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Influencer Marketing and Commercialization of Social Media Platforms: How Do Consumers React to Blurred-boundary Advertisements?

Completed Research Paper

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Abstract

In recent years, social media platforms start adopting influencer marketing to increase consumer retention rates and generate revenues. In this study, we explore how consumers perceive and react to influencer marketing and commercialization of social media platform. Adopting a qualitative approach, we interview fourteen users/influencers of a popular social media platform. Data analysis reveals a new type of advertisement in influencer marketing, i.e., blurred-boundary advertisements, which blur the boundary between sponsored advertisements and genuine electronic word of mouth (eWoM). We also find that a portion of social media users are establishing hybrid identities, both as consumers and influencers. Hybrid identity users show more tolerance towards advertisements than common users. Common users accept advertisements in influencer marketing, but prefer explicit advertisements to blurred-boundary advertisements. Blurred-boundary advertisements may damage consumers' trust in influencers and in social media platforms. Our findings show the complexity in influencer marketing and commercialization of social media platforms.

Keywords: Influencer marketing, blurred boundary advertisement, commercialization of social media platforms, qualitative research

Introduction

With the permeation of social media, celebrities and opinion leaders start monetizing their impact in social media by delivering advertisement to their followers (Djafarova and Rushworth 2017). According to Ominicore (Ominicore 2021), Instagram's advertising reach was 928 million users, generating 13.86 billion revenue in 2020, which showcases the popularity of influencer marketing in social media platforms (Johansen and Sveberg 2017). In addition, more and more ordinary people participate in influencer marketing and become non-traditional celebrities or so-called influencers. Prior research indicates that

consumers have higher level of trust in influencers than in celebrities, as consumers feel more relate to them and believe they provide more credible information (Djafarova and Rushworth 2017).

Leveraging on the trust of consumers, some influencers start to integrate advertisements into their personal sharing. The personal sharing looks more like electronic word of mouth (eWOM). It indeed is an advertisement sponsored by brands/companies. This is a new type of advertisement. We name it as blurred-boundary advisement. As more and more blurred-boundary advertisements appear in social media platform, it is worth investigating how consumers react to the blurred-boundary advertisements.

As social media provides opportunities for consumers to become influencers, some consumers currently have two roles in social media platform: consumers and influencers to-be (or nano influencers). The hybrid role of consumers and influencers to-be makes them different from normal users, i.e. pure consumers. On one hand, hybrid identity users are eager to learn how to earn money through making advertising posts, to develop partnerships with business sponsors, and to become influencers. On the other hand, putting oneself in the shoes of consumers, hybrid identity users may want to be relatively objective and avoid exaggerated advertisements. For hybrid identity users, there are tensions between the two roles of consumers and influencers to-be. This is an interesting and unique phenomenon in social media marketing. Thus, we will examine how hybrid identity users react to influencer marketing.

We conducted in-depth, semi-structured interviews with consumers from a social media platform in China. By analyzing fourteen interviews, we found that consumers show various level of tolerance or acceptance of advertisements in influencer marketing. Hybrid identity users seem to show more acceptance of advertisements in influencer marketing in our sample. In addition, consumers prefer explicit advertisements to blurred-boundary advertisements as they need to spend time and effort to distinguish the blurred-boundary advertisements. Consumers may cancel the following relationships with influencers if they feel influencers take advantage of their trust and post too many blurred-boundary advertisements.

The study contributes to both theory and practice. First, this study contributes to the growing literature in influencer marketing. To the best of our knowledge, this is one of the early studies discussing the new form of advertisements, blurred-boundary advertisements, in influencer marketing. Blurred-boundary advertisements, though they are sponsored advertisement in nature, take the form of genuine e word-of-mouth. Second, we note commercialization of social media platforms correlates with the increase of blurred-boundary advertisements. This suggests that researchers shall investigate influencer marketing and users' reactions to influencer marketing in a context, and consider the role of commercial influence. Third, we distinguish hybrid identity users from normal consumers. Users with hybrid identity forms a unique group of users in social media platform. They are both consumers and influencers or influencers to-be in the same time, and there can be role conflicts. Fourth, the implications offered by this study can inform policy makers regarding problems with blurred-boundary advertisements in influencer marketing and platform commercialization.

Literature Review

Influencer Marketing

Despite the rich literature about marketing in traditional media, and marketing with celebrity endorsers (e.g. Djafarova and Rushworth 2017; Elli 2017), social media influencer marketing, or influencer marketing, is a research area that recently attracts growing scholarly attention. The emergence of influencer marketing is closely associated with the flourishing of social media. Influencer marketing can be described as a marketing strategy that uses the influence of key individuals or opinion leaders on social media to drive consumers brand awareness and/or their purchasing decisions (Johansen and Sveberg 2017; Lou and Yuan 2019).

A social media influencer is someone who posts to social media in exchange for compensation (Campbell and Farrell 2020). An influencer can also be described as “first and foremost a content generator: one who has a status of expertise in a specific area, who has cultivated a sizeable number of captive followers – who are of marketing value to brands – by regularly producing valuable content via social media.” (Lou and Yuan 2019, p. 59). Comparing with traditional celebrities, an influencer is a lesser-known and less popular

social media user (Johansen and Sveberg 2017), and common people may become influencers on a social media platform (Duffy and Hund 2015).

