THESIS SUMMARY

Buvár Ágnes

To the Ph.D. Thesis entitled

Ad Revolution or Evolution?
Typical Ad Representation and General Ad Attitudes Influence the Effectiveness of Branded Content

Supervisor:

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Associate professor

Budapest, 2019
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Introduction

In 2017, the Internet became the world’s most significant advertising medium, and the growth was fueled by the display subcategory that includes online video and social media\(^1\). Indeed, the info-technological revolution and digitalization have disrupted the advertising industry (Kerr and Schultz, 2010; Rust and Oliver, 1994). The proliferation of advertising on the Internet has created an advertising clutter that led to increased advertising avoidance and skepticism (Cho and Cheon, 2004; Obermiller, Spangenberg and MacLachlan, 2005).

To counteract advertising avoidance and ad skepticism, advertisers integrate commercial messages into a non-commercial content (Boerman, Van Reijmersdal and Neijens, 2012; Dahlen and Rosengren, 2016; Rozendaal et al. 2011). These advertisements (for example sponsored social media posts, product placements, product reviews, unboxing videos) that we call branded content can be difficult to distinguish from the surrounding non-commercial context. Thus, consumers cannot screen them automatically out as they do with more traditional advertisements such as display banners. Furthermore, if consumers did not realize that they watched a commercial message, they would be less skeptical and less resistant to the persuasion attempt.

Brands also appear in the media without any control or financial reward from the brand owner, resulting in a non-commercial content that is otherwise similar to branded content (Cain, 2011; Malmelin, 2010). For instance, anyone can upload a “what is in my bag” video on YouTube to gain more viewers or reach a specific audience without getting any permission or reward from the presented brands. Consequently, branded content represents a challenge to the consumers to decide whether they watch a paid commercial message.

Advertising recognition is defined as the identification and categorization of a media message as an advertisement. In other words, the consumer has to realize the source and the persuasive intent of a commercial message. Advertising recognition has become an important issue since the proliferation of branded content. Professionals are interested in whether advertising recognition affects the effectiveness of the message while regulators are concerned with the deceptive nature of branded content: without advertising recognition, consumers might be more susceptible to the negative effects of advertising.

Advertising recognition is part of the Persuasion Knowledge Model, a theoretical framework about how consumers interpret and cope with persuasion attempts in their everyday life (Friestad and Wright, 1994). Advertising recognition activates the consumer’s

persuasion knowledge, and it moderates the effect of the persuasion attempt: consumers will perceive, process and react to the message differently depending on whether they recognized its persuasive intent. The effect of advertising recognition on advertising effectiveness depends on previous ad-related experiences: how consumers evaluate advertising in general and specific attributes featured in the advertisement (Boush, Friestad and Wright, 2009).

Empirical studies suggest that advertising recognition can lead to category inferences, for instance, it can increase the perceived irritation of a message, because we find ads in general irritating (Tutaj and Reijmersdal, 2012). Moreover, advertising recognition can also activate general attitudes toward advertising that will influence the evaluation of the specific advertisement (MacKenzie and Lutz, 1989).

Advertising recognition can occur naturally, or it can be induced by advertising disclosures such as “sponsored content”. The empirical studies that examined the effect of disclosures on information process, brand memory or advertising/brand evaluation reported contradictory results from negative effect through no effect to positive effect as well (Boerman and Reijmersdal, 2016).

To sum up, theoretical models such as the Persuasion Knowledge Model (Friestad and Wright, 1994) provide explanation on how certain types of previous experiences affect ad recognition and evaluation, for the time being, no empirical studies examined (1) how typical advertising representation affects advertising recognition; (2) how typical advertising representation moderates the effect of advertising recognition on advertising attitudes; and (3) how advertising recognition activates attitudes toward advertising in general to affect the implicit and explicit advertising attitudes and product attitudes. We aimed to answer the above-mentioned questions by designing and executing two empirical studies.

Moreover, our unique theoretical contribution to the field is to apply seminal categorization theories such as prototype and exemplar theory to the case of advertising recognition to gain a deeper understanding of the process. We assumed that advertising recognition is a categorization task. Categorization theories provide an explanation for how previous experiences related to a given category are used to categorize a new member (Csépe, Győri and Ragó, 2008; Loken, Barsalaou and Joiner, 2008; Reisberg, 2016). They posit that during the categorization process, a new object is compared to the representation of the typical member of a category that affects the decision of whether the object is part of the category.
**Methods**

*Research overview*

Two empirical studies were conducted to explore how previous advertising-related experience affect advertising recognition and the evaluation of the specific advertisement/product in the context of branded content. In the first study, we tested the effect of typical ad representation on advertising recognition, and we examined the relationship among typical ad representation, advertising recognition and ad/product attitudes. In the second study, we tested how advertising recognition activated the attitudes toward advertising in general to affect the inpliattitudes toward a specific advertisement. We start with presenting the first study, then we move on to the second one.

