured in the Instagram post is to encourage people to buy the brand	6.45 (1.05)	.97		
<b><i>Purchase intention</i></b>			.963	.897
How likely is it that you would consider purchasing the product featured in the post? (7-point scale) Unlikely-Likely	2.88 (1.90)	.92		
Definitely would not-Definitely would	2.92 (1.80)	.97		
Improbable-Probable	2.93 (1.89)	.95		
<b><i>Appropriateness</i></b>			.931	.731
I think that individuals being paid to endorse brands on Instagram is (7-point scale): Inappropriate-Appropriate	5.16 (1.64)	.90		
Unacceptable-Acceptable	5.41 (1.73)	.95		
Wrong-Right	4.93 (1.61)	.89		
Unfair-Fair	5.25 (1.73)	.78		
Illegitimate-Legitimate	4.75 (1.87)	.74		

**Table 4: Correlations and discriminant validity**

	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
<b>1. Knowledge of persuasive intent</b>	1.000	.264	.016	.001
<b>2. Understanding of selling and persuasive intent</b>	.514***	1.000	.018	.031
<b>3. Purchase intention</b>	-.127	-.133	1.000	.045
<b>4. Appropriateness</b>	.032	.176*	.211**	1.000

Note: Values below diagonal are correlation estimates among constructs and values above the diagonal are squared correlations. \* $p < .10$ ; \*\* $p < .05$ ; \*\*\* $p < .01$

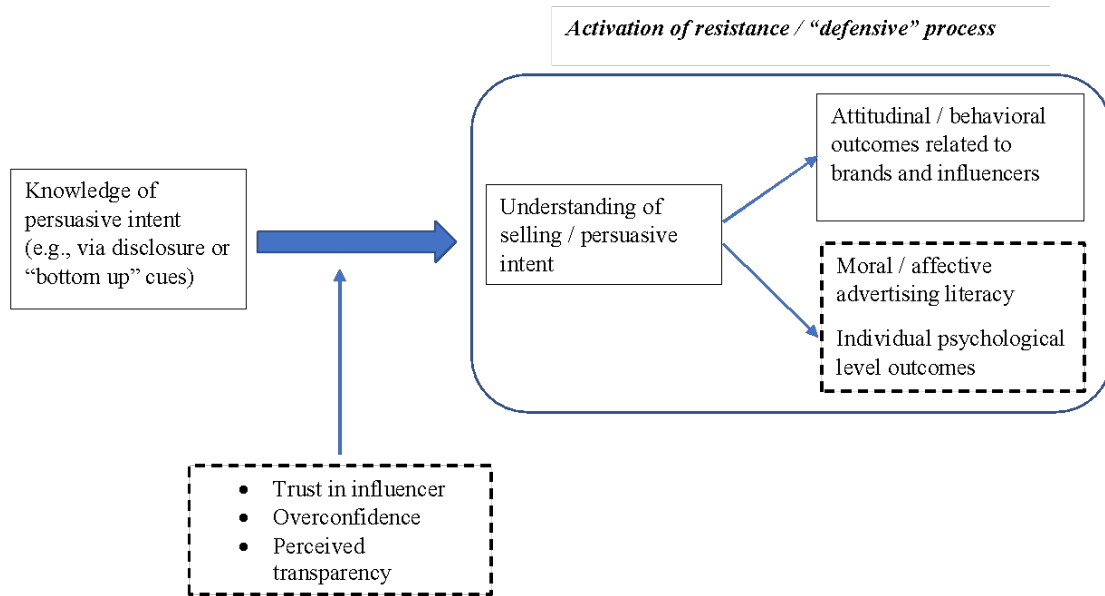
**Table 5: SEM standardized estimates**

Structural relations	Model 1: <i>base</i> model estimate (SE)	Model 2: moderation of <i>transparency</i> estimate (SE)		Model 3: moderation of <i>trust</i> estimate (SE)		Model 4: moderation of <i>overconfidence</i> estimate (SE)	
		Low transparency group	High transparency group	Low trust group	High trust group	No overconfidence group	Overconfidence group
Knowledge of persuasive intent →Understanding of selling intent	.513*** (.07)	.452*** (.11)	.641*** (.09)	.374*** (.10)	.780*** (.07)	.097 (.19)	.713*** (.06)
Understanding of selling intent →Purchase intention	-.221** (.09)	-.251** (.12)	-.138 (.14)	-.243** (.11)	-.107 (.16)	-.208 (.17)	-.219** (.10)
Understanding of selling intent →Appropriateness	.202** (.09)	.166 (.14)	.048 (.14)	.187* (.11)	.294** (.15)	.142 (.19)	.222** (.10)
Appropriateness →Purchase intention	.257*** (.09)	.416*** (.11)	.106 (.14)	.222** (.11)	.224 (.15)	.483*** (.16)	.156 (.11)

\* $p < .10$ ; \*\* $p < .05$ ; \*\*\* $p < .01$ . Control variables are not included in the table for purposes of ease of reading; whenever significant effects of control variables are present, they are included in the text.