Among studies examining the effects of influencer marketing, the findings are mixed. Some studies suggested influencer marketing can effectively influence consumers. Djafarova and Rushworth (Djafarova and Rushworth 2017) interviewed eighteen 18-30 age female Instagram users, and they argued that users consider influencers as more credible and are able to relate to them. They considered YouTube personalities, 'Instafamous' profiles, bloggers can be more powerful in influencing the purchase decisions of young female users (Djafarova and Rushworth 2017). Lou et al. compared advertisements posted by influencers and brand official accounts on Instagram, and found out that advertisements posted by influencers received more likes and comments comparing with advertisements posted by brand official accounts (Lou et al. 2019). On the other hand, there are studies questioning the effects of influencer marketing, and note that authenticity and credibility of posts can be damaged by influencer marketing. Johansen and Sveberg investigated how influencer marketing affect purchase intentions, and they conducted an online survey, found out that influencer marketing had no direct effect on consumers purchase intention, and influencer marketing was not more efficient than regular online advertisement (Johansen and Sveberg 2017). Audrezet et al. argued that social media influencers' collaboration with brands could result in tensions for authenticity, and from their interviews with influencers, they noted that social media influencers were aware of such tension, and adopted different strategies to try to signal authenticity to their followers (Audrezet et al. 2020). In addition, there are studies investigating the effects of number of followers on followers' brand attitude using experiments (De Veirman et al. 2017), studying how message value and credibility influence consumer trust in branded content through survey (Lou and Yuan 2019).

In this study, we are interested in how consumers react to influencer marketing, as they know influencers may partner with brands and post sponsored contents. How would this influence consumers' perceptions of the influencers, of the posted contents? How would these posts influence consumers' purchase decision making? In addition, we note that since influencers can emerge from common users, and the younger generation actually wants to become influencers (Locke 2019), their reactions to influencer marketing may also be influenced by their roles. To the best of our knowledge, the possibility of hybrid roles of both being influencers in certain contexts and consumers in certain contexts are not yet examined in literature.

Product Placement (Soft Advertising) versus WOM, eWOM

In practice, influencer marketing is usually carried out through product placements by influencers on social media in collaboration with brands and companies. It is referred to as "native advertising" by practitioners (Audrezet et al. 2020). It involves purposely integrating advertising contents into influencer's sharing, either through texts, photos, or videos. Product placement (or soft advertising, grass planting, *zhong cao*) has been used in traditional media, through books, movies, TV shows, and now is also used in social media (Leung 2015; Liu 2020; Sun and Ly 2022). Scholars have criticized product placement because it can be unclear to consumers that certain contents are actually sponsored (Boerman et al. 2012). In the context of traditional media, product placement can be deceiving (Hoffman 2008). Scholars argue that marketing research consider nonobvious embedded advertising "better" advertising, mainly from the perspective of influencing consumer brand attitudes and persuasive effects (e.g. (Boerman et al. 2012)). But the marketing research about nonobvious embedded advertising "tells regulators nothing about consumer understanding of the paid nature of product placement or integration" (Cain 2011, p. 227, p. 227). Sadly, in the context of product placement on social media, i.e., influencer marketing, we observe similar patterns in the current marketing research. As discussed in the previous section, studies investigating effects of influencer marketing mainly examine their persuasive effects, but not about effects of influencer marketing on consumer well-being. In order to better inform both the public and policy makers, it is important to investigate consumers' perceptions of influencer marketing, of product placement on social media.

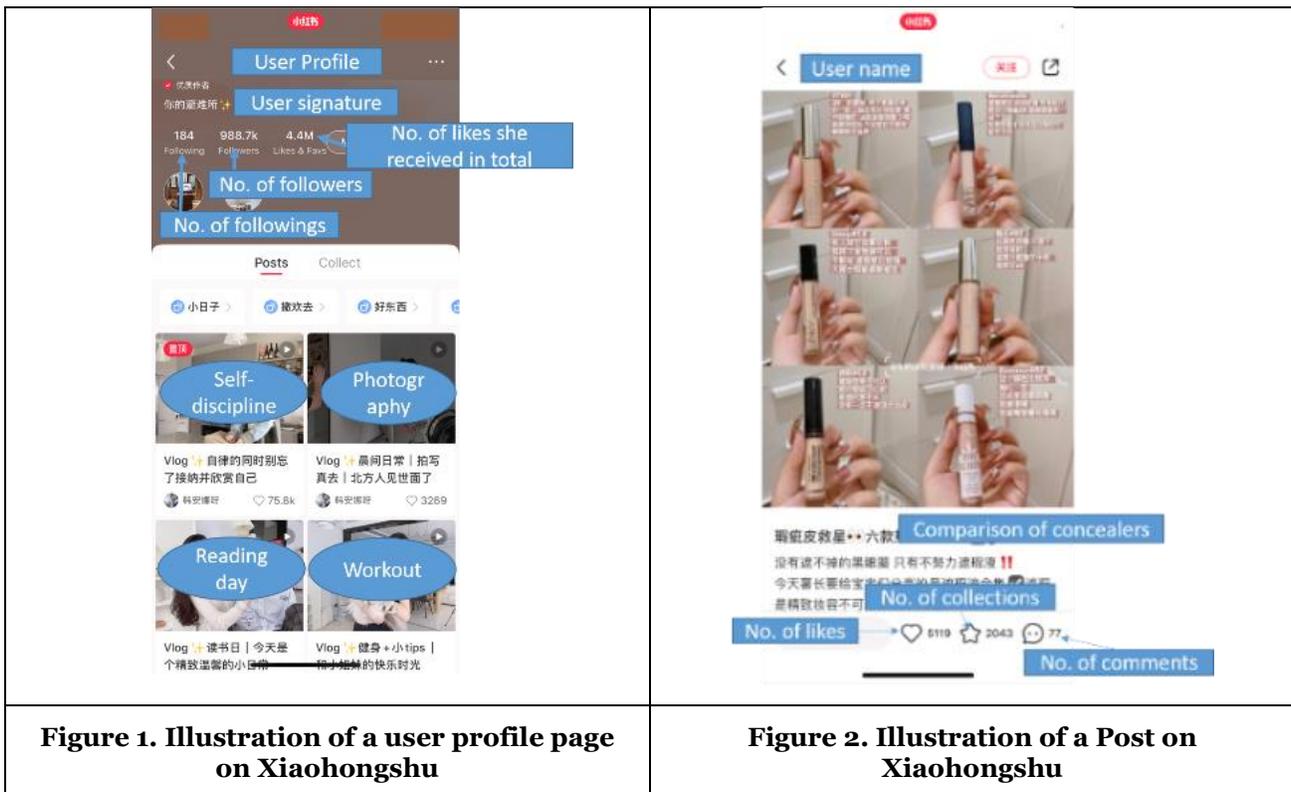
To investigate influencer marketing, it is necessary to distinguish product placement in influencer marketing from WOM and eWOM. Different from product placement in influencer marketing, WOM and eWOM do not involve brand sponsorship. Word of mouth usually refers to "informal communications between private parties concerning evaluations of goods and services" (Anderson 1998, p. 6, p. 6). Word of mouth are from real customers, and are usually from family and friends. With the emergence of e-commerce and online reviews, eWOM becomes popular (Chu and Kim 2011; Lee and Youn 2009). Though there are

