BEHAVIOURAL STUDY ON ADVERTISING AND MARKETING PRACTICES IN ONLINE SOCIAL MEDIA

Annex 2.1 Behavioural experiments

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Behavioural Study on Advertising and Marketing Practices in Online Social Media

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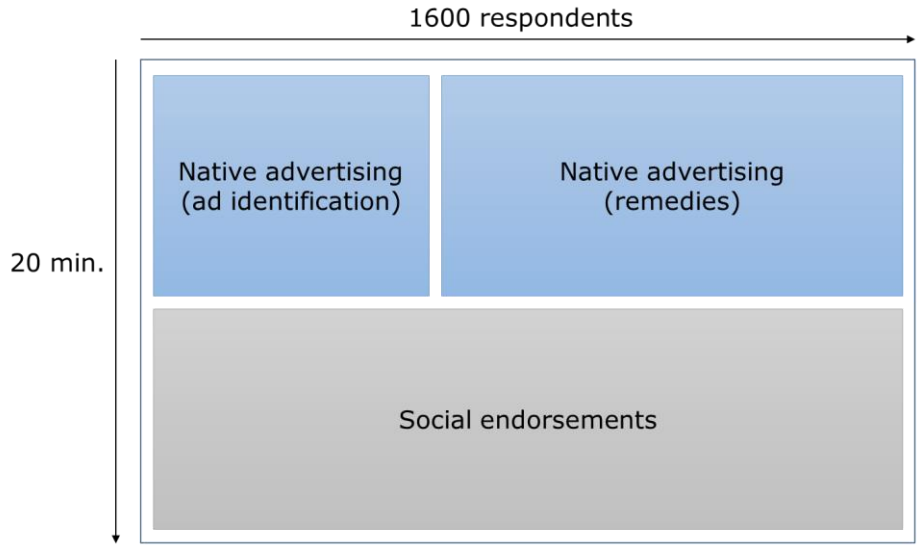
Behavioural Experiments: Online Social Media

Overview of the experiments. Behavioural experiments will be designed and conducted online in six countries. The experiments will be combined into an experimental session with samples of 1600 respondents per country (9600 respondents in total). The session shall consist of two experiments, one related to native advertising and one related to social endorsements. The session will have a duration of approximately 20 minutes, which is considered the maximum to keep respondent engaged and avoid respondent fatigue. From the 1600 respondents per country, 600 respondents will take part in an experiment focusing on native ad identification, and 1000 respondents will take part in an experiment focusing on interventions aimed at facilitating identification of native advertising as commercial (remedies). All 1600 participants will take part in the experiment focusing on social endorsements. Figure 1 provides an overview of the set-up of the session.

The experiments on native advertising always precede the experiment on social endorsement. The reason for this is that in the social endorsement experiment, it is pointed out to participants that the post is an ad, whereas in the native advertising experiments, which posts are ads – and even the knowledge that there are ads on the page – should not be pointed out to participants. In fact, whether consumers can identify ads is an important measure in these experiments. If the social endorsement experiment preceded the native advertising experiments, the focus on the ad in this experiment might inadvertently induce a focus on ads on online social media pages in the experiments on native advertising. To avoid this, the social endorsement experiment needs to come after the native advertising experiments.

Figure 1. Experimental session: set-up.



1. Effects of social endorsements on consumer perceptions and behaviour

Research problem. Practices that distort social proof indicators, such as likes, shares, followers, etc. could be problematic for consumers if their attitudes and behaviour are influenced by these indicators. It is unclear, however, to what extent consumers are susceptible to social proof indicators on OSM platforms. More specifically, it is unclear to what extent they trigger consumer interest the advertised product or brand. The proposed study investigates this.

Types of social proof indicators. Online social information can be classified into *individual* information (e.g. user comments) and *aggregate* information (summary statistics, such as likes, shares, views, followers). Compared to comments, likes are less specific and open to interpretation[1], and hence a more *subtle* cue of social proof (Peter et al., 2014; Winter et al; 2015). There is ample research on effects of user-generated brand related content (i.e. individual information, also referred to as electronic word-of-mouth, e.g. Chu & Kim, 2011; Kim & Johnson, 2016; Kapoor, Jayasimha & Sadh, 2013; Smith, Fisher & Yongjian, 2012; Schivinksi & Dabrowski, 2016; Christodoulides, Jevons & Bonhomme, 2012; Tang, Fang & Wang, 2014). In contrast, literature on the impact of *aggregate* forms of social information is relatively scarce (Peter, Rossman & Keyling, 2014). A small body of literature has examined effects of online social proof indicators (e.g. the number of likes or shares) on attitudes towards user-generated posts and online news or magazine articles (e.g. related to socially sensitive issues such as breastfeeding and marijuana legalization; Jin, Phua & Lee, 2015; Winter, Brückner & Krämer, 2015). For example, in an OSM context, Jin et al. (2015) show that social proof indicators (i.e. the number of likes and shares) are perceived as an indicator of credibility for user-generated content. The current study adds to this literature by focusing on the impact of individual and aggregate information in another area, commercial content.

Research on social proof indicators (individual or aggregate) on responses to commercial content (e.g. sponsored posts, brand fan pages) is surprisingly scarce (Aral & Walker, 2014; Bakshy et al. 2012; Bapna & Umyarov, 2005; Chen, Su & Widjaja, 2016). Bakshy et al. (2012), for instance, show that even minimal social cues (e.g. a single peer who likes the ad) can cause substantial increases in clicks and connections with the advertised brand. However, this effect is strongly dependent on the strength of the relationship between the user and the peer(s) who liked or shared the post (referred to as tie strength; Aral & Walker, 2014; Bakshy et al. 2012; Bapna & Umyarov, 2005). Not unsurprisingly, the effect of social proof is stronger if it comes from peers with which the user has a relatively strong connection, which provides a reason to assume that non-authentic social proof is less problematic. We are not aware of studies that examine the impact of aggregate social proof indicators on consumer perceptions of and attitudes towards the advertised product or brand (trader). The current study focuses on the impact of both individual (a friend's like) and aggregate (multiple strangers' likes) social proof indicators on these perceptions and attitudes.

[1] http://wwlp.com/2014/07/17/what-does-a-facebook-like-really-mean/

Policy relevance. From a legal perspective, business-to-consumer commercial practices are misleading under the UCPD if they contain false or deceitful information, and are likely to lead the average consumer to take a transactional decision he would not have taken otherwise. If consumers' transactional decisions are driven by specific perceptions regarding product characteristics that result from exposure to the social proof indicators, practices that distort social proof indicators may be misleading under the UCPD.

