



# **The impact of disclosing a sponsorship on the credibility of an influencer on Instagram**

Silja Reitzer

Bachelor's Thesis

February 2023

Degree Programme in International Business

Reitzer, Silja

## Mainonnan merkitsemisen vaikutus vaikuttajan uskottavuuteen Instagramissa

Jyväskylä: Jyväskylän ammattikorkeakoulu. Helmikuu 2023, 37 sivua.

Liiketoimintayksikkö. International Business tutkinto-ohjelma. Opinnäytetyö AMK.

Julkaisun kieli: englanti

Julkaisulupa avoimessa verkossa: kyllä

### Tiivistelmä

Kun sosiaalisen median käyttö on lisääntynyt nopeasti, yritykset ovat alkaneet hyödyntämään sosiaalisen median alustoja verkkomainonnassa. Vaikuttajat, ihmiset, joilla on sitoutuneita seuraajia, ovat alkaneet mainostamaan tuotteita yrityksille verkkomainonnan välineenä. Kuinka kuluttajat näkevät näiden vaikuttajien uskottavuuden mainonnassa eri mainonnan merkitsemistapojen kanssa on vielä tutkimaton alue.

Tutkimuksen tavoitteena oli selvittää, kuinka uskottaviksi vaikuttajat nähdään neljän uskottavuuden ulottuvuuden kautta, mainonnan merkintätyyppin moderoivan vaikutuksen kanssa, ja ostoaikomuksen avulla. Tämä voisi auttaa yrityksiä ja vaikuttajia ymmärtämään mitkä ulottuvuudet ovat tärkeitä kuluttajille ja miten mainonnasta ilmoittaminen vaikuttaa niihin. Tutkimuksessa käytettiin deduktiivista tutkimusmenetelmää, joka sopi kvantitatiiviseen lähestymistapaan. Tätä varten luotiin kaksi versiota kyselystä, jotta voitiin verrata mainonnan merkintätyyppin moderoivaa vaikutusta. Nämä jaettiin satunnaisesti vastaajille, jotta molempiin tuli tyydyttävä määrä vastauksia. Kyselyyn osallistui yhteensä 187 vastaajaa, joista suurin osa oli Euroopasta.

Tulokset osoittivat, että ilman merkintää mainonnasta sekä yksinkertaisella mainonnan merkitsemisellä, samankaltaisuuden tunteella oli positiivinen vaikutus ostoaikomukseen. Ilman mainonnan merkintää vaikuttajan luotettavuudella oli positiivinen vaikutus ostoaikomukseen. Mainonnan merkintätyyppillä ei ollut vaikutusta ostoaikomukseen.

Valittaessa vaikuttajaa tuotteen markkinointiin, markkinoijan tulisi siis tutkia ja ottaa huomioon vaikuttajan ja kohdemarkkinoiden samankaltaisuus. Yrityksen ei tule luottaa pelkästään asiantuntemukseen tai vaikuttajan suosioon uskottavuuden merkinä. Vaikuttajan koettu luotettavuus tulee ottaa huomioon, varsinkin jos mainonnasta ei ilmoiteta.

### Avainsanat (asiasanat)

Vaikuttaja, Instagram, sosiaalinen media, kyselytutkimus, käyttäjien luoma sisältö, ostoaikomus, mainoksien merkitsemistyyppi

### Muut tiedot (salassa pidettävät liitteet)

-

**Reitzer, Silja**

### **The impact of disclosing a sponsorship on the credibility of an influencer on Instagram**

Jyväskylä: JAMK University of Applied Sciences, February 2023, 37 pages.

School of Business. Degree Programme in International Business. Bachelor's Thesis.

Permission for open access publication: Yes

Language of publication: English

#### **Abstract**

As social media has seen a fast increase in usage, companies have started to utilize the platforms for online advertising. Influencers, people with engaged followers, have started to promote products as a means of online advertising for companies. Research into how consumers view the credibility of these influencers, with different advertising disclosure, is still an under researched area.

The study's objective was to find out how credible influencers are seen through four dimensions of credibility, with the moderating variable of disclosure type, through effect on purchase intention. This could help companies as well as influencers to understand, which dimensions are important to the consumer and how disclosure of advertisement affects these. A deductive research method which suited the quantitative approach, was used in the research. For this, two versions of the survey were created, in order to compare the moderating effect of disclosure type. These were then randomly assigned to respondents, in order to get sufficient responses to both. The survey had a total of 187 respondents, with most respondents being from Europe.

The results indicated that with both, no disclosure as well as simple disclosure, similarity had a positive correlation to purchase intention. With no disclosure, trustworthiness had a positive correlation to purchase intention. Disclosure type had no moderating effect on credibility through purchase intention.

Thus when choosing an influencer to market a product, the similarity of the influencer and the target market should be researched and considered by the marketer. A company should not merely rely on the expertness, or the popularity of the influencer as a sign of credibility. The perceived trustworthiness of the influencer should be considered, especially if the advertiser would not be disclosed.

#### **Keywords/tags (subjects)**

Influencer, Instagram, credibility, social media, questionnaire study, consumer-generated advertising, purchase intention, advertising disclosure type

#### **Miscellaneous (Confidential information)**

-

## Contents

<b>1</b>	<b>Introduction .....</b>	<b>3</b>
<b>2</b>	<b>Literature review .....</b>	<b>5</b>
2.1	Social media marketing .....	5
2.2	Consumer-generated advertising .....	7
2.3	Paid advertising through consumer-generated content .....	8
2.3.1	Influencers .....	8
2.3.2	Source credibility in consumer-generated advertising .....	10
2.3.3	Sponsorship disclosure .....	13
<b>3</b>	<b>Research methodology .....</b>	<b>15</b>
3.1	Research framework .....	15
3.2	Data collection .....	16
3.2.1	Literature review .....	16
3.2.2	Research questions .....	17
3.2.3	Quantitative research .....	17
3.3	Data analysis.....	19
<b>4</b>	<b>Findings .....</b>	<b>20</b>
4.1	Study demography .....	20
4.2	Results .....	21
4.3	Hypotheses testing.....	24
<b>5</b>	<b>Discussion.....</b>	<b>26</b>
5.1	Theoretical contributions .....	26
5.2	Managerial implications .....	27
5.3	Reflection of research process.....	28
5.4	Limitations of the study .....	28
5.5	Future research .....	29
	<b>References .....</b>	<b>30</b>
	<b>Appendices .....</b>	<b>35</b>
	Appendix 1. List of survey items using Likert-scale.....	35
<b>Figures</b>		
	Figure 1. The conceptual framework .....	16
	Figure 2. The conceptual framework (joined data) and tested hypotheses .....	25

**Tables**

Table 1. Demography overview .....	21
Table 2. Correlation simple disclosure data.....	23
Table 3. Correlation no disclosure data .....	23
Table 4. The standardized path coefficients and hypotheses results for simple disclosure data	24
Table 5. The standardized path coefficients and hypotheses results for non-disclosure data ..	25

# 1 Introduction

The fast digitalization means consumers wanting to be more involved, which gives social media users and companies the possibilities to utilize social media platforms for online advertising. This in turn means information on brands, products and services is more readily available, making information search a major step in the decision process of consumers while shopping. Companies have started utilizing influencers for marketing purposes on social media. Most commonly influencer marketing relies on social media platforms like Instagram. (Berne-Manero & Marzo-Navarro, 2020) Influencers are individuals with a platform on a social media site, they have engaged followers and are able to utilize that engagement to promote items to their followers (Oriola, 2019). Using Instagram influencers is an efficient branding strategy. While traditional celebrity endorsement is still a dependable strategy, with influencers there is a possibility to target customers in different ways (Jin et al., 2019).