**Study 1**

Study 1 consisted of two data collection waves: in the first wave, we presented informational branded content stimuli, in the second wave, we presented entertaining branded content stimuli. We refer as study 1/A to the first wave and study 1/B to the second one.

We expected that typical advertising representation would influence ad recognition of various informational and entertaining branded content (H1/A and H1/B). To explore the relationship among typical ad representation, advertising recognition and ad/product attitudes (RQ1/A and RQ1/B), we tested three scenarios: the direct influence of typical ad representation on the attitude variables (RQ1/A and RQ1/B part 1), the direct influence of advertising recognition on the attitude variables (RQ1/A and RQ1/B part 2) and the moderating role of typical ad representation on the effect of advertising recognition on the attitude variables (RQ1/A and RQ1/B part 3).

In the case of H1 and R1 (summarized by Figure 1), we expected that the findings of the two waves would be consistent. However, previous research indicated that the perceived informational or entertaining benefits of an advertisement could serve as segmenting factors in creating different ad representation groups (Pollay and Mittal, 1993). Thus, we expected that the effect of typical ad representation on ad recognition and evaluation might manifest differently depending on the informational/emotional nature of the tested stimuli (RQ2). Therefore, the quantitative data were analyzed separately for study 1/A and study 1/B to increase the external validity of the findings regarding the existence of the effects (H1 and RQ1) and to enable to detect differences in the manifestation of the effects (RQ2).
A two-wave mixed-method study (Balázs and Hőgye, 2015; Hesse-Bieber, 2010, Hewson 2006) was designed to test the hypotheses and to answer the research questions. The study consisted of a qualitative and a quantitative part. During the qualitative part, we assessed typical ads representations by asking three open-ended questions: one about the **typical ad in general**, another about the **similar features** of typical ads and a third one about the **distinctive features** of typical ads from other forms of communication.

The quantitative part consisted of the presentation of different branded content examples: four informational ads (product review video, cause-related marketing activity, eDM, native advertisement) in study 1/A and four entertaining ads (Instagram post, Twitter post, product placement, atypical humorous ad) in study 1/B. We also included a control item and two filler items in both waves. The tested stimuli were real-life examples to increase the external validity of the study. Advertising recognition and attitudes toward the ad and the product were assessed for each item separately in a repeated-measure design.

**Advertising recognition** was assessed using one item from a study concerning sponsorship disclosure effects (Boerman et al., 2012): “To what extent do you think that what you have seen is an advertisement?”. **Ad/product attitudes** were assessed using one item: “How much do you like what you have seen/ X brand or product?”. Answers in both cases were given on slider scale from zero to one hundred.

We categorized the descriptions of typical ad representations (qualitative data) during a content analysis (qualitative analysis) to create groups using hierarchical cluster analysis based on typical ad representations (quantitative analysis). Then, we included that variable in several regression models (quantitative analysis) to examine the effect of typical ad representation on ad recognition and ad/product attitudes (quantitative data).
Participants were recruited online via Amazon Mechanical Turk (MTurk) to ensure the heterogeneity of the sample. MTurk is a web-based human workforce marketplace where requesters can share different tasks that require human intelligence. Overall 210 persons filled out the survey. After cleaning the database, the final sample size was reduced to 193 persons. 10 persons’ demographic data was missing (M\text{age} = 37.3 SD\text{age} = 12.9, range: 18 – 88). Overall, 57.9 % of the participants had at least a bachelor’s degree. Only 14.7% had advertising/marketing relevant work experience, while an additional 14.8% owned a degree in advertising/marketing without any relevant work experience.

Study 2

In the second study, we tested the role of advertising recognition in the generalization of affect. We expected that ad recognition moderates the generalization of affect: those who like advertising in general would have more positive ad and product attitudes when they recognize the branded content as an ad compared to those who generally do not like advertising (H1). Furthermore, we also expected that the ad disclosures would enable advertising recognition and activate persuasion knowledge more efficiently than the no disclosure (control group) or the explicit no-ad disclosure (H2). The hypotheses are summarized in Figure 2.