fake consumer reviews, scholarly research usually consider WOM and eWOM are from real consumers, and are generated because of intrinsic motivation, for example, driven by satisfaction, or dissatisfaction (Anderson 1998). In the context of social media marketing, there are product experience relevant posts shared by real consumers, and do not have sponsored content. Such posts should be considered as eWOM, and are different from product placement.

In reality, though there are recommended guidelines about sponsored product placement, influencers may still not disclose their connections with the brand, in order to have better persuasive effects. It is challenging for consumers to distinguish product placements from genuine eWOM (Audrezet and Charry 2019; Crossfield 2017).

Research Methods

In this study, we adopted a qualitative approach to address the research questions. We selected one of the most popular social media platforms in China, Xiaohongshu (literally means Little Red Book). It is the leading influencer marketing platform in China (Pemarathna 2019). It was launched in 2013 as a UGC (User Generated Content) sharing platform. It operates like a combination of Instagram and Amazon (Bloomberg 2019; Deng 2018), and users can share various contents, such as photos, videos, blogs, vlogs, and users can tag items in their pictures and add link to e-commerce listings both within Xiaohongshu platform or other e-commerce platform such as Taobao. According to a sharing by Xiaomeng Zhao, algorithm architect of Xiaohongshu, in the ArchSummit 2017, the community on Xiaohongshu is dominated by women. Most of the contents shared are about beauty, dressing, restaurants, newly discovered travel locations, hotels, children and lifestyle. Xiaohongshu grew rapidly (Xiaomeng 2017). As of Sep 2020, it has more than 100 million monthly active users, and daily posts accumulated exposure exceeds 8 billion (Yihan 2021). The monthly active users reaches 200 million in November 2021. 72% of users are estimated to be born after 1990 ¹. Figure 1 illustrates a user profile on the platform and figure 2 illustrate a post on the platform.



¹ <https://www.36kr.com/p/1748911615000192>

Xiaohongshu actively adopts influencer marketing. According to user sharing and media report, if a user has more than 10,000 followers, and has more than 50,000 likes and collections in total, the user can already have a considerable income through posting sponsored contents². Xiaohongshu launched its own agency platform Pugongying (<https://pgy.xiaohongshu.com/>) in January 2021³. The name of the platform Pugongying refers to the plant taraxacum, or dandelions, a plant that can disperse seeds long distances by wind. The ability of the plant to widely dispersing seeds reminds readers about the ability to create awareness of brands and products among a large population. The name Pugongying, or dandelinos, echoes with the seed planting, or *zhong cao* economy, influencing others to purchase through posts. The Pugongying platform acts as a broker between influencers and companies, and for reach transactions, Xiaohongshu charges commissions.

We conducted in depth interviews in order to understand users' reactions and thought about influencer marketing (Bryman 2016). Following Djafarova and Rushworth (2017), we adopted non-probability purposive sampling, as such sampling technique gives good sources of data for exploratory research (Easterby-Smith et al. 2015). Our research team started from interviewing friends who had at least three years usage of Xiaohongshu. We then reached out to more participants based on referrals. In the end, we recruited twelve users of Xiaohongshu who met our criteria and were willing to participate in this study. The sampling method was intentionally designed, as trust is important in this research context, so subjects can freely share their thought and reflections, irrespective of social desirability. The demographic information of participants is summarized in table 1.

Participants	Occupation	Age	Gender	Identity
Participant 1	Student	20-30	Female	User
Participant 2	Student	20-30	Female	User
Participant 3	Student	20-30	Female	User
Participant 4	Student	20-30	Female	User
Participant 5	Professional	20-30	Female	Hybrid identity (user and influencer)
Participant 6	Professional	30-40	Female	User
Participant 7	Professional	30-40	Female	User
Participant 8	Professional	30-40	Female	User
Participant 9	Self-employed	30-40	Female	User
Participant 10	Housewife	30-40	Female	Hybrid identity (user and influencer)
Participant 11	Housewife	30-40	Female	User
Participant 12	Self-employed	30-40	Male	Hybrid identity (user and influencer)
Participant 13	Student	20-30	Female	Hybrid identity (user and influencer)
Participant 14	Self-employed	20-30	Female	Hybrid identity (user and influencer)

Table 1. Demographic Information of Participants

We conducted in-depth, semi-structured interviews with each user using online conferencing tools (e.g., Zoom, Skype, and WeChat), and recorded the conversation using voice recorders. The length of interviews varies from 40 minutes to an hour and forty-five minutes. The questions mainly focused on user experience of Xiaohongshu and users' attitude and perception towards eWoM and advertisement on this social media platform. As all of our participants were from China, we used Chinese in the interview. After the data collection was completed, we transcribed the interviews to Chinese texts.