This thesis studies Instagram influencers credibility, as the platform has grown exponentially over the years and many companies are utilizing Instagram for their marketing activities (Li et al., 2019). Instagram was ranked the second most utilized social media platform globally by advertisers (Statista, 2021). 61% of marketers responding to a global survey in 2022 said they will increase their use of Instagram (Statista, 2022a). According to Instagram's internal data, from 2019, 90% of users on Instagram follow a business. Based on a survey commissioned by Facebook in 2018, when seeing ads for a brand on Instagram, 50% of users show higher interest in the brand. (Business Instagram, 2021) This shows how important Instagram as a platform can be to a company as well as an influencer advertising the company. As people continue to increase their usage of the platform, the utilization of the platform for marketing activities should be researched further (Statista, 2022a). Credibility of the influencers is one aspect within the use of the platform, as source credibility is crucial when it comes to increasing the efficiency of the content (Dedeoglu, 2019).

Previous research shows that consumers tend to find an influencer credible more easily, even with weak arguments, if they have a smaller number of followers, rather than strong arguments and a large number of followers. Smaller influencers are thus perceived more credible and authentic. (Pozharliev et al., 2022) As for the influencers' perspective the content that received most engagement and likes was organic, non-sponsored, and spontaneous content. Several participants

to this study believed that the market is saturated and due to this the consumers and users of social media have become numb to sponsored content. (Le & Aydin, 2022)

Consumers are less inclined to purchase a product recommended by an influencer when the post is sponsored and explicitly disclosed as an ad. Consumers conclude that the influencers sincerity is low. (Han et. al., 2020) A study done on sustainable influencers, showed that ad disclosure does not have an adverse effect on consumers' willingness to find out more about the product, but the seeming expertness of the influencer was affected negatively. (Schorn et al., 2022)

Many previous studies have been done based on the three dimensions of credibility, attractiveness, trustworthiness, and expertise, developed by Ohanian in 1990 (Munnukka et al., 2016; Kiss, 2021). Out of these attractiveness was not considered in this study, as attractiveness has been discussed to matter only in products related to attractiveness, including beauty products (Pornpitakpan, 2003). Instead similarity was chosen as a dimension, it has also been found to be linked with attractiveness (Munnukka et al., 2016). In previous research, source credibility was also measured through the dimension of similarity. (Kiss, 2021; Munnukka et al., 2016). To deepen the study another dimension, popularity, will also be adapted into this study, as it has not received as much attention (Nascimento, 2019).

How different types of disclosures affect the credibility of influencers need to be examined, in addition to the measurement of influencer credibility through the dimensions of credibility. Influencers and advertisers are unsure on what kind of disclosure should be used, as the regulations are still relatively new. In addition, Instagram has introduced new disclosure tools. (Schorn, 2022) Previous studies have had a focus on sustainable or fashion influencers and their credibility or influencer credibility on various other social media platforms (Munnukka et al., 2016; Kiss, 2021; Schorn et al., 2022). This study will examine Instagram as a platform to narrow the focus on the kind of advertising practices it entails. As well as using an influencer with a lifestyle focus as the subject of the questionnaire. The effect of disclosure type on the dimensions on credibility has yet to be examined thoroughly in the context of Instagram. Developed the research gaps three research questions were formed:

RQ1: “Is purchase intention affected by the elements of influencer credibility with no advertising disclosure?”

RQ2: “Is purchase intention affected by the elements of influencer credibility with simple advertising disclosure?”

RQ3: “Is the influencer regarded more credible when disclosing a sponsorship?”

This study provides a look on Instagram influencers and how sponsorship disclosure affects their credibility from the perspective of the consumer through purchase intention by using the following dimensions of credibility: trustworthiness, expertness, similarity, and popularity. This study will examine influencer credibility when comparing non-disclosure and simple advertising disclosure of a lifestyle influencer. A questionnaire, a method of quantitative research, was used. The results show that trustworthiness and similarity are the dimensions affecting credibility and advertising disclosure does not have an effect on perceived credibility.

## **2 Literature review**

### **2.1 Social media marketing**

To define social media, the term can be split into two parts. Media is a communication tool, which makes social media a social communication tool. In other words, it can be a website that not only provides the user with the information needed as well as interacting with the user while sharing the information. (Khanna & Mishra, 2018) Marketing as a term has been described in many ways, as a process of demand-and-supply adaption, an economic process, and many other things. There are countless fundamental approaches to marketing as a study. These include the institutional approach, which perceives marketing as an elaborate array of agencies involved in the producer to consumer relationship of moving goods and services. (Johnston, 1978)

Social media gives the facility for creation of affordable content, communication, and connection among the users online (Tanha, 2018). Social media provides users the opportunity to share information and collaborate to create content on the web and use it. In addition, companies can also use social media as a marketing tool utilizing for instance social networks, online



communities, and blogs. Companies can capitalize on the fast growth of social media, as well as the fast way of getting in contact with their audience. (Khanna & Mishra, 2018) With this new media environment, users have been supplied with more control over the process of media consumption (Çınar, 2018).

The significance of social media as a channel for communication is growing fast. 85% of consumers have an expectation for a company to be utilizing social media as a tool to interact with consumers. Views shared on social media can reach millions of people and they have a permanent place on the internet. This can be perceived from a company's point of view as both an opportunity and challenge. (Tanha, 2018) Five main goals of social media marketing have been identified: to increase traffic to the company's website, drive relevant links to the website, raise the number of people following the company, expand brands awareness, and to drive conversation. An important aspect of social media is making the occupancy of a company known. (Pani & Moharana, 2013) When it comes to following a brand, there can be various reasons for it. One of them being value-expression, the construction of identity amidst other community members may be a result of liking a particular brand. (Tanha, 2018)

The measurement of social media is about tracking content to determine the amount and type of conversations about a company, brand, topic, or product. Calculating the return on investment (ROI) on social media can be challenging. Some key performance indicators (KPIs) and metrics related to social media do exist, but it is difficult to collect them all and get a result. The new KPIs related to social media contain social connections, engagement rates, social chatter, and number of shares and hits. Conventional metrics, including impressions, clicks, leads, revenue, and site traffic, are also still in use. (Pani & Moharana, 2013)

In marketing, when doing advertising and communications, companies and brands are expecting attention going both ways, from marketers and consumers. In regard to the social ROI, the customers who respond and are engaging with the brand on social media are the most valuable to the company. They can come back and be very positive for the brand. Social networks are more than an additional new platform for communication, but also a new method of communicating with the company's consumers in an open, public setting. (Rezáb, 2012)

## 2.2 Consumer-generated advertising

Consumer-generated media (CGM) includes blogs, social networking websites, podcasts, and video publishing websites. Users can not only share content but also interact with other people in these mediums. CGM can be distinguished by user engagement, social relationship, personal content, and group dynamics. These aspects are what differentiates CGM from the more conventional, publisher-generated media. (Li, 2007) Hansen et al. (2014) explains the term electronic word-of-mouth (eWOM) as a consumer sharing type.

The new territory of online content has also caught the attention of advertisers and marketers. Advertisers have gone to experiment with the use of this new media by hiring bloggers, sponsoring podcasts, and recruiting individuals as marketing agents to capitalize on their existing social relationships with consumers. (Li, 2007) Consumer-generated advertising (CGA) is a highly exceptional example of high-level consumer involvement in creating brand-related content. Consumer-generated online content for brands also has the opportunity for unpaid or indirectly paid communication media (Çınar, 2018).