Figure 2 Hypotheses of Study 2

To test our hypotheses, we conducted an experiment that was based on a 4 (ad disclosure type: control (video); paid commercial; paid commercial, not typical one; video, not an ad) x 2 (video stimulus: product review, celebrity endorsement) mixed design. Each
participant watched both videos in a randomized order (within-subjects condition) with the attributed disclosure (between-subjects condition). To preserve internal validity and avoid stimulus-specific effects, we used two different videos: a product review video and a celebrity endorsement. The two videos were very different regarding the number of actors, the featured product, the type of content (informational vs entertaining), and the quality of the video as well.

**Ad recognition** assessed with the following question: “To what extent you think that what you have seen is an advertisement?”. **Implicit ad attitudes** were assessed with the single-category implicit association test (SC-IAT) (Karpinski and Steinman, 2006). **Attitudes toward advertising in general, attitudes toward the ad and attitudes toward the product** were all assessed using five pairs of words: “good” – “bad”, “favorable” – “unfavorable”, “positive” – “negative”, “pleasant” – “unpleasant”, “like” – “dislike”. **Product purchase intent** was assessed using a simplified instrument by Spears and Singh (2004). Participants also reported their **personal involvement in the category** using two questions from the Personal Involvment Inventory (Zaichkowsky 1985).

Overall 170 undergraduate students from a Midwestern University who took an introductory course in psychology participated. Students were rewarded with credits for their participation. Participants were 38.8% men and 59.4% women (N = 167), their age was ranging from 18 to 31 ($M = 19.56$, $SD = 1.75$, N = 166).

Analyses were carried out using SPSS mixed model analysis with unstructured repeated covariance type where the video stimulus was defined as the repeated measure.
Results

- The content analysis and hierarchical cluster analysis resulted in four different typical ad representation clusters (Study 1).
  - The *Biased* cluster (N = 52) is characterized by statements about the attractive/interesting appearance, the biases in ads and less importantly the emotions in ads. This group rarely mentioned the presence of brands/specific products in the advertisements and they were also less likely to refer to the entertaining side of advertising.
  - The *Branded promotion* cluster (N = 73) mainly differs from the others in emphasizing that advertising is about a branded/specific product. Furthermore, they also mentioned more often than the other groups that ads provided product information. Only 9.6% commented on the format of the ad or the media where it appeared, and they were also the less likely to mention that the purpose of ads was selling or persuading the customers.
  - The *Outlook* cluster (N = 35) primarily stressed the format of the advertising or the media where it appears. Besides, more than half of the group mentioned that ads intended to entertain, and they were also the most likely to note that ads hid their intent, though less than one-fifth of the group mentioned that aspect. Additionally, only 8.6% commented on the attractiveness of ads.
  - The *Persuasive infotainment* cluster (N = 33) distinguishes itself from the rest of the clusters regarding the selling/persuasive purpose of ads that 93.9% of the respondents mentioned. Furthermore, about half the group noted the entertaining or informative characteristics of the ads. Additionally, this group did not attach particular importance to the format of the ad or the media, the presence of the brand, the attractiveness or the biased content, though more than 25% mentioned the presence of a celebrity.

- Regarding the effect of typical ad representation on advertising recognition (Study 1 H1/A and H1/B), we found a significant main effect for both informational (F(3, 93) = 3.29, p = .024) and entertaining items (F(3, 92) = 5.96, p = .001). However, looking at the results of the two waves (Study 1 RQ2), we found differences in the manifestations of the effect.
  - Information items: compared to the *Persuasive infotainment* group (reference group), all other segments were more likely to attribute lower ad recognition scores to the informational items. Data suggests that the average difference in
the ad recognition assessment of an informational item between the *Outlook* and the *Persuasive infotainment* group is 13.95 points.

- Entertaining items: the *Persuasive infotainment group* attributed the lowest ad recognition scores to the entertaining items. The *Outlook* and *Branded promotion* groups attributed respectively 12.1 points and 10.6 points higher ad recognition scores on average than the *Persuasive infotainment* group.

- Regarding the effect typical ad representation on ad attitudes (*Study 1 RQ1/A* and *RQ1/B part 1*), we found no direct effect (informational items: F(3, 88) = 0.486, p = .693, entertaining items: F(3, 88) = 0.129, p = .943).

  - However, in the case of entertaining items, we found a stimulus-specific effect (F(12, 92) = 1.90, p = .045), meaning that typical ad representation groups evaluated the presented stimuli differently. For instance, members of the *Outlook* group attributed low attitude scores to the social media posts while they gave the highest attitude scores to the product placement. On the other hand, the *Persuasive infotainment* group appreciated both social media posts, especially the Instagram post, however they attributed the lowest attitude scores to the humorous ad.