Three bilingual (with proficiency in both English and Chinese) researchers independently coded the data and identified a list of concepts in the first round of data analysis. These concepts provided an initial understanding of the patterns that emerged from the data. We then conducted the second round of data analysis and analyzed the concepts identified in the previous round. The data analysis process was based on both within-person and between-person analysis. We have summarized the data analysis process in Table 2.

² <https://www.opp2.com/145599.html>

³ <https://www.niaogebiji.com/article-33586-1.html>

Nature of analysis	We applied inductive analysis and focused on the data. The objective is to fully understand the phenomenon and reach a data-based picture of the phenomenon.
Analytic techniques	Using Nvivo, we adopted open coding to analyze all interview text (Lune and Berg 2017). Three researchers first independently read the data and labelled all relevant sentences. Then the three researchers went through the coding and iteratively revised the code book till nothing essential to be added into the codes.
Data triangulation	The interviewees of the study are from diverse backgrounds which ensured the triangulation of subject (Myers and Newman 2007). In addition, main findings were mentioned by different users.
Confidentiality of disclosure	All the interviewees voluntarily joined the interviews. We received permissions from the interviewees to record the interviews. The interviewees' names were removed from the transcripts and findings.
Table 2. Data Analysis Process	

After several iterations of discussions, we identified three major themes that emerged across the fourteen interviews, which are 1) platform commercialization and blurred boundary between eWoM and advertisements, 2) consumers' reactions toward influencers and blurred-boundary advertisements, 3) hybrid identity of users. We then categorized the codes identified in the first round into the three themes and used NVivo 1.3 to further code the interview transcripts. After we extracted the codes of themes, we then translated the Chinese contents into English.

Findings

In the findings, we provide elaborations with examples focusing on consumers' awareness, attitudes and coping strategies towards the blurred boundary between eWOM and advertisements and AI marketing. We also introduce a number of hybrid-identity users and their perceptions of influencer marketing on social media platforms.

Platform Commercialization and the Blurred Boundary between eWOM and Advertisements

Consumers' Awareness of Platform Commercialization and Increasing Blurred-Boundary Advertisements

All the interviewees in our sample reported their awareness of the blurred-boundary between eWOM and advertisement in Xiaohongshu platform. They also mentioned the changes in the quality of posts generated by users during the past few years. For example, one of the interviewees mentioned:

“I didn't notice any advertisement at the beginning when I used the app, and the sharing seemed quite sincere. Gradually, there were posts marked as advertising, and sharing also became commercial. I feel that the platform changed.” – Participant 8

Consumers' awareness of such phenomenon was in line with the development of this platform since 2014. In the early years, Xiaohongshu positioned itself as a user-generated-content (UGC) online community and focused on the high-quality contents generated by users. With the rapid growth in 2014, Xiaohongshu started to introduce e-commerce into the platform and became more commercialized. One of the consequences of the strategic shift was the decreased quality of content generated by users. With the introduction of advertisers and retailers, posts start to embed product information and brand names which often do not have clear descriptions about whether they are advertisements or not. Such changes in the business model of Xiaohongshu was also identified by the interviewees, such as

“During the past two or three years as I used it, I noted some changes. Previously I haven't seen any commercial business links, and they have appeared in the recent years. I feel that as I browse, I encounter

advertisements from time to time. In the past, many of them were shared like sharing to friends. It feels like more genuine sharing. Now it feels more like selling goods, a bit commercial, not as pure as before.”
– Participant 3

Consumers might not be able to identify a specific post was an advertisement, but in general they clearly sensed the changes in Xiaohongshu’s business model and the changes of the content quality. As a UGC-focused community, such changes had significant impacts on users, especially the early members who joined the community for shared interests. The core value of the online community was undermined with the progression of commercialization, which greatly influenced customer loyalty and the intention of continuous participation. Users’ sharing behaviors also became more complicated as they were not only based on intrinsic motivations but also external incentives.

Consumers Develop Strategies to Distinguish Blurred-Boundary Advertisement

As consumers gradually became aware of such changes, they also started developing strategies or methods to identify whether a post was a blurred-boundary advertisement. For example, when they constantly saw posts mentioning a particular product, they reported concerns about the possibility of advertising such as:

“Xiaohongshu keeps showing me a certain product, and keeps pushing sharing about this product to me. I doubt the company sponsored this” – Participant 7

Consumers shared that they gradually learnt to distinguish advertisements, as their experience with the platform grows, or after some not that satisfied purchasing experience.

“All the influencers were saying that the concealer was easy to use, and videos they made show that the concealer was really powerful, concealing various skin imperfections. Then I bought it. After I bought it, I noted that the concealer’s concealing power was not as good as the videos said. I realized this was a trick, making use of herding. (As) a consumer, when I see that many people use it and many people recommend it, then I think this product must be very good. Previously I thought that those influencers were sharing their own real experience, and I consider such sharing very, very good. Later I realized those were actually advertisements.” - Participant 3

When consumers noted exaggerations about a product or extremely positive evaluations and comments, they became cautious, and would consider that as advertisements. For example,

“When you note that some influencers exaggeratedly praise a product, they only talk about its strength, and do not say anything about weakness, then you sense it is probably an advertisement. When you open a post of sharing and find that every word is saying that the product is good, you will know that there are advertising elements in it.” – Participant 5

When consumers noted a product promotion appeared in a life story sharing abruptly, they became cautious.