SE=standard error

**Figure 1: Boundary conditions for activation of resistance / “defensive” process in influencer advertising**



## **Appendix A: Focus Group Procedure**

Following recommended guidelines for the number of focus groups deemed sufficient for an exploratory study (Morgan, 1996), we conducted three focus groups (each lasting approximately 1 hour) with participants being all students at a mid-sized university in Western Canada. Research ethics approval was granted, participants were recruited through a student research pool, and were offered \$10 gift cards for their time. The 26 total participants included 13 males and 13 females. Similar to Lou (2021), the study was comprised of primarily generation Z with some generation Y participants that represented a range of age groups, 10 participants were aged 18-21, 7 were 22-24, 6 were 25-34 and 3 were 35+. This sample is also in line with related studies on influencers (e.g., Van Dam & Van Reijmersdal, 2019). The participants were all college students studying a diverse set of disciplines: Bachelor of Arts, Bachelor of Science, Business Management and others. Time spent on social media was self-reported and ranged from “a few minutes a day” to “every other minute”. The social networks mentioned most frequently by participants included Instagram, Snapchat, YouTube, Twitter, Facebook and WeChat. In each of the focus groups, participants were welcomed, the researcher discussed the purpose of the study and that participants have the right to skip questions or withdraw from the study at any time. From there, participants provided informed consent and were given a copy of the consent form with contact information for any follow up questions or concerns. Prior to starting the discussion, the researcher also shared with participants that there were no right or wrong answers and that the goal of the focus group was to generate discussion and better understand consumer’s perceptions of social media influencers.

The semi-structured discussion protocol guide provided a level of consistency among the focus groups, assisted in guiding questions on key areas of social media influencers, while also leaving room for natural conversation. The focus groups started with questions on social media use to establish an understanding of their level of familiarity with social media influencers. The following semi-structured questions were broken down into the themes of the study, purchase influence, influencer content and trust, ad recognition, transparency and impact. Based on the discussion of social media use, the participants reported time spent on social media to be an average of 140 minutes in the first focus group, 90 minutes in the second, and 77 minutes among the third group of participants. The number of influencers followed by the study participants varied between the three focus groups. The first focus group followed an average of 23 influencers, the second had an average of 17, and the final group followed an average of 12 influencers. Participants discussed spending time on social media to relax, learn, communicate and as a source of inspiration. Participants were also asked about their perceptions of the importance of disclosure, and ethical issues surrounding influencer advertising. Focus groups were audio recorded and subsequently transcribed for purposes of analysis.

## **Appendix B: Focus group discussion protocol guide**

### Social Media

1. On average, how much time do you spend on social media per day?
2. Why do you spend time on social media?
3. Which social media platforms do you spend the most time on?
4. On average, how much time do you spend on Instagram?
5. How many influencers (people you have never met) do you follow online?
6. Which influencers do you follow, and why do you follow them?
7. Describe the content influencers post.

### Purchase Influence

1. Have you ever purchased a product endorsed by an influencer?
2. What led you to purchase it?
3. Was it a good purchase, why or why not?

### Influencer Content + Trust

1. Do you trust an influencer's opinion, their content and endorsements?
2. Why do Influencers share products/brands with their followers?

### Ad Disclosures

1. Have you ever seen an influencer disclose that a post is paid?
2. Do you believe it is important for consumers to know when an influencer is paid a large sum of money to endorse a product?
3. What types of disclosures have you seen?
4. Which disclosure format do you believe is the most clear and conspicuous?
5. Which scenario do you believe has higher ad recognition? When a brand shares a post about a product or when an influencer shares a product with their followers?
6. Which type of disclosure do you find more effective? When the disclosure is in the description below the photo, or above of the photo? (see pictures)
7. As Instagram is visually focused, do you believe an ad disclosure as a watermark on the image would be more effective? Or should the disclosure be listed in the description below or above the image?
8. Have you seen a post you believe is a paid endorsement that was not disclosed as an ad?
9. What do you think about an endorsed post that is not disclosed as an ad?

### Transparency

1. How do you feel when you see an influencer disclose that a post is paid? (transparency)?
2. Do you appreciate when influencers/brands are transparent in their brand partnerships? Why or why not?
3. Which scenario improves your opinion of a brand, seeing an endorsed post with or without ad disclosure?

### Impact of Influencers

1. Do you believe influencers add value to social media?
2. In your opinion, could influencers be detrimental to social media?
3. Do you believe an influencer's content has the ability to influence a consumer's purchase decisions?
4. As a consumer, do you prefer traditional brand-based advertising or endorsements communicated through an influencer?
5. Which type of consumer would be least likely to understand the nature of an influencer ad?
6. Do you believe influencer marketing should be regulated?
7. Does influencer marketing impact how much time you want to spend online?

### Appendix C: Study 1 Participants (Pseudonyms)

	Pseudonym	Age	Gender	Program of Study
1.	Asher	20	Male	Business Management
2.	Eden	19	Male	Bachelor of Science
3.	Harlee	24	Female	Bachelor of Arts
4.	Eliza	20	Female	Bachelor of Science
5.	Jaxon	22	Male	Bachelor of Science
6.	Stella	35	Female	Public Relations
7.	Robbie	23	Male	Bachelor of Commerce
8.	Sheldon	26	Male	Bachelor of Science
9.	Sophie	19	Female	Design Studies
10.	Rodney	26	Male	Open Studies
11.	Alexandra	24	Female	Bachelor of Arts
12.	Astrid	22	Female	Bachelor of Arts
13.	Bella	21	Female	Paralegal Studies
14.	Todd	19	Male	Business Management
15.	Bianca	24	Female	Open Studies
16.	Xavier	18	Male	Bachelor of Arts
17.	Cassie	19	Female	Open Studies
18.	Elena	26	Female	Open Studies
19.	Joe	18	Male	Bachelor of Science
20.	Bennett	18	Male	Business Management
21.	Adam	29	Male	Design Studies
22.	Rocio	38	Female	Business Management
23.	James	36	Male	Human Resource Management
24.	Elias	25	Male	Human Resource Management
25.	Jessie-Anne	25	Female	Bachelor of Science
26.	Sarah	24	Female	Bachelor of Science