  - Results indicated no effect of typical ad representation on product attitudes (informational items F(3, 88) = 1.85, p = .144, entertaining items: F(3, 88) = 0.241, p = .868).

- Regarding the effect of ad recognition on ad attitudes (*Study 1 RQ1/A* and *RQ1/B part 2*), results indicated no direct effect (informational items: F(1, 364) = 0.050, p = .823, entertaining items: F(1, 432) = 1.11, p = .292).

  - However, when tested for stimulus-specific effects, the interaction term was significant (informational item: F(4, 165) = 2.70, p = .033, entertaining item: F(4, 165) = 3.33, p = .012). Again, the effect between the two waves was consistent; however, it manifested differently (*Study 1 RQ2*).

  - Informational items: the cause-related marketing activity was the only item where ad recognition affected ad attitudes in a positive way.

  - Entertaining items: ad recognition affected positively the evaluation of the control item. For the rest of the items, the effect was either flat or negative for ad attitudes.

- Regarding the effect of ad recognition on product attitudes, the results of the two waves was different.
• Informational items: advertising recognition had a positive effect on product attitudes (F(1, 336) = 3.95, p = .048, B = 0.073).

• Entertaining items: no direct effect was found (F(1, 439) = 2.09, p = .149). However, the stimulus-specific interaction effect was significant F(4, 174) = 3.80, p = .005). The directions of the effect were consistent across the ad and product attitudes; however, the strength of the relationship (the slope) differed for certain items. For instance, the effect of ad recognition on ad attitudes was rather flat for the Instagram post and the humorous ad; however, the effect became slightly positive regarding the product attitudes.

• We found a difference between the two waves (Study 1 RQ2) in how the interaction term between typical ad representation and ad recognition affected ad attitudes (Study 1 RQ1/A and RQ1/B part 3).

  o Informational items: the interaction was significant (F(3, 164) = 3.60, p = .015), we did not find any stimulus-specific effect (F(16, 144) = 0.967, p = .495). Regarding the Persuasive infotainment and Branded promotion groups, advertising recognition positively affected the attitudes toward the ad: the more participants thought that the informational item was an ad, the more they liked it. Regarding the Biased group, the effect of ad recognition on ad attitude scores was flat-positive: ad recognition did not affect ad attitude as strongly as for the two previous groups. Finally, concerning the Outlook group, advertising recognition negatively affected ad attitudes: the more participants thought that the informational item was an ad, the less they liked it.

  o Entertaining items: the interaction was not significant (F(3, 166) = .214, p = .887). However, we found a significant stimulus-specific effect (F(19, 147) = 2.56, p = .001), meaning that the effect of advertising recognition on advertising attitudes differed across typical ad representation groups and stimuli. For instance, in the case of the Persuasive infotainment group, advertising recognition affected ad attitudes positively for each item except for the product placement where the effect was negative. For the members of the Biased group, the effect of ad recognition was also positive on the control item and the Instagram post. However, in the case of the Twitter post and the product placement, the effect became negative: higher ad recognition led to lower ad attitude scores. In the case of the Outlook group, ad recognition did not affect ad attitudes regarding the social media ads. However, the effect
became positive for both the product placement and the control item. Finally, regarding the *Branded content* group, ad recognition affected ad attitudes negatively except for the control item where the effect became slightly positive.

- Finally, there were no significant interaction effect in the case of product attitudes (informational items: F(3, 164) = 0.539, p = .656, entertaining items: F(3, 283) = 0.85, p = .467).

- Regarding the effect of disclosure on advertising recognition (*Study 2 H2*), results indicated that disclosure type had no direct effect on the advertising recognition (F (3, 164) = 0.733, p = .534). However, the video stimulus had a main effect (F1, 166) = 27.5, p < .001, B = 1.02): the celebrity endorsement video was perceived significantly less as an ad.

- In Study 2, contrary to our expectations, we found that ad disclosures affected explicit ad attitudes (F(3, 161) = 2.72, p = .047) and product attitudes as well F(1, 185) = 11.07, p = .001).

  - Clear and concise disclosures (“You are going to watch a video.” and “You are going to watch a video. This is a paid commercial message of XY product.”) had a positive effect versus long disclosures (“You are going to watch a video. Although this video does not look like a typical ad, it is in fact a paid commercial message of XY product.” and “You are going to watch a video that was posted on the Internet by a random user. It is not a paid commercial message of the XY product.”) regardless of the ad warning content.