There are several reasons why CGA has caught the attention of marketers. First, consumer-generated ads can be quite low cost in comparison to professional advertising agencies. Secondly regarding brand management it is highly valuable to get consumers' feedback on the brand. Third, consumers can be very skilled in creating brand-relevant communications. Fourth, this more unconventional form of advertising is a good substitute to traditional ads, that can get lost in the clutter of ads. (Çınar, 2018)

However, there are also some limitations to CGA. Literature underlines two main ones being subject and distribution. Consumers are free to create content on almost any subject, nonetheless CGA is limited to brand-oriented ad messages. Regarding the distribution of ads, consumers may create brand-orientated ads, but there is no influence on the contents before publishing. (Çınar, 2018)

Participants in the research demonstrated a better attitude towards a video that was labeled as CGA than those who were under the impression that the video ad was created by an ad agency. Although participants expressed positive attitudes, the positive attitudes did not pass on to the brand. (Hansen et al., 2014) This finding also aligns with previous research, such as Krugman (1972) and Pechmann and Stewart (1988), even though it is discouraging. Additional findings were an increased number of online interactions with messages due to the CGA label. Added attributes

are required for peers to receive the wanted message. Regarding eWOM and consumers' use of interactive features, research suggests that some factors, including knowledge base, involvement, and motives affect them. (Hansen et al., 2014)

Online product reviews (OPR) are a type of sponsorship in the category of consumer-generated content (CGC). OPRs comprise of shared thoughts and experiences with a product or service online to help others make decisions regarding purchase. There are two major categories of OPRs: monetary and non-monetary. Non-monetary motives include the supplying of free products or services. Monetary motives involve money, discounts, raffles, and points to be retrieved for free products. (Tsao & Mau, 2019)

### **2.3 Paid advertising through consumer-generated content**

Social media platforms depend on advertising as a source of income, which is why they offer a variety of tools and formats for advertising. However, the growing number of advertisements on these social media platforms has resulted in consumers being more concerned about credibility. This is where sponsored content has come into play as one possible solution to the problem by implanting ads into the format of a social platform with the highest engagement. This sponsored content helps to reduce skepticism among consumers. (Plume & Slade, 2018) Sponsored content can be described as the planned incorporation of companies or brands into media content in trade for reimbursement from a patron (Jiang, 2018).

Sponsored content, for example, in the U.S. is protected under commercial speech. Nevertheless, there is criticism towards sponsored content for being possibly misleading or even deceiving when it leads a consumers to think the it is not sponsored. (Jiang, 2018) Research on the area of the motivation behind sharing sponsored ads on social media is insufficient. However, some findings have been made. Enjoyment is a crucial factor affecting how consumers act within social networks. If a consumer is more entertained, they are more prone to share a post and possess a more positive attitude towards advertising online. (Plume & Slade, 2018)

#### **2.3.1 Influencers**

Social influence is defined as changing one's opinions as a reply to others' opinions. Influence has been defined into two categories by researchers: normative and informational. Normative influence in definition is the pressure of yielding that an individual feels when they want to match

the expectations of a group. That takes place in community assembly where for example online product reviews exist. Bloggers often use their own experience to describe the functions and characteristics of a product and rate it from a consumer point of view. (Tsao & Mau, 2019) Informational influence to the contrary is all about the content of the review itself (Cheung, 2009).

The practice where monetary or material reimbursement is given to influencers, who post sponsored content, from a brand is called influencer marketing (Jiang, 2018). Influencers are individuals with engaged followers on social media, who are able to utilize the engagement to convince their followers to try certain products or services. Building campaigns around influencers is a way to establish themselves on social media, for brands across industries. This was backed up by 86% of respondents, including people at marketing agencies as well as brand managers, who answered a survey for a 2019 benchmark report saying that they were planning to spend some of their marketing budget on influencers. (Oriola, 2019) In 2022, the size of the influencer marketing market was estimated to be 16,4 billion U.S. dollars. Since 2019, the market has more than doubled. (Statista, 2022b)

Influencers are used by companies for advertising through social media, for example Instagram. This form of digital marketing is to shift from the goal of customer acquisition to retention and commitment. Companies' goal is to build positive customer relationships by encouraging customer engagement through adopting influencer marketing strategies. Research about different types of influencers and their influence on company sustainability is limited, even though there are several articles analyzing social media and sustainability goals. (Berne-Manero & Marzo-Navarro, 2020)

85% of users on social media proclaim themselves followers of some influencer. Influencer marketing's most typical form depends on social media platforms such as Instagram, which is the fastest growing social platform now, having over one million advertisers. The network is concentrating on visual content, which has an extended shelf time, and simplicity. Still there is a problem with recognition, with 70% of posts remaining unseen, which stipulates a degree of saturation. (Berne-Manero & Marzo-Navarro, 2020)

Usual criteria in the selection process for an influencer are content quality, number of followers, and reputation. Other contributing criteria include age, gender, location, industry, and passions.

Number of followers is a good indicator of the influencer's popularity and size of their network, which makes it the most widely used criteria. The number of followers divides influencers into four categories: mega, macro, micro, and nano. Most utilized by companies with commercial goals are macro and micro influencers. Macro influencers are unofficially, but widely classified as having between 100,000 to 1,000,000 followers and having an increased professional appearance to their profile. They are generally more expensive. On the other hand, micro influencers have between 1000 and 100,000 followers. (Berne-Manero & Marzo-Navarro, 2020)

Brands should pick quality over quantity, when selecting an influencer, as the influencers should be compatible with the target audience of the brands and relevant to the marketing campaign. The consumers should feel like they belong to the influencers' social identity. For so-called social proof, the number of likes, shares and comments on an influencers' posts can be used as an indicator that consumers value the views and recommendations of the influencer. (Tanha, 2018)

Some things companies can do to avoid influencer marketing going wrong are doing research on how to find the right influencer, allow creative freedom and keep things simple (Oriola, 2019). In terms of finding the right influencer for a company, when considering micro and macro influencer scenarios, there are different benefits to each. Macro influencers appear to be more credible and admirable due to a more professional image. Whereas micro influencers' strengths are friendliness, closeness, and naturalness with their followers. Due to these characteristics micro influencers have a closer affinity with consumers. It also presents a higher level of interaction, sharing, and comments. Consequently, even though having less followers, there is potential to target a more niche and dedicated audience. (Berne-Manero & Marzo-Navarro, 2020)

### **2.3.2 Source credibility in consumer-generated advertising**

Source credibility and information quality are crucial for increasing the efficiency and persuasiveness of content (Dedeoglu, 2019). When using the consumer as a source via CGA it might increase positive attitudes regarding ad and brand. It also influences consumer comments in comparison to firm-generated ads. Although consumer bias for CGA engagement is less researched, in general consumers seem to perceive CGA to be of higher credibility when comparing to firm-generated ads. Trust of peer consumers might be why CGA is a preferred source of information. (Lee et al., 2017)

Most of previous studies have found that when disclosing source, it might result in less favourable ad assessments. In a newer study, it was seen that it can lead to the opposite result, source disclosure results in more favourable ad assessments. (Çınar, 2018) CGA source credibility's ability to affect consumer's positive attitude towards an ad, might not be enough to pass along eWOM and support the brand or product. The consumer not knowing who the person posting the online content is can result in decreased source credibility. (Hansen et al., 2014)

Alternative outcomes for source credibility have been found in studies when putting CGA against firm-generated ads. Consumer skepticism in relation to no knowledge about the source and their potential motivations limit perceptions of credibility. When consumers have no information about the CGA source, it results in lower evaluations about ad and brand. Source credibility can also vary between different types of CGA, when being created by a consumer organically or being sponsored by the company. (Hansen et al., 2014)

