

Unveiling The Influence Of Native Advertising On Social Media: The Role Of Transparency, Consumer Perception, And Ad Recognition

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Abstract

Native advertising has emerged as a dominant strategy in digital marketing, especially on social media platforms. Prior research has demonstrated that native advertising can influence consumer attitudes and increase purchase intentions across products, services, and digital content. The present study attempts to demonstrate the role and influence of native advertising on social networking platforms and to study the difference between narrative native and informational native ads in terms of their effectiveness with respect to advertising recognition, consumer's attitude and perceptions towards the manipulative intentions of marketers. Further, the study examines how transparency, clarity and placement of native ads impact consumer perceptions. This study found that narrative ads are less effective than informational native ads because consumers don't recognize the commercial nature of narrative ads. The study also backed that the difficulty in recognising advertising recognition is linked with the manipulative intentions of advertisers. It also finds that clearly disclosed native ads are more effective in the long run. Keywords: Native advertising, Social media marketing, Narrative native ads, Informational native ads, Advertising recognition, Consumer perception, Transparency, Ad disclosure, Digital Advertising effectiveness.

INTRODUCTION

Native advertising dominates the digital marketing platforms these days, since it mingles with editorial and social media feeds without any disruption (Evans, Phua, Lim, & Jun, 2017). The native ads are engaging and an attractive option for advertisers (Lee, Kim, & Ham, 2016). However, this subtlety raises ethical concerns, particularly regarding consumer ad recognition and perceptions of manipulation.

Advertising transparency is crucial to gaining consumer trust and brand credibility. The effectiveness of native ad depends on how well consumers recognize its commercial intent. Prior studies indicate that narrative native ads are difficult to recognize than informational native ads (Boerman, Willemsen, & Van Der Aa, 2017). This raises important questions about how transparency, ad placement, and disclosure language affect consumer attitudes.

Native ad is a paid digital advertising intended to market goods or services (Kim, Pasadeos, & Barban, 2001). These resemble to consumer's social media feed. Native ads generate more positive consumer perception (Kim 2015). Different forms of native ads are being used, such as social media posts, sponsored hyperlinks, and narratives.

In 2019 IAB publication categorises native advertising (IAB 2019): these are In-Feed native advertisements in social media feeds, Recommendation Ads that link to external articles, and Branded Content: Content with editorial properties created in cooperation with the host brand.

Past studies found that narrative native ads enhance the consumer's perceptions towards manipulative intent of advertiser. Therefore, informational native ads are successful on social media.

"Social media consumers are motivated to engage in impression and identity management" (Sung, Lee, Kim, & Choi, 2016). Consumers update friends and family about their lives on social media, such as weddings and any other celebratory event (Sung et al., 2016).

The present study explores two most common social media native advertising indicators, such as disclosure labels and brand presence.

Disclosure Labels

Past research has indicated that consumers are often unable to distinguish between sponsored and unsponsored content on social media platforms (Campbell & Evans, 2018). Consequently, the Federal Trade Commission has issued guidelines for native advertising, emphasizing the necessity for appropriate disclosures (Federal Trade Commission, 2015). Ensuring transparency in native advertisements serves to prevent deceptive practices.

Various social media platforms employ distinct disclosure terms and placements; for instance, Facebook and Instagram utilize the term “Sponsored,” whereas Twitter incorporates “Promoted.” Influencers on Instagram typically denote sponsored posts with the phrase “paid ad” (Evans et al., 2017).

The Consumer views web page in the following order: first, they “search” then “scan” to collect the relevant information (Faraday, 2000), and consumers neglect the information given at the top of the image while scanning a post. The information placed below the image is likely to be noticed.

The purpose of ad disclosures is to inform consumers about their persuasive intent (Cain 2011). Disclosures in social media posts help consumers recognize and comprehend the advertisers' persuasive intent (d'Astous and Chartier 2000).

Brand Presence

Past studies suggest that “consumers use brand names and logos as part of their persuasion knowledge schema” (Wojdyski & Evans, 2019). The consumer's persuasion knowledge stimulates when the logo of the brand is prominently placed at the bottom of the ad (Krouwer et al., 2017).