Research context. Two different situations have been identified in which aggregate social proof indicators might provide misleading information regarding products and/or brands. First, product or brand posts may receive fake endorsements, e.g. from fake accounts via click farm companies, generated via automated programs (bots), or via "like for like" or "share for share" services. These fake endorsements, typically from strangers (fake or real), distort social proof indicators, creating artificially high numbers of likes, shares, followers, etc. Second, authentic endorsements of closer network connections (referred to as *friends* in the remainder of the text) may be presented to the user in such a way that they create the impression that the friend endorsed something else than (s)he did *and* did this recently. In other words, real endorsements are "extrapolated" to related content and in time. Here, the focus is on friends, as their – and not so much strangers' – likes are used for these types of social endorsements, most likely because a friend liking a certain brand or product is more influential than a stranger doing so (Aral & Walker, 2014; Bakshy et al. 2012; Bapna & Umyarov, 2005).

We consider the two situations as separate research problems, because they do not merely reflect a difference between endorsements from friends versus strangers, but also a difference in the source of the (potential) deception. In the first case, the endorsements themselves are unauthentic. In the second case, authentic endorsements are presented to the user in a potentially misleading way. Yet, in both cases, the key question is to what extent these social endorsements influence consumers' perceptions of the advertised product and brand and their behaviour.

Unauthentic social proof. In Task 1, fake endorsements boosting aggregate social proof indicators was identified as a potentially problematic practice. This practice occurs on most of the focal OSM platforms and even companies that do not want to associate their brand with unethical practices and purchase ads directly via the social media's own advertising platform find their ads receive likes from seemingly fake profiles. A potential explanation is that click farms try to make their fake accounts look real by also liking legitimate ads.[2]

The question is whether consumers' perceptions and behaviour are influenced by increases in the numbers of likes, shares, followers, etc. through additional endorsements from strangers. To what extent are consumers' perceptions about the product and the brand influenced by the *size* of a social proof indicator, that is, the *number* of likes, shares, followers, etc.? The size of social proof indicators can affect consumers' attitudes and behaviour in at least two ways. First, social proof indicators may be used as information cues. Social proof has been shown to be an important mechanism of social influence (Cialdini, 2001). Especially in ambiguous situations where

[2] http://www.businessinsider.com/facebook-advertising-fake-likes-2014-2?international=true&r=US&IR=T

consumers are uncertain how to behave, consumers may look to (similar) others to inform their own attitudes and behaviour (Cialdini, 2001). The fact that many people perform a certain behaviour (here, liking, sharing, following) may create (false) perceptions of popularity, which leads to more popularity through a bandwagon effect (Salganik, Dodds & Watts, 2006; Sundar, 2008; Sunstein, 2011). Salganik et al. (2016), for example, demonstrate that providing information on how many times songs in a list were downloaded before determined how popular the songs became among the study group, even if the information was false (the researchers inverted true popularity). Second, the algorithms used by OSM platforms often rely on social proof indicators to determine, for instance, the ranking of posts or the prominence of display. In other words, social proof indicators determine what OSM users see and how prominently it is displayed. A large body of literature shows that information availability, prominence, salience, and serial position influence consumer decision-making (e.g. Bagchi & Davis, 2012; Bettman, Luce and Payne, 1998; Carney & Banaji, 2012; Guido, 2001). From a legal perspective, the more relevant question relates to the first type of influence, i.e. to what extent aggregate social proof indicators on social media – the *number* of likes, shares, etc. – signal information about the product or trader to consumers, and how this influences their behaviour. If aggregate social proof indicators influence consumers' behaviour, this may provide a legal basis for evaluating these practices as misleading under the UCPD.

To increase the generalizability of the findings, we propose to study the effect of the number of likes across a number of conditions: (1) across lower versus higher levels of likes and (2) across different (types of) brands and/or products. First, it is important to examine the effect of improvements in the number of likes (or shares, followers, views, etc.) at different levels of likes. It may be the case, for instance, that increases in the number of likes have a big impact on perceptions and behaviour going from 1 to 1000 likes, but may not influence consumer perceptions going from 10K to 100K likes. If unauthentic likes represent further increases in already substantial numbers of likes (e.g. >1000 likes), their impact on consumer perceptions might be much smaller than if they represent increases from only a few likes. Furthermore, studying the effect across brands and products provides important insights into the generality of the effect (Vargas, Duff & Faber, 2017).

Extrapolation of social proof. A second potentially misleading practice related to social proof indicators on social media platforms concerns the extrapolation of social proof from close network connections. This practice of (re-)using (obsolete) social endorsements of brands or products to promote a related post about the brand or a product is specific to Facebook. Other platforms that use social endorsements in advertisements only show direct post likes.

Social media users' likes can be extrapolated in various ways, such as:

- extrapolation to another **content**: An (authentic) like for content A is extrapolated to (related) content B. This may involve the extrapolation of (1) a like for an ad that advertises a specific product to recommend the brand in general, (2) a like for an ad that advertises a specific product to recommend a different product of the same brand, (3) a like for a brand page to recommend a specific product of that brand.

- extrapolation in **time**: An (authentic) like from long ago may be used to suggest that the advertised brand or product was recently liked.

Since this practice was not explicitly identified under Task 1, it is important to first gain a better understanding of which forms of extrapolation actually occur in practice, and whether these are potentially misleading. To this end, we conducted a desk research, including a Google web search as well as the inspection of actual Facebook news feeds. It appears that likes from long ago are indeed sometimes recycled to recommend a brand (extrapolation in time)[3], and this sometimes even occurs with likes from the deceased[4]. As for practices related to extrapolation in content, we have found no evidence for plainly deceptive practices, where users receive *false* information regarding what was actually liked.[5] One practice that does occur frequently, however, is that friends' brand page likes are recycled to promote "related posts" by this brand in which specific products are advertised that were not explicitly liked by these friends.[6] By placing the brand-like above the advertisement, the like may be falsely interpreted as a like for the advertised product. This practice may explain some remarkable examples of consumers' likes being linked to products they would never endorse, such as a vegetarian's "like" for McNuggets (see Figure 2). Typically, this practice also involves an extrapolation in time, as the brand-like can be a recycled like from long ago, possibly months or years after the original like was granted.[7,8]

It is important to note that, here, the like itself is an authentic like: although it may have been long ago and he or she may have forgotten about it, the friend did like the brand page. Also, the like is shown correctly in the sense that it is stated that the person likes the *brand*; it is not explicitly stated that the person likes the product in the ad. However, by the placement of the like above the product ad, the like may be *misinterpreted* as a like for the specific product. This, in turn, might influence product perceptions. Thus, even though no actual false information is provided, the way brand-likes are presented together with ads for specific products might create the false perception that the friend liked the advertised product rather than the brand. This may be misleading, particularly if the ad links directly to a brand's specific product page rather than the brand's home page, as shown in Figure 3. In addition, by not disclosing when the original like was granted, the post may additionally create the false perception that the friend recently liked the post.

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[3] Daily Main Online (2013). *Is Facebook 'impersonating' users to promote stories they've never seen to all their friends?* From: http://www.dailymail.co.uk/sciencetech/article-2267575/Is-Facebook-impersonating-users-promote-stories-theyve-seen-friends.html

[4] Readwrite (2012). *Why are dead people liking stuff on Facebook?* From: http://readwrite.com/2012/12/11/why-are-dead-people-liking-stuff-on-facebook/

[5] A potential way in which brand page like might be used to recommend a *different brand* is when the trader who received the original like changes his brand page name. Likes of the original brand page are then automatically transferred to the new page. Importantly, such a name change is notified to the user.