An endorser can be a person utilizes their public recognition for the benefit of a product or service by being in an advertisement about said product or service. Endorsers can be celebrities, athletes, professionals, or anyone else who has expertise in a specific field to represent the product or service. (Samat et al., 2015)

Ohanian (1990) invented a model which measures the credibility of celebrity endorsement. The tri-component theory can be utilized to evaluate the different aspects of the persuasiveness of celebrity endorsement. The theory consists of three dimensions. These are trustworthiness, expertise, and attractiveness. Trustworthiness is defined as the capacity to approve or acknowledge information without the need to investigate or have evidence. Expertness means the extent of knowledge a consumer possesses about a subject. (Hansen et al., 2014) Attractiveness is explained as either physical attractiveness, how likeable the source is, or how familiar the source is observed to be (Kiss, 2021). Many studies on source credibility have been conducted based on attractiveness, expertise, and trustworthiness (Munnukka et al., 2016; Kiss, 2021). According to Samat et al. (2015), the three dimensions are connected to attitude towards social media advertising in endorser credibility. Out of these dimensions attractiveness was not considered in this study, as attractiveness has been discussed to matter only in products related to attractiveness, including beauty products (Pornpitakpan, 2003). Additionally in previous research,

such as Kiss (2021) and Munnukka et al. (2016), source credibility has been measured through the dimension of similarity. Similarity is explained as the perceived resemblance or affinity of the source and the recipient. People often find others more likeable if they are similar to each. Similarity is a key indicator of endorser credibility and advertising persuasiveness. (Munnukka et al., 2016)

Another dimension to consider in the research of source credibility is popularity. It can be defined as the size of the network, which is the number of followers an endorser social media profile has. Although this can provide an insight into the reach of message and a perceived greater likability, the number of followers can at times not be trusted as they could have been acquired in fraudulent manners. It was established through research that popularity significantly affects the consumers' intention to purchase low involvement products. (Nascimento, 2019) Unlike Ohanian's (1990) dimensions, popularity negatively impacts consumer's purchase intention (Nascimento, 2019). It was established that the number of followers positively correlates with the perceived popularity of an influencer. When an influencer with a large network only follows a small number of people, the influencer's likability and popularity may decrease. Since people tend to believe sources if others do as well, when a source is found to be popular, an effect follows, if many people find it to be good, it must be. (Veirman, 2017)

The following hypotheses were established to further study the reviewed dimensions of source credibility:

- H1. The trustworthiness of the influencer positively impacts the purchase intention of consumers'
- H2. The expertness of the influencer positively impacts the purchase intention of consumers'
- H3. The similarity of the influencer positively impacts the purchase intention of consumers'
- H4. The popularity of the influencer positively impacts the purchase intention of consumers'

Additionally, the credibility of the associated brand has a substantial role in building the endorsers' perceived credibility. Concerning source expertise, brands do not need endorsers to increase the consumers' perspective of source expertise, instead the brand has a significantly higher source expertise in terms of product placement. When improving their marketing on social media, brands need to consider which aspect of source credibility they want to focus on: trustworthiness,

expertise, attractiveness, or likability. Thus, they need to leverage different types of product placement and brands and endorsers need to rely on each other. (Jin & Muqaddam, 2019)

### **2.3.3 Sponsorship disclosure**

Among users and critics, advertiser and marketer social media involvement has caused some concerns. Especially, concern has been raised regarding firm-generated content, overall content ownership, and transparency. These concerns may affect expanding advertising models, especially those involving transparency. A lack of transparency might destroy the trust built between the social network and its users. One possible solution, suggested by various industry groups, could be that all advertisers and marketers provide full disclosure of all marketing sourced content. That means tagging all advertising as advertising, and all ownership and involvement in creating the work should be disclosed. It has been argued that full transparency can only result in increased credibility. The problem said for some advertisers is that the role of mystery and surprise as key elements is gone with full disclosure. (Li, 2007)

The term information disclosure derives from corporate finance, where firms communicate with the stakeholders, their investors, and the public through disclosing financial information. Disclosure of information can be voluntary or under other circumstances required by law. Concealing information in sponsorships is inherently an attempt at deceiving consumers. It is even illegal in numerous countries and a violation of corporate ethics. Deliberately withholding information about sponsorship could have a huge influence on the persuasiveness of CGM if the consumer becomes aware of the situation. Nevertheless, disclosing sponsorships in blogs would decrease the persuasiveness of the online product review by compromising the bloggers credibility, this in turn results in a decrease in purchase intention. (Tsao & Mau, 2019)

The consumer creates purchase intentions by putting brands in an order. The opinions and attitudes of others around the consumer may have an influence on purchase intention. Sometimes there can also be unexpected situational factors, such as the economy, a lower price from a competing brand, or someone around the consumer might have a negative review to give about their intended purchase. Other factors that influence purchase intention are expected income, price, or benefits of the product or service. (Kotler & Armstrong, 2016)



Advertising or sponsorship disclosure is a way to tell the consumer that the message is advertising. This can be done by including certain terms or tags, such as ad, or statements like promoted by (company) or sponsored by (company). (Weismueller et al., 2020) A rough division of advertising disclosures has been made into simple disclosure and disclosures that provide additional information. Simple disclosure states that the post is sponsored, but does not go into detail on why, how much, or what kind of compensation has been received. This can simply be a statement, such as, 'this content is sponsored'. (Stubb et al., 2019) Social media and influencers add a new, constantly evolving layer of complexity to advertising disclosure. Previous research states that neither a disclosure statement or hashtag influenced source trustworthiness or expertise, but they can have a negative effect on source attractiveness. All three dimensions of credibility had a positive effect on consumers' purchase intention. (Weismueller et al., 2020)

Consumer resistance is not significantly influenced by advertising disclosure. Consumer resistance is a consequence of multifaceted subjective evaluations of various influencer motives. Based on the consumers' knowledge of the influencer, even if the sponsorship was disclosed, they would make speculations about non-monetary motives, such as helping motives, which may lessen the consumer resistance caused by monetary motives. (Jiang, 2018) Based on previous research on advertising disclosure, the following hypotheses are proposed:

- H5. The type of sponsorship disclosure will have a moderating effect on the relationship between trustworthiness and purchase intention
- H6. The type of sponsorship disclosure will have a moderating effect on the relationship between expertness and purchase intention
- H7. The type of sponsorship disclosure will have a moderating effect on the relationship between similarity and purchase intention
- H8. The type of sponsorship disclosure will have a moderating effect on the relationship between popularity and purchase intention

In numerous countries including the USA, UK, Taiwan, and South Korea laws require the blogger to disclose paid endorsement from firms in relation to reviewed products (Tsao & Mau, 2019). Regarding laws in place, for advertising on social media, it is treated the same as traditional media. In the USA the Federal Trade Commission (FTC), has law number 5 of the FTC Act as the backbone of consumer protection, it declares that unfair and deceptive acts or practices are illegal. When using affiliates, the companies should have agreements in place requiring them to follow the

federal, state, and local laws and regulations. Companies should also, to an attainable extent, monitor their affiliates and their advertising practices and review their advertising materials before they are distributed. (Steinman & Hawkins, 2010)

### **3 Research methodology**

#### **3.1 Research framework**

According to Leshem & Trafford (2007), a conceptual framework illustrates a theoretical overview of the planned research and process structure within. To build the framework and hypotheses, variables have to be established. A variable is a concept that can take on various quantitative values (Kothari, 2004). An independent variable represents the assumed cause, and a dependent variable represents the assumed effect, in a cause-effect relationship. To simplify a dependent variable depends somehow on an independent variable. It is however vital to remember that variables are not fundamentally either type, in one study the variable could be independent, in another, dependent. (Flannelly et al., 2014) The independent variables in this study are trustworthiness, expertness, similarity, and popularity. The dependent variable in this study is purchase intention. In addition, there are third variables, for example mediating and moderating variables. With a third variable, the possible relationships significantly increase. For this study, a moderating variable was chosen. A moderating variable shows how the relation between the independent and dependent variables differs across the levels of the moderator. It demonstrates how the form and strength of a relation between two variables can rely on the value of a moderator. A moderating variable was added to the study to specify effects, to identify groups where the intervention has its most significant effects or no effects. (MacKinnon, 2011) The moderating variable is disclosure type. The disclosure types included are non-disclosure and simple disclosure. Based on the hypotheses development and literature review a conceptual framework was then developed.