Persuasion knowledge Model and Cognitive load of Consumers

The pre-existing persuasion knowledge possessed by consumers enhances their capacity to engage with persuasion attempts (Friestad and Wright, 1994). This persuasion knowledge encompasses the consumer's understanding of the advertiser's intentions, tactics, and their proficiency in navigating persuasion efforts (Friestad and Wright, 1994).

The prior knowledge of persuasion that consumers have improves their ability to respond to attempts at persuasion (Friestad and Wright, 1994). This knowledge of persuasion includes the consumer's awareness of the advertiser's objectives, strategies and their skill in managing persuasive efforts (Friestad and Wright, 1994). Given that consumers have limited cognitive resources, they can only handle one cognitive task at a time (Gilbert and Osborne, 1989). Consequently, a consumer with cognitive overload is less likely to identify persuasive attempts (Aguirre-Rodriguez, 2013).

Previous studies suggest that advertising recognition shapes consumers' attitudes and behaviours towards ads and their intent. The study shows that advertisers can enhance the influence of native ads by making disclosures less prominent while minimally complying with FTC guidelines.

OBJECTIVES OF THE STUDY

- To examine the role of disclosures and brand presence.
- To compare the narrative and Informational native ads in terms of effectiveness.
- To study the influence of transparency on consumer trust and credibility.
- To evaluate consumer perceptions of transparency in native advertising.

Research Gap

Past studies of native advertising have explored issues such as disclosure label placement and wording. Limited studies have been conducted to study the native ads transparency and effectiveness on consumers' attitudes. The present study explores the impact of narrative and informational ads on social media users. The study further includes the impact of cognitive load on the ad recognition capability of consumers.

Significance of the Study

Limited research has been conducted to study the efficacy of transparency on consumers. So far, studies have documented only negative impacts of persuasion knowledge on consumers' behaviour and perception towards native ads (Friestad and Wright 1994; Wojdyski, Evans, and Hoy 2017).

The present study shall attempt to advance the contemporary knowledge about the effects of different disclosures, their placements and the language used by various social media networks. It further aims to role of persuasion knowledge by studying the cognitive load of consumers. This study raises the question: Can the perceived deceptiveness of native advertising cause consumers to avoid native advertising?

LITERATURE REVIEW

Past studies suggest that most social media users are doubtful about social media posts; hence, they tend to look for more indications (Grigsby, 2020). Consumers' persuasion knowledge should activate as they view the format of the native ad, and they start scrolling the post further.

Recent study demonstrated that the disclosures placed at the top are recognized easily; however, ad recognition is relatively better in informational native ads. Narratives are persuasive, activate positive consumers' attitude and purchase intention (Nielsen & Escalas, 2010).

Brand presence is a cue for persuasion knowledge that influences ad recognition by consumers while viewing an informational native ad (Faraday, 2000).

When a consumer witnesses fallacious ad strategies, he infers that the advertiser intends to deceptively persuade consumers (Campbell, 1995), this leads to negative attitudes of consumers towards native ads.

How to Cope with Native Advertising ?

There are 3 different behavioural forms that resist the advertisement, such as avoidance, attitude correction and active resistance (Fransen and colleagues, 2015)

In Avoidance, consumers choose not to pay attention to the intended message (Cho and Cheon 2004; Fransen et al. 2015); thus, many publishers adopted covert advertising (Einstein 2016; Ferrer-Conill 2016). In Attitude correction, consumers exposed to sponsorship disclosures are capable of correcting for recall effects. In Active resistance, consumers generate thoughts to counter the perceived goal of the persuasion. Further, the heuristic systematic model empowers consumers to cope with deceptive advertising tactics (Darke & Ritchie, 2007).

Persuasion knowledge, native advertising disclosures, Labelling and its effect on recognition

The recognition of content as advertising is main function persuasion knowledge. Consumers sometimes don't understand cues of sponsored material, such as "sponsored" (Wojdyski, 2016). Therefore, a transparent and significant placement of disclosures is advised FTC to increase ad recognition (FTC, 2015). Less than 2% of readers correctly identified advertising (Wojdyski and Evans, 2016).

Further, the language of disclosures also influences recognize capacity of consumers. Wojdyski and Evans (2016) demonstrated that the use of 'advertising' or 'sponsored' and font size improves the chance of recognition. Howe and Teufel (2014) advocated that with the increasing age of consumers, the recognition capacity reduces.