[6] Forbes (2013). *Facebook is recycling your likes to promote stories you've never seen to all your friends.* From: https://www.forbes.com/sites/anthonykosner/2013/01/21/facebook-is-recycling-your-likes-to-promote-stories-youve-never-seen-to-all-your-friends/#79652aaa17aa

[7] Daily Main Online (2013). *Is Facebook 'impersonating' users to promote stories they've never seen to all their friends?* From: http://www.dailymail.co.uk/sciencetech/article-2267575/Is-Facebook-impersonating-users-promote-stories-theyve-seen-friends.html

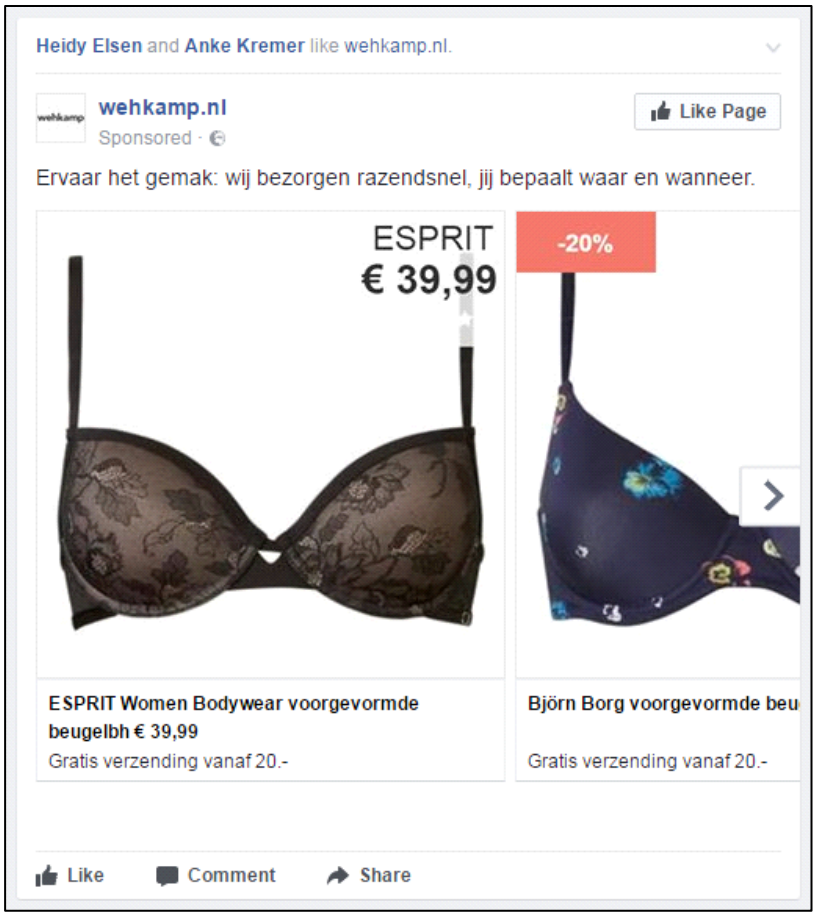
[8] Forbes (2013). *Facebook is recycling your likes to promote stories you've never seen to all your friends.* From: https://www.forbes.com/sites/anthonykosner/2013/01/21/facebook-is-recycling-your-likes-to-promote-stories-youve-never-seen-to-all-your-friends/#79652aaa17aa

Figure 2. Example of a brand-like above a specific product ad: a vegetarian "liking" McNuggets.[9]

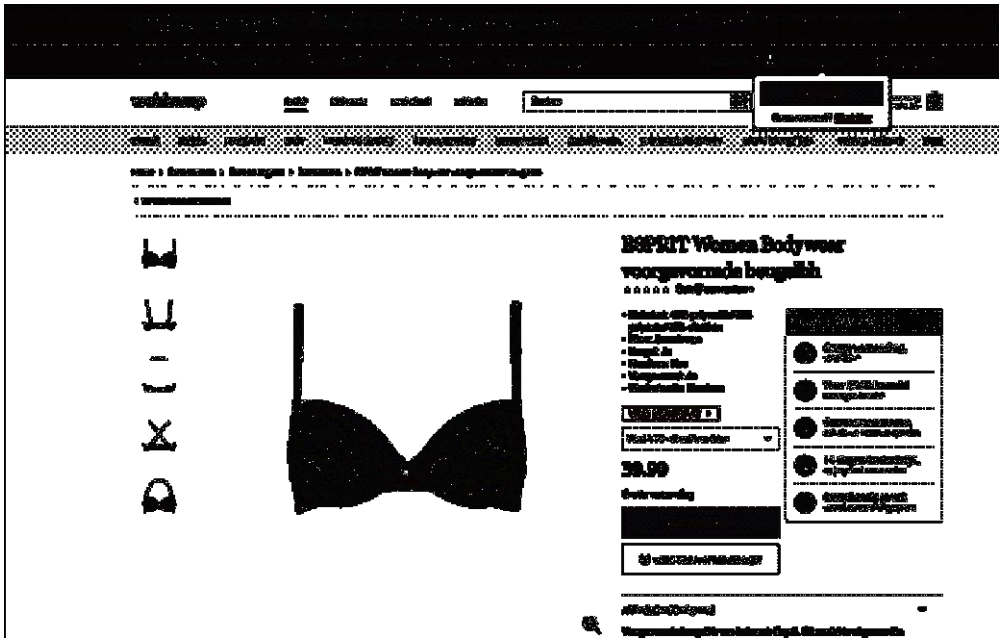
Thus, the use of brand page likes of friends to highlight ads for specific products of the same brand may result in misperceptions related to content (*what*) and recency (*when*) of the friends' like. These are both interesting effects to examine. However, extrapolation in time (when the like was given) seems less problematic than the extrapolation from brand to specific products. After all, even if the like was given a long time ago, the friend *did* like the brand's page, and never unliked it. As for extrapolation to another content, the friend did like the brand's page, but *never liked the specific products* to which the like now seems attached. Because the potential misunderstanding seems more far-reaching for extrapolation to another context than for extrapolation in time, the current study focuses on (consequences of) extrapolation to another context (i.e. from brand to specific products). Again, we propose to study the effects across different (types of) brands and/or products to gain insight into the generality of the effects (Vargas, Duff & Faber, 2017).

[9] Figure copied from http://readwrite.com/2012/12/11/why-are-dead-people-liking-stuff-on-facebook/.

Figure 3. Example of a brand-like above a specific product ad that directly links to the specific product on the brand's web page.