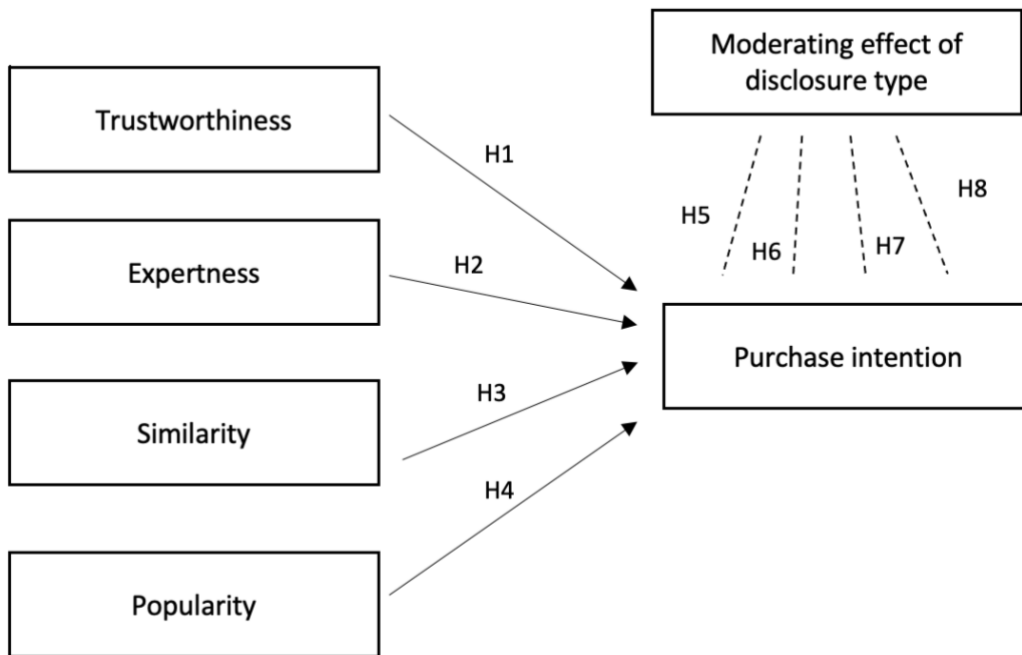


Figure 1. The conceptual framework

## 3.2 Data collection

### 3.2.1 Literature review

As a first step secondary data was collected, using existing literature related to the topic of social media marketing, influencer marketing, influencer credibility, as well as consumer-generated advertising. Reviewing existing literature is important, as it shows what is already known about the area of research and the importance of the researcher's topic and where it could lead (Bryman & Bell, 2015).

Primarily peer-reviewed articles and journals were used. These were collected through electronic databases ProQuest, EBSCOhost, and Emerald. Google's search engine for journals and articles, Google Scholar, was also utilized. In addition to this some relevant information had to be searched through websites, such as Instagram's business website and statistics from Statista.

### 3.2.2 Research questions

This study aims to understand how consumers view the credibility of influencer when they disclose an advertisement, in comparison to when they do not. Does this affect the consumers' willingness to purchase the promoted item or service. Furthermore, how purchase intention is affected by the elements of credibility through two different advertising disclosure types. To achieve this target and limit the scope of research, research questions were set:

RQ1: "Is purchase intention affected by the elements of influencer credibility with no advertising disclosure?"

RQ2: "Is purchase intention affected by the elements of influencer credibility with simple advertising disclosure?"

RQ3: "Is the influencer regarded more credible when disclosing a sponsorship?"

According to Saunders et al. (2008), formulating and clarifying the research topic is crucial. They believe that it should be conveyed as research questions, which should then be answered by the conducted research. Nonetheless the research question or questions should be reflected upon and revised as the research progresses. The research questions assist in critically reviewing your conclusions, as well as reviewing other literature and seeing if their conclusions are compatible with the research questions and hypotheses set at the start (Adams et al., 2014).

### 3.2.3 Quantitative research

In quantitative research measurement is used as opposed to qualitative which typically emphasises words. Data collection as well as data analysis pay attention to quantifiable data and use a deductive approach. In the deductive approach a theory and hypotheses are built first, and then tested with data collection, and finally analysed. (Bryman & Bell, 2015) A descriptive research style was chosen as there is prior knowledge about the research area, and it can be used to identify relationships as well as make predictions. As specific hypotheses, and specification of information is needed, hypotheses, research questions, and a research framework were established through secondary data analysis. (Malhotra, 2013) Quantitative research has even

been referred to as 'survey research' (Burns, 2019). A questionnaire consists of a series of questions, which is then sent to possible respondents through for example email (Kothari, 2004). An internet survey is a questionnaire released through a site on the internet, which the respondent then fills out independently. For this purpose, there are systems for Web surveys, such as Webropol. The system is made up of a database, data-delivery program, and a designer for the questionnaire. Through the system, the researcher is able to retrieve varying data, such as descriptive statistics of responses, completion statistics, as well as graphical display of data. Surveys conducted through the internet offer more flexibility, automatic skip patterns, as well as visual appeal, in comparison to e-mail surveys. (Malhotra, 2013) This method of data collection was chosen as it provides easier reach to respondents, gives them adequate time to respond, provides opportunity to use a large sample, and is free from interviewer bias (Kothari, 2004). According to Malhotra (2013), benefits of electronic, internet, surveys also include the low-cost nature, high speed, and interactivity. There are also some disadvantages such as the loss of control over questionnaire once sent, slow method of getting responses, and a possibility of respondent interpreting questions differently than researcher intended (Kothari, 2004).

The questionnaires included a short statement of what the answers will be used for, an assurance of anonymity, as well as a thank you for their time. The questionnaires had a screening question, does the respondent have an Instagram account, if the answer was no, they would be led to the end of the survey page. If the response was yes, they were able to carry on to the total of 7 demographic questions. The questions were closed questions, which have the benefit of easier processing of answers, simpler completion, and enhance the comparability between questionnaires as well as cases. As seen in appendix 1, a 5-point Likert scale was used for the 16 statements regarding the variables. Likert-scale questions are easy to answer as well as analyse. The questions were adapted from existing studies to strengthen validity, demonstrated in appendix 1. It is important to test a survey before distribution to make sure that the respondents find the questionnaire clear. (Adams et al., 2014) A pilot survey was thus conducted to test the questionnaires, and adaptations were made based on the results and feedback. Each questionnaire included one of the two conditions: no sponsorship disclosure and simple sponsorship disclosure. The questionnaires were conducted on the Webropol platform. Randomization of leading respondents to one of the two questionnaires was conducted via allocate monster (Fergusson, 2016).