Krouwer (2020) indicated that a more detailed disclosure leads to greater trust in the content and positive effects on the advertising brand and the publisher's platform. The adult consumers defend themselves against persuasive ad attempts (Rozendaal, Buijzen, & Valkenburg, 2010; Wright, Friestad, & Boush, 2005). Biehal, Stephens, and Curlo (1992) found that consumers' ad attitudes affect brand choice and lead to stronger brand credibility (Biehal et al., 1992; MacKenzie, Lutz, & Belch, 1986). When persuasion knowledge is high, consumers are reserved and resentful about native ads if they perceive that these parties intend to deceive them.

Native Advertising in the Contemporary Era

Native advertising varies in terms of transparency and disclosure. Fully disclosed native ads are generally accepted by consumers, while ads that are only partially disclosed can pique consumer interest. However, ads that are overly secretive can lead to consumer deception and even anger (Lazauskas, 2014; Sebastian, 2014). Regulators and publishers consider native ads to be ethical when they are clearly labelled.

"Individuals who are explicitly given information about the advertising technique develop a better understanding of the technique, which may come with a more negative perception" (Nelson, Wood, & Paek, 2009).

So far, the past studies' sample data consist of children and adolescents to study the consumers' ability to recognize advertising by assuming that adults are capable of understanding persuasion attempts (Dubow 1995; Rozendaal, Buijzen and Valkenburg 2010; Wright, Friestad and Boush 1995). On the contrary, Lazauskas (2015) documented that adults are less likely to recognize sponsored content because adults either ignore the disclosure or do not understand its meaning (Hyman, Franklyn, Lee and Rahmati 2017; Moore 2014; Sahni and Nair 2016; Wojdyski and Evans 2016).

FINDINGS

The present study discussed the advertising cues such as disclosure, brand presence and logo placement, concerning native ads and informational native ads. Study witnessed that native ads that communicate transparently the information, brand presence, and prominent disclosure labels are more effective. Further, it depicts that using "advertising" or "sponsored" has increased ad recognition. However, consumer fails to recognize when secretive native ads are executed on social media platforms.

Further, study demonstrated that the less intrusive native ads cause positive consumer attitude than banner ads (Kim 2015; Tutaj and van Reijmersdal 2012). Study suggested that brands should use clear and prominent cues to be transparent and receptive amongst consumers (Campbell & Marks, 2015); further, the study documented that the narrative native advertisements are more negatively perceived by consumers compared to informational

native ads. The present study significantly points out that the secretive ads lead to frustration and anger among consumers. Further, the study signified that when brand logos are displayed at the bottom of the native ad, consumers' persuasion knowledge activates. Consumers having a heavy cognitive load, whether children, adolescents or adults incapable of recognising the commercial nature of the post. The study concluded by mentioning that social media platforms should standardise their disclosure language to make it understandable for all categories of consumers, and advertisers should also be ethical to attract a positive perception of consumers.

DISCUSSION AND CONCLUSION

This research explores the impact of native ads on social media platforms on the consumer's perception and attitude. The study particularly focused on the execution of native ads with respect to disclosures, brand presence, brand logo, placement of logo and attracting more consumers. The present study finds deceptive ways of posting ads by advertisers and their repercussions on consumers' purchase intent. This study further distinguishes narrative vs. informational ads, showing that narrative ads are less recognizable but risk higher perceptions of manipulation. The study incorporated the Persuasion Knowledge Model and revealed that consumers with heavy cognitive load face difficulty in recognizing native ads. However, it has also been signified that sometimes, due to the disclosure's different style of language, consumers either ignore it or fail to understand the ad. Hence, appropriate disclosure labelling is suggested to engage more consumers.

Practical implications and Limitations of the study

After extensively studying the native advertisement and its influence on consumer's behaviour and purchase intent, the present study has drawn some practical implications. Advertisers should properly design native ads by complying with the minimum disclosure requirement to avoid resentment amongst consumers. Also for consumers need to be vigilant while scrolling social media posts to recognize the manipulative intentions of advertisers. Further, instead of narrative ads, advertisers should practice to use informational ads.

The present study attempted to cover most of the possible events of native advertisements when posted on social media. However, there is always room for future research; thus, future studies can explore the influences of native ads on different genders, incomes, and lifestyles of consumers. Further, future studies can evaluate the various forms of cues that consumers use to process the meaning and purpose of ads on social media platforms.

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