“I am not against commercialization of influencers. But some advertisements do not fit at all in personal experience sharing. The sharing that originally seems very sincere suddenly becomes kind of a fake. For example, an influencer I previously followed was sharing her love story, her relationship with her boyfriend has been about seven or eight years, I felt it was so touching and sweet. Then suddenly she recommended a L’Oreal revitalift filler eye cream in her sharing of the love relationship, and suddenly my tears disappeared. It’s so fake.” – Participant 3

Consumers Reactions’ toward Influencers and Blurred-Boundary Advertisements

Consumers’ Reaction to Influencers

In the beginning, consumers followed influencers they are interested in, and they gradually developed trust in particular influencers. However, when they noticed too many blurred-boundary advertisements in their followed influencers’ posts, consumers felt the influencers were taking advantage of their trust. Some of the interviewees stopped following such influencers.

“I feel annoyed when some influencers frequently promote products, and I will stop following them. My thought is, you can do advertisements, and I can choose to not read it. I wouldn’t say I detest an influencer because of too many advertisement, but I will stop following her, I can choose to avoid reading her sharing.” – Participant 1

“Some influencers advertise too much. If most of the posts contain advertising content, I will tend to stop following the influencer. If I see some influencers blindly promoting some products, and saying all bad words about other products, I will stop following them. – Participant 12

Consumers prefer influencers to clearly state that certain posts are sponsored advertisements. Some interviewees expressed they do not like influencers who exaggerated the pros of sponsored products, and focused on cons of rival products. They consider such influencers as less trustworthy.

“I prefer that an influencer explicitly states certain sharing is an advertisement. And I also hope when doing an advertisement, the influencer can be objective, talking about both strengths and weaknesses of the product. There is no perfect product. If the weakness is acceptable, I may still follow her and purchase the product. But some influencers just blindly promote a product, praising the product and saying all bad things about its competitors, I really don’t like it.” – Participant 11

If consumers considered the influencers’ sharing as not objective, they would also stop following the influencers.

“For example, I have a Dyson vacuum, I know its weakness. I saw some influencer praising vacuum of another brand, and exaggerating Dyson’s weakness. Well, I think you should not use your product’s strengths to beat other product’s weaknesses. If I feel the sharing is not objective, I will stop following the influencer.” – Participant 11

Some consumers felt disappointed or even disgusted as they realized influencers exaggerating about a product.

“When promoting a product, some influencers exaggerate the strengths of product. In the end, when you buy something and find that it is different from what the influencers shared, you will feel a bit disappointed. As a consumer, sometimes I was even a bit disgusted.” – Participant 5

Once consumers became aware that influencers were posting blurred-boundary advertisements, they started to deliberately spend time and efforts to evaluate which influencers are worthy of following. They start to develop strategies to avoid being influenced by blurred-boundary advertisements.

Consumers’ Reaction to Posts

Consumers did not only report the reactions towards influencer, but also mentioned spending deliberate efforts evaluating the influencers’ posts. Due to the existence of blurred boundary advertisements, consumers needed extra time to discern whether the posts were advertisements or genuine personal experience sharing, which gradually led them develop corresponding strategies for evaluations. In general, consumers expressed distrust in the individual posts that created by influencers and would not make purchasing decisions based on the recommendations by one influencer. To increase the credibility of information, consumers often spent large amount of time collecting, filtering, and consolidating information from multiple influencers on Xiaohongshu. In some cases, they even reached out to other platforms, such as Weibo and Zhihu, which were two other large online social media platforms in China, for more information. As participants expressed in the interviews:

“If an influencer opens a Taobao shop (i.e. an e-commerce shop), then she will have more advertisements. You can’t trust all what she posted, you have to judge yourself. You need to compare products from many sellers.” – Participant 1

“I don’t simply believe in a recommendation from a person in Xiaohongshu. I will cross check and confirm the information through multiple channels.” Participant 8

Consumers had developed deliberate learning strategy to evaluate information about the products that were recommended by influencers. They read information from multiple sources, including other ordinary users’ comments on relevant posts. For example,

“Now I have to spend efforts to discern whether the influencer’s post is an advertisement or not. Some posts receive a lot of comments, I also need to discern whether those comments are genuine comments, or just faked comments to promote the product.” – Participant 4

Even with careful searching and screening, consumers still found it difficult to identify the blurred-boundary advertisements, and the influence of blurred-boundary advertisements sometimes led to their unsatisfactory purchasing experience. Comparing with the clearly-tagged advertisements on Xiaohongshu, which were often skipped by consumers, blurred-boundary advertisements were often embedded in life story sharing or experience sharing posts generated by influencers and were hard to detect. Consumers might be unaware of the advertisement until they finished reading the post and found the embedded product information, which could implicitly influence their purchase decisions. In our interviews, consumers reported mixed satisfactions with the blurred-boundary advertisement in influencers’ posts. Some consumers were happy to find something interesting or new which were beyond their existing knowledge, while others found the products they purchased based on influencers’ recommendations were not as good as expected. The varied experience with the products they purchased based on influencers’ recommendations significantly influenced their attitudes to and trust in the social media platform Xiaohongshu. Some interviewees’ distrust of blurred-boundary advertisements even evolve to distrust of the platform.

“I am now dubious about the contents posted on Xiaohongshu. I have been deceived a few times, and I don’t think I can believe them all. For example, for a product, sometimes people exaggerate, and then you get a good impression of the product. When you buy this product and find that it is different from what they recommend, you feel disappointed, and you will be dubious. I feel that the reliability of sharing is 30-40%, maybe even lower. Many of my friends have had disappointing purchasing experiences. They said that the products they bought were not as good as those sharing described in Xiaohongshu.” – Participant 5

“I do not trust Xiaohongshu. I seldom purchase from the platform, I am afraid that they may sell fake products.” – Participant 1

After using Xiaohongshu for a while and having certain experience with blurred-boundary advertisements, consumers would develop a sense of intuition that when seeing a product recommendation by influencer, by default, consumers considered it a sponsored advertisement.