The final questionnaires were shared with one link that would lead the participants randomly to one of the two questionnaires. These were shared through WhatsApp-message, as well as the following social media apps: Instagram, Facebook, and LinkedIn. Sharing questionnaires on social media can create a sampling problem, as it can end up unrepresentative, as respondents are the researcher's friends or similar people (Adams et al., 2014). This bias was reduced by using Facebook groups for sharing surveys, with no previous connection to the researcher, as well as people in the researcher's network sharing the survey to their dissimilar network, thus expanding the sample.

### **3.3 Data analysis**

To be able to begin analysis, the data must first be prepared (Adams et al., 2014). The data was collected through Webropol. It created a downloadable Microsoft Excel file. The data was then separately cleaned and coded on Microsoft Excel, as instructed by Adams et al. (2014). Each question with different categories was given numerical codes to represent different answers. As the questionnaire contained only structured questions it was precoded, the variables were only labeled. The data was then cleaned, which included consistency checks and handling missing data. As the first question was a screening question it led to appearance of missing data, these rows with missing data were thus deleted and the data was analyzed manually. The two separate spreadsheets were then uploaded to separate SPSS inputs. SPSS Modeler is a workstation, that mines data, and can use that data, such as survey responses, to extract relationships, and key concepts. These were then converted into a structured format that was able to create accurate predictive models. The values were then labeled assigning each value of a variable a unique label. (Malhotra, 2013). The data sets were then analyzed separately, excluding demographic data which was analyzed as one input. The sample size of the study was 177 valid respondents, making the sample margin of error around 8% (Burns, 2019).

First the data was analyzed for reliability. Reliability signifies consistency in the data. In this study, Cronbach's alpha will be used to measure reliability. It is a widely used method for calculating internal consistency. (Saunders et al., 2008) Cronbach's alpha ranges between 0 and 1. Acceptable values range between 0,7-0,95. A low value can be a result of a lack of relation between items or a small number of questions. If the value is too high it may mean some items are unnecessary as they are testing the same question, in different manners. (Tavalok & Dennick, 2011) For the

purpose of this study a value between 0,7-0,9 is deemed reliable. The demographic data is then measured on a nominal scale. The central tendency, most typical response, is seen through mode. Mode means the value in a set of numbers that appears most frequently. Variability, the similarity of responses, was analyzed through frequency. Frequency is an illustration of the number of times each different value emerges in a set of values. The Likert-scale statements, is measured for central tendency through mean and variability through standard deviation. The mean is the average of numbers. Standard deviation indicates the diversity or degree of variation in the values. (Burns, 2019)

Then a correlation, degree of association between variables, analysis was performed to test hypotheses H1-H4. A further analysis was then performed, with a linear regression analysis of hypotheses H1-H4 as well as moderating effect hypotheses H5-H8. (Adams et al., 2014) A correlation coefficient can quantify the linear relationship between numerical variables. The coefficient can be any value between -1 and +1. Here a positive correlation is represented by values over 0, and a negative correlation by values under 0. The closer to either end of the scale, the stronger the correlation. The value 0 represents no correlation, a perfect independence. (Saunders et al., 2008) Regression is about locating a relationship between variables and developing a model. Linear regression can be used to explain how influencing variables can cause changes in some phenomenon.  $R^2$  value is frequently used as a test of quality, it is wished to be as close to 100 percent as possible. (Adams et al., 2014)

## **4 Findings**

### **4.1 Study demography**

The study had a total of 187 respondents, out of those 10 were excluded as they do not have an account on Instagram, thus not having the basis to answer the following questions. Making the sample size  $n = 177$ . Marginally more than half of the respondents were aged 18-25 (57,1%), other respondents varied in ages. The gender of the respondents was mainly female (75,7%), males constituted 22,6% of respondents, and 2,3% were non-binary. The residence of the respondents was mostly Europe (87%). 140 (79,1%) respondents already followed an influencer on Instagram, and 37 (20,9%) did not. The study respondents have knowledge of Instagram as a platform, have an account, and most of them follow an influencer on Instagram, giving them ground for prior

knowledge on the topic of influencers. A picture of an influencer was then presented with a caption either not disclosing the ad, or using simple disclosure. Out of the 177 respondents 44 (24,9%) said they had prior knowledge of the influencer and 133 (75,1%) said they did not.

Table 1. Demography overview

Demography variable	Demography classification	Frequency	Percentage %
Instagram account	Yes	177	94,6
	No	10	5,4
Age	Under 18	5	2,8
	18-25	101	57,1
	26-35	24	13,6
	36-45	22	12,4
	46-55	21	11,9
	Over 55	4	2,3
Gender	Female	134	75,7
	Male	40	22,6
	Non-binary	3	1,7
Residence	Europe	154	87,0
	Asia	12	6,8
	Oceania	2	1,1
	North America/Central America	8	4,5
	South America	1	0,6
Education	Comprehensive school	2	1,1
	Upper secondary school/High school	28	15,8
	Vocational school	8	4,5
	Bachelor's degree	79	44,6
	Master's degree	48	27,1
	PH.D.	11	6,2
	Other, please specify	1	0,6
Occupation	A student	92	52,0
	Working	72	40,7
	Unemployed/laid off	8	4,5
	Retired	1	0,6
	Other, please specify	4	2,3
Follow influencers on Instagram	Yes	140	79,1
	No	37	20,9
Familiar with influencer in questionnaire	Yes	44	24,9
	No	133	75,1

## 4.2 Results

As seen in table 2 and 3, concerning sample size, simple disclosure sample  $n = 97$  and non-disclosure sample  $n = 80$ . The reliability of the 16 items was tested with Cronbach's alpha. The simple disclosure data had an average of  $\alpha = 0,88$ , meaning the items are reliable. None of the items are under 0,86 or over 0,89. The non-disclosure data had an average of 0,89, meaning the items are reliable. None of the items are under 0,88 or over 0,9.



As seen in table 2, trustworthiness correlates with expertness (,587), similarity (,465), popularity (,549), and purchase intention (,593). Trustworthiness did not correlate with disclosure. Trustworthiness has a positive effect on purchase intention. Expertness correlates with trustworthiness (,587), similarity (,315), popularity (,578), and purchase intention (,440). Expertness has a positive effect on purchase intention. Similarity correlates with trustworthiness (,465), expertness (,315), popularity (,485), and purchase intention (,607). Similarity did not correlate with disclosure. Similarity has the highest effect on purchase intention. Popularity correlates with trustworthiness (,549), expertness (,578), similarity (,485), purchase intention (,551), and disclosure (,407). Purchase intention correlates with trustworthiness (,593), expertness (,440), similarity (,607), popularity (,551), and disclosure (,242). Simple disclosure has a positive effect on purchase intention.

In table 3, trustworthiness correlates with expertness (,702), similarity (,481), popularity (,504), and purchase intention (,540). Trustworthiness did not correlate with disclosure. Expertness correlates with trustworthiness (,702), similarity (,386), popularity (,278), and purchase intention (,512). Expertness did not correlate with disclosure. Similarity correlates with trustworthiness (,481), expertness (,386), popularity (,379), and purchase intention (,726). Similarity did not correlate with disclosure. Popularity correlates with trustworthiness (,504), expertness (,278), similarity (,379), purchase intention (,332), and disclosure (,354). Purchase intention correlates with trustworthiness (,540), expertness (,512), similarity (,726), and popularity (,332). Purchase intention did not correlate with disclosure. Non-disclosure does not have a significant effect on purchase intention.