This ad links to the following webpage:



Experimental design. The experiment will address effects of social endorsements in social media advertising, and examine effects of both aggregate and individual, extrapolated

social endorsements. The experiment will employ a 8 (social endorsements) x 2 (product) between-subjects design. Respondents are randomly assigned to one of the following social endorsement conditions:

1. Control 1: no social endorsement, non-social website
2. Control 2: no social endorsement, social media website
3. Aggregate social proof: (approx.) 10 likes
4. Aggregate social proof: (approx.) 1K likes
5. Aggregate social proof: (approx.) 100K likes
6. Individual social proof: brand-like shown above product ad
7. Individual social proof: brand-like shown but separated from product ad (remedy)
8. Individual social proof: product-like shown above the product ad

In this experiment, respondents are presented with a product ad. The product ad is embedded either on a social media website or on a non-social website, such as a news website (the reason for adding this control condition is explained below). In the social media conditions, social endorsement is varied. In the (social media) control condition, the product ad is presented without social endorsement (no likes).

Three conditions establish the variation of aggregate social endorsement (i.e. by strangers), operationalized as the *number of likes*. Three conditions will be used – (approximately) 10 likes, 1K likes, 100K likes – because this allows us to test potential non-linear effects of increases in this indicator.

Another three conditions establish the variation of individual social endorsement (i.e. by friends). In the first condition (condition 6), a product ad is shown with a friend's like of the brand shown above the ad (see, for example, Figure 1). The second condition (condition 7) presents the same information but clearly separates the brand-like from the product ad. This can be done in several ways, such as adding space between the like and the ad or adding an explanation ("X likes <brand>'s page. One of <brand>'s products is presented below"). Thus, the difference between these two conditions is that the brand-like is not clearly separated from the product ad (condition 6) or is clearly separated from the product ad (condition 7). In case a friend's brand-like shown above a product ad is interpreted correctly, we should find no differences between the two conditions in, for example, recall. Consumers should just as easily correctly identify the like as a brand-like when it is not clearly separated from the product ad as when it is clearly separated from the product ad. In case a friend's brand-like shown above a product ad is misinterpreted, however, we should find differences between the two conditions. In that case, consumers link the friend's brand-like to the product shown in the ad, at least to some extent, instead of solely to the brand. The brand-like should then more often be falsely recalled as a product-like instead of a brand-like. Note that although condition 7 is first and foremost included to determine whether misconceptions occur in condition 6, at the same time it offers a potential remedy if misconceptions do indeed occur. The third condition (condition 8) presents the same information as in condition 6 (brand-like shown above the product ad) but replaces the brand-like with a product-like. Thus, in this case, the like does refer to the product that is shown in the ad. Whereas a comparison of the first two conditions shows whether consumers misinterpreted the like to some extent, a

comparison between the first and third condition shows whether this goes as far as interpreting a brand-like above a product ad as a product-like. If we do find a difference between conditions 6 and 7 (suggesting a misinterpretation of the like) and find no differences between conditions 6 (brand-like) and 8 (product-like), we can assume that the brand-like shown above the product is interpreted completely as if it were a product-like. If in this situation, we do find a difference between conditions 6 and 8, we can assume that the brand-like is incorrectly linked to the product ad but not to the extent that it is completely interpreted as a product-like. Thus, a comparison between conditions 6 and 7 reveals *whether the brand-like is misinterpreted* and a comparison between conditions 6 and 8 reveals the *degree* of this misinterpretation.

Finally, a no social endorsement on a non-social website condition is added (condition 1). This condition includes the same product ad as in the other conditions but on a non-social website, such as a news website, without any social endorsements. Thus, except for the medium (social vs. non-social), there are no differences between conditions 1 and 2. The reason for including such a condition on a non-social website is to be able to investigate the effect of the social aspect of the ad (the social "wrapping" of advertising) on consumer interest in the ad and/or product, a requirement in the ToR. By comparing the non-social context to the conditions with a social context, we gain insight into the impact that the online social media context has on consumer susceptibility to commercial practices. On the positive side, authentic social endorsements on social media might lead consumers to more reputable traders; on the negative side, consumers might lower their defences, mindlessly following others who have liked (or appear to have liked) the product, without critically evaluating the ad.

Apart from varying the presentation of the like, we propose to vary the brand and/or product for generalizability.

Procedure and measures. Respondents are presented with a product ad on a (social or non-social) website. For both the individual (a friend's brand-like) and aggregate (number of strangers' likes) social endorsements, we are interested in the effect of the endorsement on consumer interest, specifically product (and brand) perceptions and purchase intention. Therefore, after having been exposed to the ad, we measure (1) consumers' perceptions of the product and brand and (2) immediate and delayed purchase intention. Immediate purchase intention is measured by the extent to which consumers intend to buy the product and the extent to which consumers would be willing to try the product. Delayed purchase intention is measured in a stimulus-based choice task (see e.g. Ferraro, Bettman & Chartrand, 2009; Lee, 2002; Miniard, Sirdeshmukh & Innis, 1992), which is presented as a new, unrelated study. Respondents read a cover story, which informs them that this study is about how consumers make choices among different products. They are asked to imagine that they went to a local shopping mall to buy a number of items. Next, they are presented with a number of choice sets, each consisting of four products belonging to the same product category (e.g. four watches, four pairs of sunglasses, etc.), and are asked to choose the item they would prefer. The choice sets contain the product from the ad, as well as new products. These other products are shown before the product of interest to allow for a delay between the exposure to the product in the ad and the choice task.

For conditions 3-8, the experiment ends with a recall measure. Respondents see the same ad as before, but this time *without social endorsement*, no matter the condition they were in. In conditions 3-5, respondents are asked in a multiple choice question how many people had liked the ad. For these conditions, the recall serves as a manipulation check. In conditions 6-8, respondents are reminded that a friend's like was presented above the ad, and asked whether the friend liked the brand or the product. For these conditions, recall is one of the key outcome measures, showing whether consumers misinterpret a friend's brand-like when it is not clearly separated from a product ad.

2. Native advertising

Research problem. Based on Task 1.3, we concluded that consumers seem to be quite confident and accurate in identifying commercial content as commercial. Nonetheless, several examples have been identified in previous tasks of commercial practices that consumers (may) have problems with identifying as commercial, such as covert product placements, native advertising and advertorials. The proposed study zooms in on the practice of native advertising. Native advertising involves presenting online advertising content that resembles, in format and content, the non-advertising (organic) content that is published on the same platform (Wojdynski, 2016). Wojdynski (2016) categorises online native advertising into three types primarily based on their function and context: (1) native content, (2) native hyperlinks, and (3) native social media posts. The proposed study focuses on native social media posts, which are ubiquitous on OSM platforms (see Task 1.3). Native ad content on social media platforms is made to look like the content that is posted by other users and is typically integrated within the user's news feed in a manner that resembles the user-generated feed content.