“I often receive posts that some influencers are promoting products. This is quite commercial. After influencers start advertising, their purposes are not pure. I don’t really believe in those influencers, as I feel that their purposes are promoting products to make money. If the purpose is only for selling products, they may not write their real experience, and it’s more like advertising. For example, when they recommended something before (the platform becoming commercial), I intended to try the products. Now if they recommend something, the first thing that comes to my mind is whether this is a commercial.” – Participant 4

Consumers’ Attitude towards the Blurred-Boundary Advertisements

Consumers recognized that influencer marketing was one of the revenue streams of the business model for many social media platforms nowadays (e.g., Weibo, Kuaishou, Douyin, TikTok and YouTube). Some consumers adopted a practical attitude, and they accepted that influencer marketing was a trend that cannot be avoided in today’s business environment.

“In the current commercial society, advertising cannot be ruled out. Advertising sponsorship can (provide financial resources and thus) make a platform better.” – Participant 8

“But in fact, advertising is everywhere. It’s just the medium that has changed. But advertising is always there. It’s just how it connects with consumers. So I don’t think there is really any need to (avoid advertisement), just (be cautious) and don’t be cheated). I think that’s how I look at advertisements.” – Participant 4

Interestingly, consumers sometimes even expressed compassions towards the platform. They stated that they understood these advertisements were an integral part of the platform’s business model and they accepted that influencers had to promote products in their posts for income.

“I do not detest advertisements. I understand that Xiaohongshu relies on this business model. I think advantages outweigh disadvantages (e.g. spending time discerning posts). Maybe it’s because I’m doing business myself. If I am just a user, I might be annoyed. But now I know it is driven by profit, so I won’t be annoyed.” – Participant 8

“I can understand influencers doing advertisements for money. They need to make money to get their bread. Doing advertisements cannot be avoided (for influencers).” – Participant 3

Although consumers understood the for the platform’s business model heavily relies on advertisements, some consumers purposely tried to avoid advertisements while others read advertisements about products they were interested in selectively. Their reactions differed significantly.

“I simply ignore advertisements and skip advertisement posts.” – Participant 4

“I watch some advertisements. If I am interested in the product they introduced, I will finish reading the advertisements.” – Participant 6

Consumers sometimes considered that advertisements might give them additional information about products, which in turn would help them learn about new products, or products that they were interested in.

“I don’t mind reading advertisements. Sometimes the advertisements have useful information. For example, we need to pick a hotel while we are travelling, some of the recommendations in advertisements are very detailed and useful” – Participant 8

“I feel that after some influencers have more fans, they may advertise products in their post. Those types of sharing are becoming professional and the quality of sharing is getting better.” – Participant 2

Consumers expected influencers to explicitly state which posts were sponsored advertisement. They did not like the blurred-boundary advertisements and preferred influencers clearly marked advertisement in their posts.

“I don’t like influencers posting blurred-boundary advertisements. This is contrary to my initial ideas of following them. Some influencers are franker when they advertise, and they mark these as advertisements. I prefer this type of advertisement. I like influencers who speak frankly.” – Participant 11

“I prefer influencers clearly state whether a post is an advertisement. It is annoying that I spend a lot of effort discerning a post, and then realize it is an advertisement.” - Participant 4

Objective evaluations of products were still consumers’ favorite. They knew that products were not always perfect as promoted in the advertisement and expected to see the relatively fair evaluations on both of the advantages and disadvantages of the products. When influencers gave objective evaluations – covering both pros and cons of the products, consumers expressed more trust in the influencer and increased willingness of purchasing that product.

“Some influencers are objective. They clearly state the pros and cons of the product in the promotion. I tend to follow these influencers and make purchase decision.” – Participant 11

Over time, consumers’ experience increased as they were learning and developing personal strategies about how to cope with the commercialization of the platform.

Hybrid Identity

In our sample, we identified a group of consumers who had hybrid identities, i.e., they were both users and influencers in Xiaohongshu platform. These consumers became influencers and posted consumption experience and lifestyle sharing to attract followers. Their motivations, sharing behaviors and attitudes towards blurred-boundary advertisements were significantly different from ordinary consumers. On one hand, they participated in social media platforms as other consumers, reading posts, sharing experiences and looking for interesting information and products. On the other hand, they were actively developing strategies to attract followers with the hope to partner with sponsors and to generate revenue streams from the platforms.

“I share my experience, and hope that (it) will attract more fans. Then I can also become a well-known influencer as well as this platform can be used as a source of income for me.” - Participant 10

“I hope I can use this platform to promote myself and make money.” - Participant 12

Often times, they started as ordinary users, and gradually developed the intentions to become influencers. Two participants explicitly shared about the change in their mindsets and behaviors during the usage of Xiaohongshu platform. In the beginning they shared personal lives to express themselves, but gradually their incentives changed.

“In the very beginning, sharing was just a personal interest. But after I realized that I could have income through this, I want to make (the sharing) more commercial.” – Participant 14

“I became a commercial blogger accidentally. At the beginning, I just shared my own daily life. I never thought that I would take this as a thing for profit. It's just my hobbies. Then suddenly receiving request for posting advertisements for money is unexpected. ... Now my sharing is to some extent motivated by commercial incomes.”- Participant 13

Hybrid identity users also develop their own strategies to distinguish advertisements from since sharing. As they post advertisements themselves, their strategies seem to include some details about how to evaluate the contents of the posts.

“If the post contains some very professional terms, you can tell it is not from some ordinary consumers. If the post contains some very high-definition photos, it is probably from a company. Because real consumers usually do not take such high-definition photos.” – Participant 13

As the hybrid identity users are not only consumers but also influencers, their reactions to influencer marketing are different from common users. Hybrid identity users seem to have more tolerance towards advertisements in influencer marketing in our sample.