Table 2 shows that disclosure correlates with expertness (,248), popularity (,407), and purchase intention (,242). Disclosure did not correlate with trustworthiness and similarity. If an influencer discloses an ad with simple disclosure their perceived popularity and expertness makes them seem more credible. In table 3, disclosure correlates with popularity (,354). Disclosure did not correlate with trustworthiness, expertness, similarity, or purchase intention. If an influencer does not disclose an ad their popularity makes them seem credible. Simple disclosure correlates with popularity (,407) and expertness (,248). If an influencer discloses an ad with simple disclosure their popular and expertness make them seem credible.

Table 2. Correlation simple disclosure data

		TRU	EXP	PUI	SIM	DIS	POP
TRU	Pearson Correlation	1	,587**	,593**	,465**	,167	,549**
	Sig. (2-tailed)		<,001	<,001	<,001	,101	<,001
	N	97	97	97	97	97	97
EXP	Pearson Correlation	,587**	1	,440**	,315**	,248*	,578**
	Sig. (2-tailed)	<,001		<,001	,002	,014	<,001
	N	97	97	97	97	97	97
PUI	Pearson Correlation	,593**	,440**	1	,607**	,242*	,551**
	Sig. (2-tailed)	<,001	<,001		<,001	,017	<,001
	N	97	97	97	97	97	97
SIM	Pearson Correlation	,465**	,315**	,607**	1	,124	,485**
	Sig. (2-tailed)	<,001	,002	<,001		,225	<,001
	N	97	97	97	97	97	97
DIS	Pearson Correlation	,167	,248*	,242*	,124	1	,407**
	Sig. (2-tailed)	,101	,014	,017	,225		<,001
	N	97	97	97	97	97	97
POP	Pearson Correlation	,549**	,578**	,551**	,485**	,407**	1
	Sig. (2-tailed)	<,001	<,001	<,001	<,001	<,001	
	N	97	97	97	97	97	97

\*\* . Correlation is significant at the 0.01 level (2-tailed).

\* . Correlation is significant at the 0.05 level (2-tailed).

Table 3. Correlation no disclosure data

		TRU	EXP	PUI	SIM	DIS	POP
TRU	Pearson Correlation	1	,702**	,540**	,481**	,213	,504**
	Sig. (2-tailed)		<,001	<,001	<,001	,058	<,001
	N	80	80	80	80	80	80
EXP	Pearson Correlation	,702**	1	,512**	,386**	,076	,278*
	Sig. (2-tailed)	<,001		<,001	<,001	,501	,013
	N	80	80	80	80	80	80
PUI	Pearson Correlation	,540**	,512**	1	,726**	-,106	,332**
	Sig. (2-tailed)	<,001	<,001		<,001	,351	,003
	N	80	80	80	80	80	80
SIM	Pearson Correlation	,481**	,386**	,726**	1	-,127	,379**
	Sig. (2-tailed)	<,001	<,001	<,001		,261	<,001
	N	80	80	80	80	80	80
DIS	Pearson Correlation	,213	,076	-,106	-,127	1	,354**
	Sig. (2-tailed)	,058	,501	,351	,261		,001
	N	80	80	80	80	80	80
POP	Pearson Correlation	,504**	,278*	,332**	,379**	,354**	1
	Sig. (2-tailed)	<,001	,013	,003	<,001	,001	
	N	80	80	80	80	80	80

\*\* . Correlation is significant at the 0.01 level (2-tailed).

\* . Correlation is significant at the 0.05 level (2-tailed).

### 4.3 Hypotheses testing

Table 4 and 5 exhibit the path coefficients and their variations. The results are presented in two tables to compare disclosure and simple disclosure. As seen in table 4, when simple disclosure is given, similarity positively influences purchase intention, that is, Similarity  $\rightarrow$  Purchase intention  $\beta = 0,56$  and  $t = 6,21$ , the result significant at  $p < 0,001$ . The other path coefficients are not accepted as their coefficients are under 1,96 as well as significance being over 0,05. As seen in table 5, when no disclosure is given trustworthiness and similarity positively influence purchase intention, that is, Trustworthiness  $\rightarrow$  Purchase intention  $\beta = 0,3$  and  $t = 3,06$ , the result significant at 0,003, and Similarity  $\rightarrow$  Purchase intention  $\beta = 0,37$  and  $t = 4,29$ , significant at  $< 0,001$ . Results for both data sets are slightly dissimilar, but when compared it can be concluded that hypotheses H1 and H4 can be accepted but hypotheses H2, H3 and H5-H8 cannot be accepted. This concludes that there is no moderating impact of disclosure type with trustworthiness, expertness, similarity, and popularity as independent variables and purchase intention as the dependent variable.

Table 4. The standardized path coefficients and hypotheses results for simple disclosure data

Hypotheses	Path coefficient	Beta	t	Sig.	Results
H1	Trustworthiness $\rightarrow$ Purchase intention	,132	1,105	,273	Not accepted
H2	Expertness $\rightarrow$ Purchase intention	,200	1,914	,059	Not accepted
H3	Similarity $\rightarrow$ Purchase intention	,564	6,214	<,001	Accepted
H4	Popularity $\rightarrow$ Purchase intention	,027	-,286	,776	Not accepted
H5	Simple disclosure*Trustworthiness $\rightarrow$ Purchase intention	-,046	-,453	,652	Not accepted
H6	Simple disclosure*Expertness $\rightarrow$ Purchase intention	-,115	-1,145	,256	Not accepted
H7	Simple disclosure*Similarity $\rightarrow$ Purchase intention	,101	1,255	,213	Not accepted
H8	Simple disclosure*Popularity $\rightarrow$ Purchase intention	-,089	-,786	,434	Not accepted

Table 5. The standardized path coefficients and hypotheses results for non-disclosure data

Hypotheses	Path coefficient	Beta	t	Sig.	Results
H1	Trustworthiness→Purchase intention	,301	3,061	,003	Accepted
H2	Expertness→Purchase intention	,040	,415	,679	Not accepted
H3	Similarity→Purchase intention	,371	4,287	<,001	Accepted
H4	Popularity→Purchase intention	,152	1,1449	,151	Not accepted
H5	Simple disclosure*Trustworthiness→ Purchase intention	-,097	-1,139	,258	Not accepted
H6	Simple disclosure*Expertness→ Purchase intention	-,086	-,906	,367	Not accepted
H7	Simple disclosure*Similarity→ Purchase intention	-,113	-1,310	,193	Not accepted
H8	Simple disclosure*Popularity→ Purchase intention	-,069	-,745	,458	Not accepted

In figure 2, the conceptual framework is presented, with the two data sets joined. Trustworthiness  $\beta = 0,222$ , expertness  $\beta = 0,131$ , similarity  $\beta = 0,486$ , and popularity  $\beta = 0,067$ . It also shows the moderating impact of disclosure type on the variables, trustworthiness  $\beta = -0,181$ , expertness  $\beta = -0,304$ , similarity  $\beta = 0,011$ , and popularity  $\beta = -0,388$ . The  $R^2$  of purchase intention is 53,1%.

