

When is disclosure good for online ad effectiveness? The crowd safety effect of collective-based transparency statements

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Cite as:

Chen Bo, Cheng Junjun (2022), When is disclosure good for online ad effectiveness? The crowd safety effect of collective-based transparency statements. *Proceedings of the European Marketing Academy*, 51st, (106643)

Paper from the 51st Annual EMAC Conference, Budapest, May 24-27, 2022



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Abstract

As massive consumer data are being collected and used to produce targeted advertisements, rising concerns about privacy infringement and information misuse are expected to damage ad effectiveness. Built on the literature on persuasion knowledge and procedural fairness, this study investigates the joint effects of advertising disclosure and ad generation transparency statements on online ad effectiveness. The results of an experiment (N =323) show that the negative impact of advertising disclosure can be attenuated by displaying ad transparency statements, though individual-based transparency statements may directly undermine ad effectiveness. We also discover an online crowd safety effect carried by collective-based ad transparency statements that motivate consumers to become even more interested in an ad even when they recognize its advertising purpose. These findings offer a nuanced understanding of the roles that different social dimensions of ad transparency messages play in justifying advertisers' persuasion attempts and produce practical implications for e-marketers to reinforce ad effectiveness while advertising in a transparent manner.

Keywords: *Online targeted advertising; Ad disclosure; Ad Transparency*

Track: Social Responsibility & Ethics