Whereas relatively much is known about other types of disguised advertising and sponsorship disclosure, such as in the context of celebrity endorsements and – increasingly – endorsements by other types of social influencers (e.g. bloggers, vloggers), surprisingly little is known about online native advertising. In a recent literature review on disguised advertising practices, Boerman and Van Reijmersdal (2016) identified 21 studies that investigated effects of disclosing sponsored content. These studies related to advertorials (print), brand placement (TV and movies), video news releases (TV), and advergames and blogs (online), none of them addressed online native advertising practices. Several authors (Elsen, Pieters & Wedel, 2016; Pieters & Wedel, 2012; Wojdynski & Evans, 2015; Wojdynski, 2016) have called for more research on effects of native advertising. For example, Wojdynski (2016) argues that current guidelines (e.g. by the FTC, the IAB and the ASME) "*are based on little empirical research to date regarding how consumers attend to and perceive native advertising content, broadly, and to labels in such content that help identify advertising, specifically*" (p. 4).

Policy relevance. From a legal perspective, native advertising that does not disclose sponsorship is prohibited under the UCPD blacklist. However, many examples do provide some disclosure, e.g. by being clearly linked to a trader's account (identifiable brand name or logo). The legally relevant question is therefore the degree of disclosure that is required, which is unclear. While the practice of blending advertising into non-advertising content is not new, the current grey area regarding what constitutes deceptive content online and what is ethical/legal makes it an interesting and relevant research area.

Native advertising. At the root of the question whether disguised advertising is problematic to consumers is the assumption, well supported by prior research, that consumer awareness of persuasive intent changes how they process and respond to persuasive messages. Consumers have a natural tendency to resist persuasion attempts (Friestad & Wright, 1994). They generally respond negatively to covert marketing when they realize it is occurring, particularly if they perceive the marketing tactic as inappropriate (Wei, Fisher & Main, 2008). Underlying motives are an innate desire for

independence and autonomy, reluctance to change, and concerns of deception (Fransen, Smit & Verlegh, 2015). Being exposed to countless persuasive messages over the course of a lifetime, consumers acquire knowledge on persuasion tactics and use this knowledge to react to persuasion attempts, such as treating them with a fair amount of distrust and skepticism (Friestad & Wright, 1994), resisting them (Fransen, Verlegh, Kirmani & Smit, 2015) or avoiding them altogether (Cho & Chen, 2004). However, before consumers can apply these resistance strategies, they first have to identify the message as being an advertisement. Once consumers recognize a message as advertising, persuasion knowledge is likely to be activated, which entails a critical evaluation of the ad in terms of fairness, reliability and trustworthiness (Boerman, 2014; Campbell & Kirmani, 2000). Thus, consumers must be *aware* of the persuasive intent of the message before persuasion knowledge is activated and used in the evaluation of the ad content.

Due to exposure to enormous amounts of advertising messages over the course of time, consumers are generally very good at identifying ads as being ads. Consumers have acquired memory representations (schemas) of the typical ads that they encounter (Elsen, 2012; Elsen, Pieters & Wedel, 2016; Pieters & Wedel, 2012). These strong memory representations of typical ads help consumers to identify ads as being ads almost instantly upon exposure to them. Research has shown, for instance, that static ads, such as magazine ads, can be identified as being an ad with about 80% accuracy in as little as 100 milliseconds, and well above chance level within a mere 20 msec. (Pieters & Wedel, 2012). The fact that it often takes only a split-second to identify an ad as being an ad explains why consumers are good at ignoring and avoiding advertising (Cho & Chen, 2004).

Native advertising is a reaction of advertisers to increased ad avoidance and the resulting decreased effectiveness of more blatant forms of online advertising, such as display ads (Wojdynski, 2016). This type of advertising is considered an important way to cope with revenue problems as a result of ad avoidance, to circumvent consumers' resistance strategies[10], or "to get an advertising message around ad blocking software"[11]. Marketers consider native advertising a win-win situation for both advertisers and consumers.[12] They argue that native advertising provides a much less disrupting advertising experience[13] and more relevant and inspirational content[14] and hence a more acceptable form of advertising[15] for consumers. Yet, the popularity of the practice raises concerns about the ethics of the practice (Berry, 2014; Colhoun, 2015; Dumenco, 2014; Wasserman, 2013). By resembling, in format and content, the non-commercial content on the same platform, native advertising seems to prevent the activation of persuasion knowledge, which reduces ad skepticism (Obermiller 2005). This raises the concern that the success of native advertising is in fact due to deception of consumers (Wojdynski, 2016). When consumers are not able to recognize advertising content as advertising, they may be persuaded into commercial transactions that they otherwise would not have

[10] http://www.brandba.se/blog/2016/10/13/is-native-advertising-the-answer-to-increasing-ad-avoidance
[11] http://adage.com/article/digitalnext/effective-native-ads-a-solution-ad-blockers/302476/
[12] http://www.adweek.com/digital/james-jorner-effective-inbound-marketing-guest-post-native-advertising/
[13] http://www.businessinsider.de/spending-on-native-ads-will-soar-as-publishers-and-advertisers-take-notice-2014-11
[14] http://socialfrontier.com/all-you-need-to-know-about-native-advertising/; http://www.inma.org/blogs/research/post.cfm/study-86-of-readers-are-ok-with-native-advertising
[15] http://www.bizreport.com/2016/02/native-ads-to-dominate-display-ad-spending-by-2020.html

made (Cain, 2011). The question is to what extent this is a problem on social media platforms: *To what extent are consumers able to identify native social media advertising as commercial?* To what extent are consumers' responses to native social media advertisements based on false beliefs that the content is user-generated?

Effects of disclosure ("remedies"). If native social media ads, or certain forms thereof, appear difficult to discern from non-commercial content, in general or for specific consumer groups, a follow-up question is *to what extent increased transparency about the commercial intent would help consumers to recognize advertising on social media, and to what extent it would alter their behaviour*.

Surprisingly little is known about consumers' ability to identify native social media ads for what they are and effects of disclosure on consumer responses (Wojdynski, 2016). One recently published study examined effects of sponsorship disclosure on ad identification (i.e. identifying an ad as being an ad) and persuasion knowledge in the context of Facebook (Boerman, Willemsen & Van der Aa, 2017), showing that sponsorship disclosure activates persuasion knowledge when the commercial message is posted by a celebrity, but not when the same message is posted by a brand (brand posts are identified with greater accuracy independent of disclosure). Other studies on effects of sponsorship disclosure in native advertising focus on non-social online platforms, such as news websites (Wojdynski & Evans, 2015), blogs (Hoofnagle & Meleshinsky, 2015), and mobile search apps (Sahni & Nair, 2016). Table 1 provides an overview of potential remedies aimed at improving the identification of native advertising as advertising. Three general categories emerge from the literature:

- Forewarnings / education. Thus, warning consumers for the presence of native ads on OSM sites. In general, such warnings seem only effective if they meet certain conditions, such as being delivered free of distractions (Quinn & Wood, 2004).
- Decreasing the "nativeness". For example, changing lay-out or content dimensions (see Wilkinson, Hausknecht, & Prough, 1995 for an examination of how content dimensions affect ad recognition), highlighting ads (Sahni & Nair, 2016), or moving ads to a separate location on the platform.
- Adding a disclosure label. To effectively influence a consumer's processing of native advertisements, the label must be attended to and comprehended (Sahni & Nair, 2016; Wojdynski, 2016). Attention might be increased by changing the features of the label, such as its size, or giving the label a more prominent location on the ad (Boerman, Van Reijmersdal, & Neijens, 2014; Wojdynski & Evans, 2016). Comprehension might be increased by making the wording of the label more explicit (Edelman & Gilchrist, 2012, Hoofnagle & Meleshinsky, 2015), providing the label in consumers' own language, or providing an explanation if a not well-recognized logo is used.