  - The pattern was the same for both variables.

- Regarding the interaction effect between ad recognition and general ad attitudes on the measured attitudes variables (*Study 2 H1*), the interaction term was significant for all three variables (implicit ad attitudes: F(1,315) = 8.32, p = .004, B = 0.020; explicit ad attitudes: F(1, 314) = 4.43, p = .036, B = 0.044; explicit product attitudes: F(1, 323) = 9.95, p = .002, B = 0.065). However, the activation pattern differed across implicit attitudes and explicit attitudes and regarding only implicit attitudes, it also differed across the two presented videos.

  - Implicit attitudes: we also found a stimulus-specific effect of the interaction (F(2, 296) = 5.46, p = .005). The activation pattern was different for the two video stimuli.
    - Celebrity endorsement: results indicated that when the video was not recognized as an ad, those who generally liked ads had a lower implicit
ad attitudes score than to those who generally did not like ads. When the video was recognized as ad, those who generally liked ads had a higher implicit ad attitudes score than to those who generally did not like ads.

- Product review: results indicated that those who generally did not like ads had just a slightly more positive attitudes compared to those who generally liked ads when they did not recognize the video as ad. When the product review was recognized as an ad, scores for the two groups were practically identical.

  - Explicit ad attitudes: when the videos were not recognized as ads, there was no difference between those who had positive general ad attitudes and those who had negative ones. However, when the ad recognition score was high, those with positive general ad attitudes appreciated the videos more than those with negative general ad attitudes.

  - Explicit product attitudes: the pattern was similar to that of explicit product attitudes.
Discussion

In the present thesis, we aimed to examine the role of consumers’ previous experiences related to advertising—typical ad representation and general ad attitudes—in the recognition and evaluation of a new subset of advertising formats, branded content. We used the Persuasion Knowledge Model (Friestad and Wright, 1994), seminal categorization theories (Csépe, Győri and Ragó, 2008; Loken and Barsalaou, 2008; Reisberg, 2016) and the generalization of affect (MacKenzie and Lutz, 1989) as theoretical frameworks to formulate our hypotheses and research questions.

Our research questions and hypotheses were the following:

- typical ad representation would affect the recognition of informational and entertaining branded content;
- explore how typical ad representation influences the evaluation of a specific advertisement;
- advertising recognition would activate attitudes toward advertising in general to affect the implicit and explicit ad and product attitudes toward branded content.

In sum, our findings are the following:

- typical ad representation influenced the recognition of branded content;
- typical ad representation also moderated the effect of advertising recognition on the attitudes toward the specific ad;
- advertising recognition activated the attitudes toward advertising in general to influence the implicit and explicit evaluation of branded content.

Our main scientific contributions are the following:

- we successfully applied categorization theories to the recognition of branded content;
- we also provided empirical support that typical ad representation would affect advertising recognition and typical ad representation would also moderate the effect of the persuasion attempt;
- we demonstrated how advertising recognition activated general attitudes toward advertising that affected both implicit and explicit ad attitudes and product attitudes as well.

Our main applied contributions are the following:

- For advertising professionals:
  - hiding the commercial intent of a message does not always improve effectiveness;
• if the quality of advertisements is generally low, consumers will have negative attitudes toward advertising in general, that will affect their evaluation of better, more innovative advertisements;
• consumers do appreciate when companies make an effort for the community (cause-related marketing activity);
• consumers can be segmented and targeted based on their representation of typical ad and their attitudes toward the ad in general.

**For regulators:**
• regarding consumers who like ads in general, advertising recognition will activate their positive attitudes, and they will be more positive towards the specific advertising as well;
• disclosure can be an efficient way to help consumers with negative ad attitudes in general defend themselves against the unwanted effects of advertisements;
• regulators could create more efficient disclosures by building on the existing typical ad representations of consumers, such as a visible brand logo integrated into the sponsored photo/video;
• some widely shared ad beliefs such as ads are biased, enable the ad recognition of entertaining ad formats; however, it may hinder the ad recognition of advertisements that look like a fact-based journal article.
**Main references**


Publication list

Articles:


Conference papers:


Conference abstracts:

Buvár, Á., (2018), The role of typical advertising knowledge in the recognition of new advertising formats. In Gergő Hajzer, Norbert Merkovity, Judit Molnár and Béla Révész (Eds.), Communicative Space – Political Space. University of Szeged: Department of Communication and Media Studies and Department of Political Science, Szeged, p. 188.