“I think there are a lot of bloggers who advertise now, otherwise how would they make money? I do not have any negative impression on this.” – Participant 14

In addition, hybrid identity users are reading more advertisements to learn the skills from other influencers, such as what kind of topics can attract more fans.

“I can accept the business model of social media marketing. As long as the influencers have their own bottom line and share their real experience, advertisement in social media marketing is not a problem from me.” - Participant 9

“As an influencer, I realize that I must be in an appropriate position and cannot exaggerate when making recommendations to others. I am also constantly learning how to post advertisements on the platform.” - Participant 5

Interestingly, though hybrid identity users usually claim they accept the existence of blurred-boundary advertisements, they also mentioned they are not influenced by the sharing on Xiaohongshu.

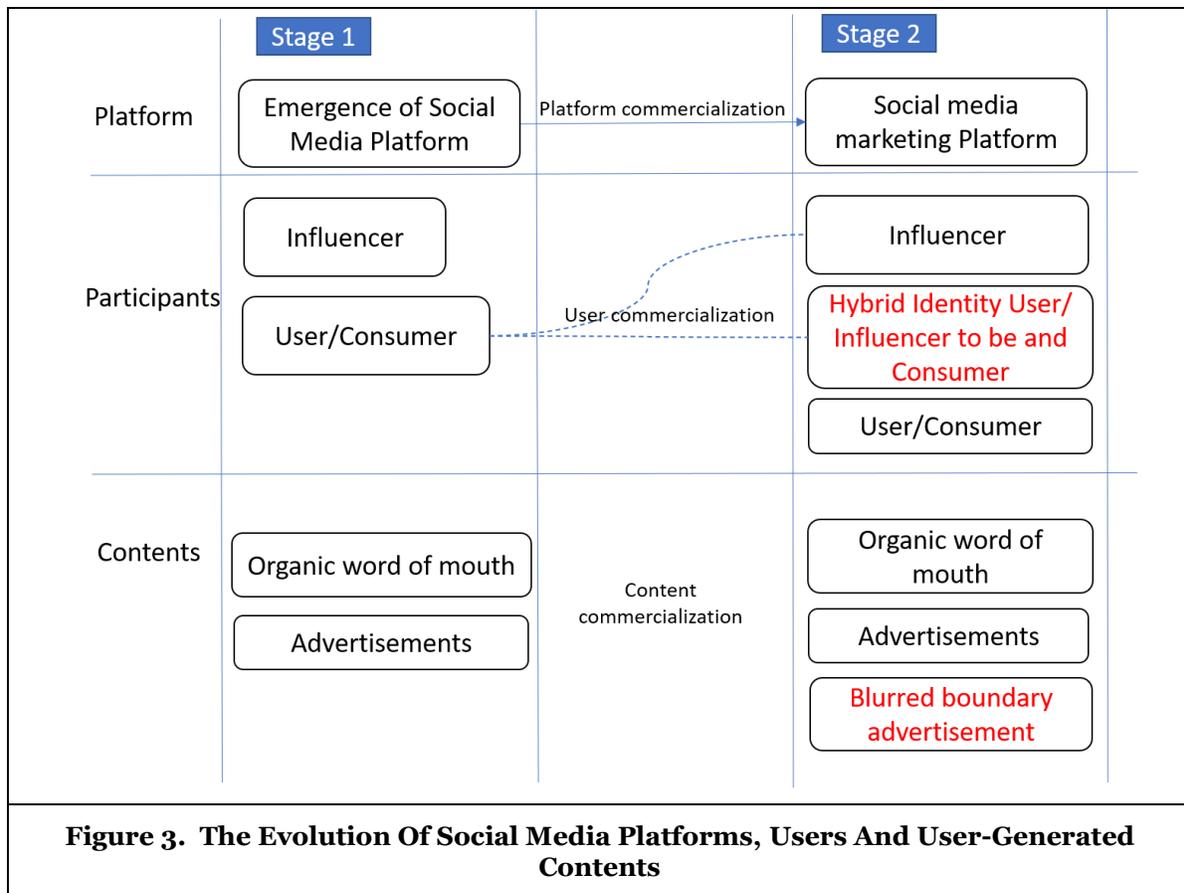
“In fact, I think that after you become a blogger (for commercial purpose), you realize it is kind of job. Before you become a blogger, you may not have so much understanding of various ‘soft articles’ (i.e. blurred-boundary advertisements). You take what they share, you believe what they share. After becoming a blogger, it's your job. Then you know a lot about the market, and you became tired of reading the posts, you do not have the desire of purchasing what they recommend.” – Participant 14

Findings from the interviews are summarized in Table 3.

Themes	Findings
Blurred boundary between eWOM and advertisement	
Consumers' awareness of the platform commercialization and blurred-boundary advertisements	<ul style="list-style-type: none"> • Consumers noticed that the platform gradually shift towards a more commercialized platform. • Consumers are aware of blurred-boundary between eWOM and advertisement.

	<ul style="list-style-type: none"> • Consumers noticed the increasing amount of blurred-boundary advertisements as the platform becomes more commercialized. • Consumers developed strategies to discern blurred-boundary advertisement.
Consumers' reaction to blurred-boundary advertisement and influencers	<ul style="list-style-type: none"> • Consumers need to spend time and effort to evaluate influencers and influencers' posts. • Consumers may cancel the following relationship if they find the influencer posts too many blurred-boundary advertisements.
Consumers' attitude to blurred-boundary advertisement	<ul style="list-style-type: none"> • Consumers recognize that influencer marketing is an important revenue stream of the platform. • Consumers accepted that influencers could earn income through posting advertisements. • Consumers accepted influencer marketing as a business trend that cannot be avoided. • Consumers prefer influencers to explicitly state which posts are sponsored advertisement. • Consumers' distrust of certain influencers and posts may decrease their overall trust in the platform. In other words, they distrust the platform because there are too many blurred-boundary advertisements.
Hybrid identity	
Some consumers have hybrid roles of both being influencers and being consumers	<ul style="list-style-type: none"> • Hybrid identity users show more tolerance towards advertisements in influencer and AI marketing. Interestingly, though they accept the existence of advertisements, they themselves tend to avoid being influenced by advertisements. • Hybrid identity users are reading more advertisements to learn from other influencers. • Hybrid identity users also develop their own strategies to distinguish advertisements.
Table 3. Summary of Findings	