Some of the suggested potential remedies have been empirically tested before. However, we are aware of only one study that investigated effects of sponsorship disclosure of native advertising in a social media context (sponsored posts on Facebook; Boerman, Willemsen & Van der Aa, 2017). This study examined effects of disclosure in the form of a label with the text "Sponsored" (as is currently used on Facebook). Other findings presented above and in Table 1 are either from research on advertorials in traditional media, sponsored television content, influence appeals (e.g., article opposing

something), or native advertising on *non-social* sites (e.g. online news site, search platform).

Table 1. Potential remedies.

	Category	Specific remedies	Previous findings	Context
1	Forewarnings / education	Warnings delivered free of distractions and not jeopardizing a person's self-image	Though it depends on the context, in general, warnings generate resistance to influence appeals (Quinn & Wood, 2004).	Journal articles
2	Decreasing "nativeness"	Different size / font / style	Consumers base assessment of whether something is advertising or content on content dimensions including size and style of type (Wilkinson, Hausknecht, & Prough, 1995).	Advertorial in newspaper
		Highlighting the ad	Sahni & Nair (2016) examined several versions of native ads on a restaurant search platform, in one condition highlighting the ad to make it more prominent. However, they found that consumers made their choices deliberately after a substantial search, and found little evidence that the native ad "tricked" consumers. Perhaps as a result thereof, making the ad more prominent by highlighting it did not appear to change behaviour (page visits and calls to the restaurant).	Mobile (restaurant) search app
		Position on platform	Expectation: better recognition if paid ads are in a separate location compared to mixed with other posts.	Not empirically tested
3	Disclosure label		To effectively influence a consumer's processing of native advertisements, the label must be (1) attended to (noticed) and (2) comprehended (Sahni & Nair, 2016; Wojdynski, 2016).	
A	Attention (increasing label salience)	Features of the label (e.g., size, boldness)	Expectation: more salient (e.g., larger) label, more attention, better recognition.	Not empirically tested
		Positioning of the label	Disclosure prior or concurrent with advertising increases ad recognition compared to disclosure at the end (Boerman, Van Reijmersdal, & Neijens,	Sponsored television content

		2014).	
		Consumers are more likely to notice a disclosure when positioned within the text of an article than above the headline or at the end (Wojdynski & Evans, 2016).	Advertorial on news website
B Comprehension	Wording (explicitness / transparency)	Less clicking (increased ad recognition?) with label "paid advertisement" than with "sponsored link" or "ad" (Edelman & Gilchrist, 2012).	Online search engine
		Greater ad recognition for wording that more clearly/explicitly indicated advertising ("advertisement", "sponsored content") than more ambiguous wording ("presented by <sponsor>", "brand-voice"; Wojdynski & Evans, 2016).	Advertorial on news website
		But even "sponsored content" may not be clear enough, as a significant minority still does not recognize the ad (Hoofnagle & Meleshinsky, 2015).	Advertorial on blog page
		No effect of label with text "Sponsored" on ad identification for brand posts (brand itself signals persuasive intent)	Facebook suggested post
	Language	Expectation: own language, better comprehension, better recognition.	Not empirically tested
	Logo vs. text	A product placement logo was not understood well, unless explained by text (Boerman, Van Reijmersdal, & Neijens, 2015) or in a "label training" (Tessitore & Geuens, 2013).	Sponsored television content

The proposed experiments. We propose to conduct two experiments with separate respondent samples and an average duration of 10 minutes each (see Figure 1). Experiment 1 will provide insight into the extent to which native online social media advertising is problematic in the first place. Experiment 2 focuses on the degree of disclosure that is required to identify native advertising as advertising (remedies). The key outcome measure in the experiments is ad identification: are consumers able to identify native social media ads as advertising, that is, are they aware of the commercial intent of this type of content? Another relevant question is to what extent awareness of commercial intent influences respondents' attitudes and behaviour. Based on the literature, the hypothesis is that, compared to a situation in which consumers are not

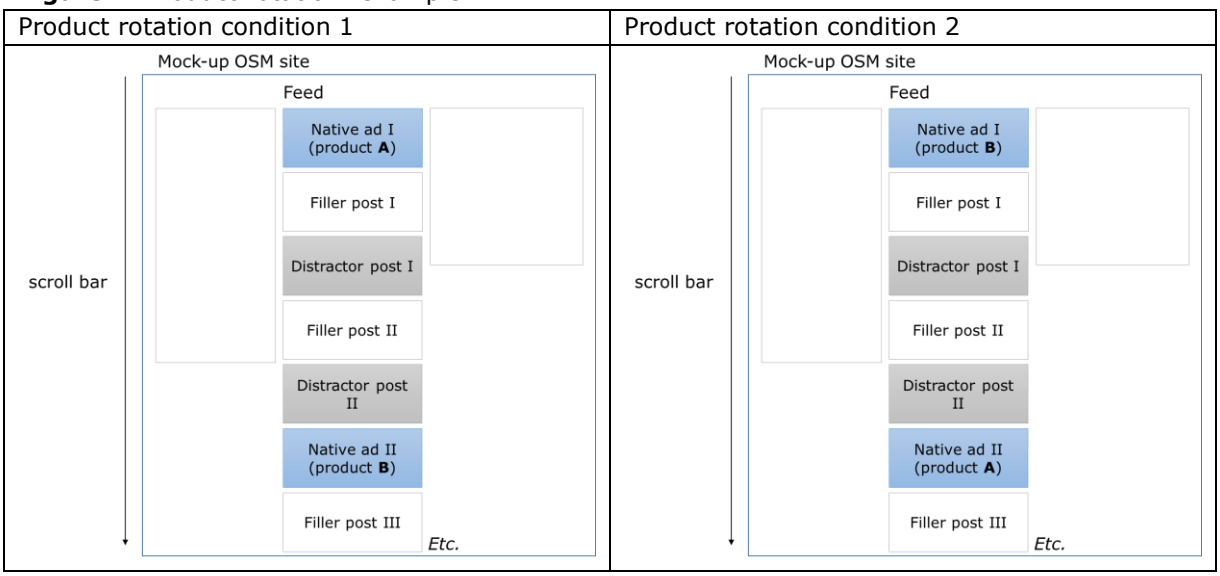
aware of the commercial intent of a native ad message, increased awareness produces more negative ad responses, due to the activation of persuasion knowledge (Friestad & Wright, 1994; Boerman, Willemsen & Van der Aa, 2017). Thus, consumers who do not identify native advertising as commercial are more likely to accept the ad's message, which in turn might increase brand choice (Shimp, 1981). In both studies, we will assess (1) ad identification (i.e. ability to identify native ads as being ads), (2) ad/message evaluations, and (3) purchase intentions and/or (delayed) product choices.[16]

Experiment 1: Is native advertising problematic?