With the commercialization of the social media platform, contents generated by users start to embed advertisements, which resulted in blurred-boundary advertisements. The users also start evolving to influencers or influencers to-be. They attract increased numbers of followers and gain attention on the platform, and they turned the attention into financial incomes. Figure 3 illustrates the evolution of platforms and users due to commercialization of the platform.



Discussion

Theoretical Implications

The study contributes to theory in three ways. First, this study contributes to the growing literature in influencer marketing. In this study, we investigate the new type of advertisement, blurred-boundary advertisement. To the best of our knowledge, this is one of the early studies discussing this form of advertisement on social media platform. We find that consumers develop strategies to discern this type of advertisement. In general, consumers expect influencers to explicitly state which posts are sponsored advertisement. Second, we distinguish hybrid identity users from normal consumers. The hybrid identity users form a special group of users in social media platform. In this study, we examine their reaction towards influencer marketing. They are learning to become influencers by reading more advertisements. Furthermore, they show more tolerance to advertisements compared to normal consumers in our sample. Interestingly, though they show more tolerance, they also seem to avoid being influenced by advertisements. Third, we note that the commercialization of social media platform correlates with the increasing amount of blurred boundary advertisements. With the commercialization of social media platform, influencers leverage the opportunity by posting more blurred boundary advertisements to gain financial rewards. Consumers note the increase of blurred-boundary advertisement and commercialization of social media platform. To cope with the increase of blurred-boundary advertisement, consumers start to develop strategies to discern it. Our findings shed light on the new roles emerged in social media platform, and the change in the social media eco-system for marketing purpose. More research is needed in order to better investigate the influence of social media platform ecosystem change on consumers' wellbeing.

Practical implications

This study also contributes to practice. First, the insights offered by this study may help social media platforms and influencers to avoid losing consumers' trust. We find that consumers may cancel following relationships with influencers, if they find influencers take advantage of their trust and post too many blurred-boundary advertisements. Managers of social media platform should notice that, though consumers accept that influencer marketing as a trend that cannot be avoided, consumers expect influencers to explicitly state which posts are sponsored advertisements. To increase consumers' trust, social media platforms should consider to encourage or even enforce influencers explicitly inform consumers whether the post is organic sharing or sponsored advertisement. Some countries have noted the problem with the blurred-boundary advertisement. US Federal Trade Commission published guidelines, and suggested a tweet, vlog, blog, or Instagram post that the influencer has any connection with a company, the connection should be disclosed (2017). In 2020, US Federal Trade Commission seeks public comment on the Endorsement Guides to decide whether to make changes to it (2020). France had similar recommendations. However, these are only guidelines, but not enforced laws. Second, as social media platforms launch their own marketing agency platforms to connect influencers and companies, and to earn commissions, new roles and new business models emerge in the ecosystem of social media marketing. Social media platforms shall be transparent about how they give exposure to posts from various influencers, to posts sponsored by companies.

Limitations and Future Research

There are several limitations in this study. First, the research context has a specific focus on female users, as social media platforms are dominated by female users, especially in the context of marketing and consumption (Djafarova and Rushworth 2017). The findings of the study may not be applicable to male users. Future study may be conducted in a context with male users and compare the differences between male and female users. Second, the sample size is relative small. As an explorative study, we tried to conduct in-depth interview with a smaller sample, and as we plan to continue the investigation, we are inviting more subjects and hope to gain more insights. Since we adopt interview methodology, it is challenging to measure overconsumption, and studies may adopt field data to capture through interview. To examine the effect of influencer marketing and commercialization of social media platform on overconsumption, future study should collect objective consumption data from users. Furthermore, as AI marketing is widely adopted nowadays, it is worthwhile how AI marketing influence contents exposure in influencer marketing, as well as influence consumers and influencers.

Conclusion

In this study, we investigated the emerging phenomenon of influencer marketing and hybrid-identity users in social media platforms. Through conducting in-depth interviews with consumers, we identified the widely presence of blurred-boundary advertisements in social media influencer marketing, and investigated their impacts on consumers. Specifically, we found that the majority of consumers were aware of the sponsored advertisement although they often found it difficult to accurately detect blurred-boundary advertisements. They had relatively low trust in influencers, and presumed that influencers would embed certain advertisement in their posts, especially when the posts were about introductions to, evaluations and recommendations of new products. To deal with the blurred-boundary advertisement, consumers had to spend extra time and effort searching, screening and filtering information, which brought considerable negative impacts on their well-being. They also developed a number of strategies to cope with the situation, such as making decisions after consolidating information from multiple influencers or from multiple platforms. Furthermore, our research found that consumers were aware of the social media platform commercialization, and expressed concerns. Some consumers feel being manipulated as the contents they read are purposely presented to them. In addition, we identified a group of users who had dual identities – both as users of the platform and influencers, and analyzed the differences in their motivations, sharing behaviors and attitudes towards influencer marketing. Given the exploratory nature of this study, we only addressed these issues with limited examples. In future research, we plan to develop more structured frameworks based on the insights identified in this study. We hope this exploratory research can shed light

on the complexity of influencer marketing in social media platforms and look forward to seeing more discussions about ethical issues, privacy issues, consumer well-being, and hybrid-identity user behaviors.

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