Experiment 1 investigates to which extent native social media advertising is problematic. Native social media advertising is defined as advertising that is integrated within the user's news feed, and that resembles – not only in format but also in content – other, user-generated posts.

Experimental design. The study will employ a 2 (native ad type) x 2 (platform) x 2 (product type) + 2 (no ads) mixed design. Two mock OSM sites will be created, imitating two different OSM platforms, which respondents can scroll through. Accurate recognition of advertising content does not only involve the ability to identify ads as commercial but also the ability to identify other non-advertising posts as non-commercial. To adequately assess respondents' ability to distinguish advertising from non-advertising content, we also include distractor posts that are not advertisements, but may be (falsely) identified as being commercial. Each OSM site will contain about 10 posts, including two native target ads, two distractor posts, and six filler posts.

Figure 4. Product rotation: example.



Respondents are randomly presented with one out of the two mock OSM websites (platform is a between-subjects factor). The ad types will be varied within-subjects: each respondent will be exposed to two types of native ads on a certain platform, as well as a number of other (non-commercial) posts. For the ad types, it makes most sense to

[16] The experiments will be designed such that undesirable effects of the order in which questions are asked are avoided as much as possible (Rasinski, Lee & Krisnamurti, 2012).

include types of native ads (and mimic platforms that feature these ads) which are (1) expected a priori to be relatively difficult to distinguish from non-commercial content (e.g. based on Task 1.3), and (2) that are 'clearly' advertising (i.e. not ambiguous in terms of commercial intent). Product types will be rotated across the two ad types on a platform, as in Figure 4. Finally, two control groups are added to the design (one for each platform) in which no ads are presented. These control conditions will provide insight into and allow us to correct for false memory for ads that were not presented (respondents may have a tendency to confirm having seen ads if this question is asked, due to acquiescence ("yeah-saying") or social desirability bias, see e.g. Knowles & Nathan, 1997; Wojdynski, 2016). In addition, in the choice task (explained in the next section), this control group will establish a baseline measure of product/brand attractiveness. That is, it provides insight into which product choices consumers would make in the absence of advertising. Table 2 provides an overview of the conditions and sample sizes per condition.

Table 2. Overview of conditions and sample sizes per condition.

	Platform type						
	Platform I			**Platform II**			
	Product rotation		**Control**	**Product rotation**		**Control**	
	Product rotation condition 1	Product rotation condition 2	No ads	Product rotation condition 1	Product rotation condition 2	No ads	Total
Ad type I	N = 100	N = 100	NA	N = 100	N = 100	NA	N = 400
Ad type II	N = 100	N = 100	NA	N = 100	N = 100	NA	N = 400
Total	N = 100	N = 100	N = 100	N = 100	N = 100	N = 100	**N = 600**

Procedure and measures. In experiment 1, ad identification – that is, the accurate recognition of advertising content – is the key outcome measure. Establishing a valid measurement of identification of native advertising content is important but also challenging (Wojdynski, 2016; Wojdynski & Evans, 2015), because simply the suggestion that the content they just viewed might be advertising might lead participants to report false recognition based on social desirability or acquiescence. Therefore, Wojdynski (2016) recommends (1) using an approach that discriminates between respondents' recognition of target native advertising and other content, and (2) asking respondents to provide detail about how or where they noticed the advertising content. Our proposed ad identification measures, which are explained below, incorporate both aspects (discriminability and detail).

The experiment will be presented as a study about website evaluation. Respondents are randomly assigned to one of the six between-subjects conditions (2 x 2 + 2 = 6 between-subjects conditions[17]). All respondents are informed that they are about to see a social media website. They are instructed to look at/scroll through the website and informed that, after looking at the website, they will be asked what they think of the website and the information on it. Then, a social media site is shown (either for platform I or for platform II) which contains two types of native ads for two different products, the

[17] Note that ad type is varied within-subjects, i.e. each respondent shall be exposed to both ad types on a certain platform.

two distractors as well as a number of filler posts. Respondents can look at the website as long as they want before continuing with the questionnaire.

The questionnaire starts with a general question assessing their evaluation of the website, followed by questions tapping into ad identification: did they see ads on the social media site, how many, for which products, etc.? Next, respondents are exposed to the website once again. This time, they are asked to indicate for each post (so for target ads, distracters, as well as filler post) (1) whether they think the post is an ad or not (identification) and (2) how much they like the post and/or how interesting they find the post (evaluation). This second identification measure allows us to gain insight into respondents' ability to *discriminate* native advertising from non-commercial content (Elsen, 2012; Taschian, White & Pak, 1988), as it allows us to correct "hits" (accurately identifying an native ad as commercial) for "false alarms" (inaccurately identifying non-ads as commercial). The questionnaire starts with website evaluation for consistency with the cover story, but note that this represents also an interesting measure itself: if native advertising is identified as advertising and consumers' persuasion knowledge is activated, the (predicted) negative responses to this type of advertising might carry over to the website that displays this type of ads. If (identification of) native advertising reduces trust in the platform, this could provide an incentive to OSM platforms to not disguise advertising. After completing this task, respondents are thanked for their participation and continue to the next study (which is the experiment related to social endorsements).

Then, in an ostensibly unrelated study (this study is framed as a new, third study), respondents take part in a stimulus-based choice task (see e.g. Ferraro, Bettman & Chartrand, 2009; Lee, 2002; Miniard, Sirdeshmukh & Innis, 1992). Respondents read a cover story, which informs them that this study is about how consumers make choices between different products. They are asked to imagine that they went to a local shopping mall to buy a number of items. Next, they are presented with a number of choice sets, each consisting of four products belonging to the same product category (e.g. four watches, four pairs of sunglasses, etc.), and are asked to choose the item they would prefer. The choice sets contain the products from the target ads, as well as other products (products shown in the distractor posts as well as new products).

Experiment 2: Which degree of disclosure is needed to identify native ads as advertising?

Experiment 2 examines the degree of disclosure that is necessary to recognise native advertising on social media, thereby focusing on remedies.

Experimental design. The experiment shall employ a 5 (disclosure type) x 2 (native ad type) x 2 (product type) mixed design. Consumers shall be presented with a mock OSM site they can scroll through, which is the exact same as one of the websites used in Experiment 1. Table 3 provides an overview of the conditions and sample sizes per condition.

Table 3. Overview of conditions and sample sizes per condition.

	Disclosure type/degree					
	No	Standard	Remedy 1: High-	Remedy 2: Salient	Both remedies	Total

			lighted	label		
Product rotation 1:						
Ad type I	N = 100	N = 100	N = 100	N = 100	N = 100	N = 500
Ad type II	N = 100	N = 100	N = 100	N = 100	N = 100	N = 500
Sub-Total	N = 100	N = 100	N = 100	N = 100	N = 100	N = 500
Product rotation 2:						
Ad type I	N = 100	N = 100	N = 100	N = 100	N = 100	N = 500
Ad type II	N = 100	N = 100	N = 100	N = 100	N = 100	N = 500
Sub-Total	N = 100	N = 100	N = 100	N = 100	N = 100	N = 500
Total	N = 200	N = 200	N = 200	N = 200	N = 200	**N = 1000**

We systematically vary the type/degree of disclosure. One condition contains an ad without disclosure (no disclosure condition) to examine the effect of disclosing. The other four conditions do contain disclosures. We will vary two remedies in a full factorial 2 x 2 design:

1. Standard disclosure (e.g. "Sponsored" label)
2. Highlighting (remedy 1)
3. Increasing label salience (remedy 2)
4. Highlighting and label salience

The remedies reflect different types of disclosure that are expected to work via different psychological processes. Highlighting the ad, which decreases the ad's nativeness, is a visual intervention that can be processed at a low level (system 1). In contrast, for a disclosure label to be effective, consumers have to notice it and read it. As such, adding disclosure labels constitutes a more cognitively demanding intervention. In this study, we aim to increase the salience of the standard disclosure label, e.g. by making it larger and/or bold-faced.

Procedure and measures. The experimental procedure is somewhat different from the procedure used in Experiment 1. The idea is that native advertising may be regarded as particularly problematic if consumers are not only unaware of the commercial intent of these ads, but also lower their defences and accordingly make decisions they may not have taken if they had been aware of the commercial intent. To adequately measure this process, respondents' attitudinal responses and behavioural intentions should be assessed *before* the measurement of ad identification (which would focus attention on advertising). Therefore, and more or less similar to the procedure used by Boerman, Willemsen & Van der Aa (2017), this study will employ the following procedure:

1. Cover story (study about website evaluation), as in Experiment 1
2. Exposure to website with native ads, distractor posts and filler posts, as in Experiment 1
3. Measurement of website evaluation, as in Experiment 1
4. Measurement of respondents' interest in the post (e.g. how interesting/uninteresting, would like to read more, intention to click/share/like, etc.), for each individual post
5. Respondents continue to the next study (which is the experiment related to social endorsements), as in Experiment 1
6. Ostensibly unrelated study with stimulus-based choice task, as in Experiment 1
7. Exposure (once more) to ads and distractor posts shown in the first part of the study - one by one – and measurement of ad identification (ad or not?) and

persuasion knowledge (e.g. this post is… "honest", "trustworthy", "biased", "not credible"; see Boerman Willemsen & Van der Aa, 2017)

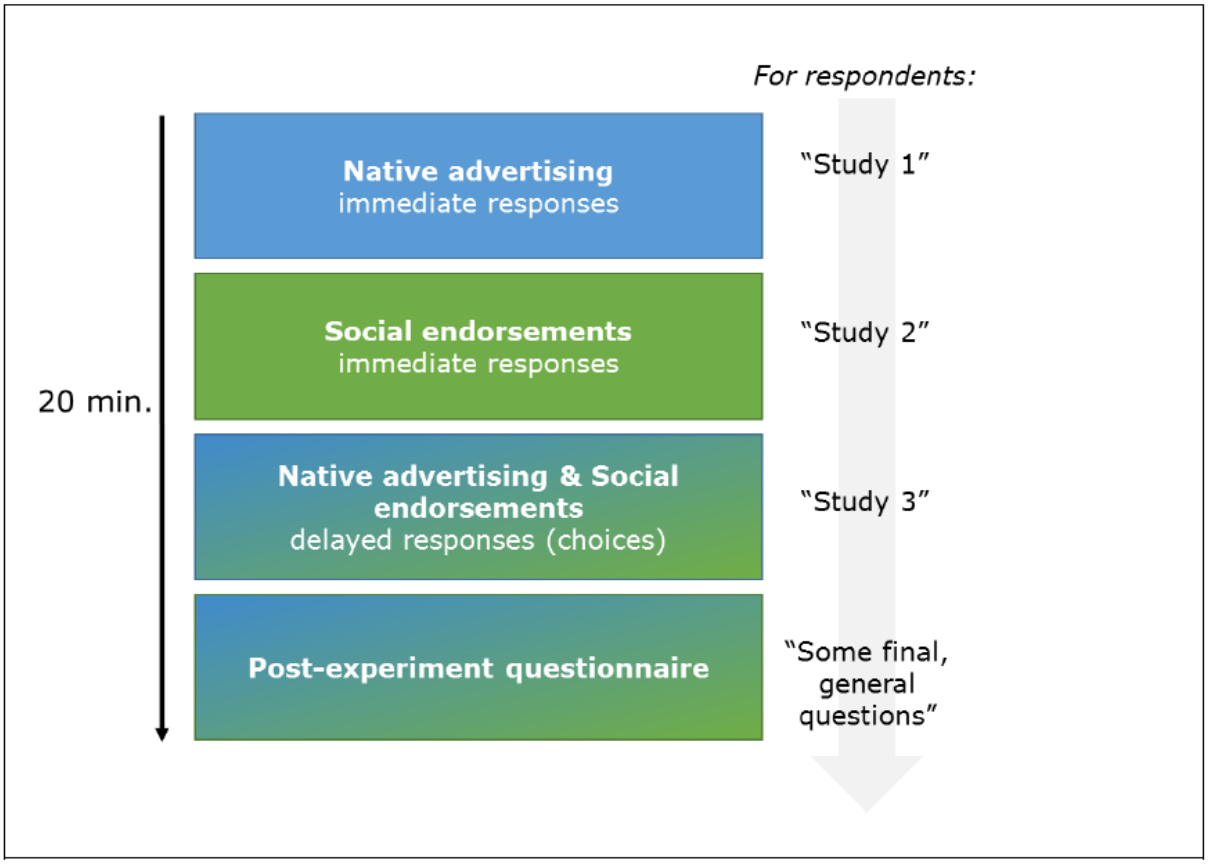
Post-questionnaire

The experimental session ends with a concise post-questionnaire, in which we measure the following:

- OSM experience
- Scepticism towards advertising
- Socio-demographics (gender, age, education)

OSM experience is a relevant variable to measure in the post-questionnaire. Respondents who are less familiar with online social media (particularly with the platforms on which the experiments are based) may have more trouble identifying native advertising, as they have come across this type of advertising less often. OSM experience is measured by providing respondents with a list of platforms and asking them to indicate for each platform whether they use the platform (yes/no) and if they do, how often they do so. We also measure scepticism towards advertising (e.g., Obermiller & Spangenberg, 1998; example item: "advertising's aim is to inform the consumer"). Increased ad awareness may only result in more negative ad responses if consumers are sceptical towards advertising. Finally, we measure demographics, specifically gender, age and education.

Session overview



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