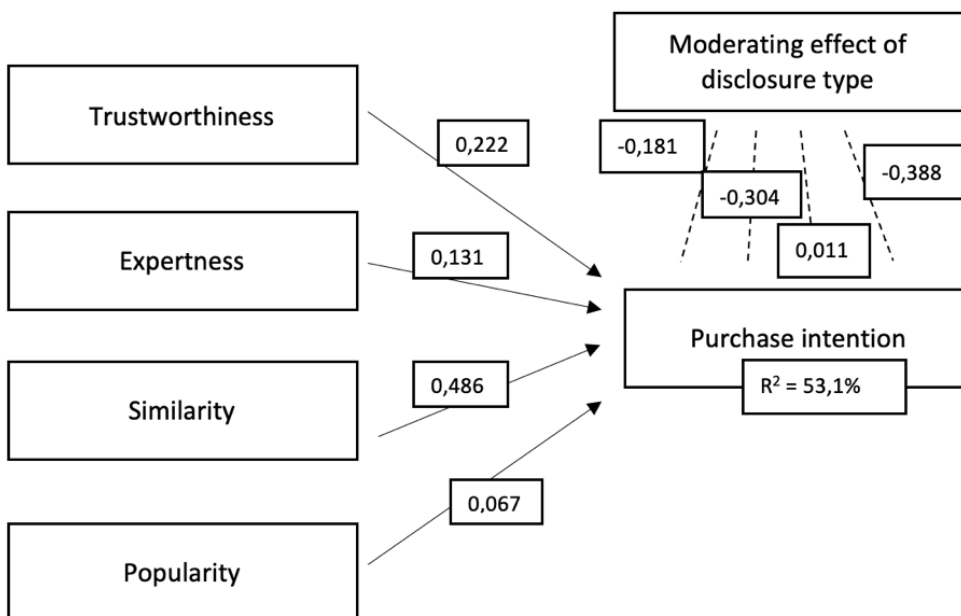


Figure 2. The conceptual framework (joined data) and tested hypotheses

## 5 Discussion

To conclude, theoretical contributions and managerial implications are considered. Moreover, the research questions set are answered. In conclusion, the limitations of the study are explained and suggestions for further research are made.

### 5.1 Theoretical contributions

The objective of this study was to find out how the credibility of influencers can be affected by advertising disclosure on Instagram. This study aimed to answer the research questions with the use of a theoretical framework derived from secondary data as well as quantitative research in the form of a questionnaire. Three research questions were set:

RQ1: “Is purchase intention affected by the elements of influencer credibility with no advertising disclosure?”

RQ2: “Is purchase intention affected by the elements of influencer credibility with simple advertising disclosure?”

RQ3: “Is the influencer regarded more credible when disclosing a sponsorship?”

When the advertisement is not disclosed, purchase intention is affected by trustworthiness and similarity. An unexpected finding was that there is no significant effect on purchase intention by expertness and popularity, contrary to previous research by Nascimento (2019) and Munnukka et al. (2016). However, expertness not having an effect on purchase intention does align with other previous research, with an outside moderating factor of sustainability (Kiss, 2021). Thus concluding the variance of possible significant effect in various conditions, such as disclosure type or sustainability. There may also be a different impact depending on product category, as this study focused on a lifestyle section product.

With simple disclosure the only dimension affecting purchase intention is similarity. Similarity having an effect on purchase intention is aligned with previous research by Kiss (2021) and Schouten et al. (2020). Trustworthiness, expertness, and popularity had no significant effect on

purchase intention, contrary to previous research (Munnukka et al., 2016). In both cases purchase intention was most significantly affected by similarity to the influencer, aligning with previous research by Kiss (2021), Schouten et al. (2018), and Munnukka et al. (2016).

Moreover, the moderating aspect of disclosure type was also examined. The findings showed there was no significant correlation between no disclosure and simple disclosure. Thus the influencer is not regarded as more credible when disclosing the sponsorship. This finding is in accordance with previous research examining the effect of disclosure on purchase intention. Although non-disclosure affected purchase intention positively, unlike simple disclosure, contrary to previous research. (Weismueller et al., 2020) This signifies consumers are more prone to purchase a product if there is no advertising disclosure.

## **5.2 Managerial implications**

Purchase intention was most significantly affected by similarity to the influencer. Therefore, when choosing an influencer as a means of advertising the perceived similarity of the influencer and the target customer should be researched and considered by the marketer. This will increase the persuasiveness of the advertisement. (Munnukka et al., 2016)

The second dimension, trustworthiness, was also a significant effect on purchase intention, with both disclosure types (Munnukka et al., 2016; Kiss, 2021). This does signify the importance of the amount of trust the followers of the influencer has in them and the importance of examining this dimension before choosing an influencer. As expertness was not found to be of significant effect in either condition to purchase intention, contrary to previous research by Weismueller et al. (2020) but aligned with previous research by Kiss (2021). This means consumers and followers do not expect the influencer to be an expert in the specific product category to be able to advertise it. However the brands needs to consider their perspective source expertise, to not rely on expertness from the influencer. Simple disclosure affected perceived expertise positively, contrary to previous research (Weismueller et al., 2020). Thus if an influencer discloses an advertisement, consumers perceive them to be more credible.

Although the findings showed that consumers find an influencers more credible without advertising disclosure, marketers have to be mindful of the laws and regulations in their areas of

operation and advertising. Marketers and influencers can consider including compensation justification, incorporating an explanation for why the sponsored content is being posted. This has been shown to increase source and message credibility, in addition to creating more positive attitudes regarding the influencers. (Stubb et al., 2019)

### **5.3 Reflection of research process**

Choosing the topic for the study turned out to be interesting. The biggest challenge arose from the need to narrow the subject sufficiently. The topic of the study was of great interest to the author. This made the process of research, and especially the literature review section fascinating, although time-consuming. Various methods of research, discussed in section 3.2., were used. Unfortunately to the author, the COVID-19 pandemic made the research process longer than planned, nevertheless this gave time for more secondary data to arise. This data was then utilized in order to define the subject of the study. The author found the processing and interpreting of the results to be the most challenging part of the research. The use of the SPSS software was new to the author, which affected the needed time for the processing the results. Discovering the most suited means of processing the data in order to get accurate and presentable results, took research and time.

The validity and reliability of the data was measured with SPSS, through Cronbach's alpha, which was 0,88-0,89 for both sets of data. This is deemed a reliable result and thus the study reliability was proven. (Tavalok & Dennick, 2011) The questionnaire was sent out at the beginning of the week, and at an earlier time of day to capture the interest of many potential respondents. Reminders were also sent to Facebook groups, as well as Instagram followers. The survey was designed to be simple and fast to fill out, to increase the number of respondents. The response rate surprised the author positively and a sufficient number of responses were received. The anonymity of the respondents was upheld and the information was processed with care. The authors personal beliefs or opinions are not reflected in any manner in the study.

### **5.4 Limitations of the study**

This study is not without limitations. Firstly the study was conducted on only one social media platform and tested on one product and influencer. Although the sample size was regarded

sufficient, a larger sample such as 1000 would have yielded more reliable results. As the survey was conducted in Europe, it supplied most responses from this area. The age range was largely between the ages of 18-25, due to the younger demographic of the app Instagram, as well as the means of distribution of the questionnaire. Moreover, just one influencer was used for this study, and most respondents not being familiar with the influencer may influence their perception of the dimensions of credibility as there is no previous relationship or knowledge of the influencer.

## **5.5 Future research**

This study was conducted after the Covid-19 pandemic, which was not taken into consideration. There is still room for further research into the impact the pandemic had on the influencer market and how consumers perceive influencer motives. Further research could also be made taking into account more social media platforms, such as TikTok. A larger dissection of disclosure types and their impact could be studied, including a more detailed sponsorship disclosure. The regulations of specific countries or areas could also be examined, such as the credibility of Finnish influencers with regards to the regulations in place. Studies incorporating more influencers, with various types of content, are still unexplored.



## References

- Adams, J., Hafiz, T. A., & Khan, R. (2014). *Research Methods for Business and Social Science Students* (2<sup>nd</sup> ed.). SAGE Response.
- Berne-Manero, C., & Marzo-Navarro, M. (2020). Exploring How Influencer and Relationship Marketing Serve Corporate Sustainability. *Sustainability*, 12(11), 4392. <https://doi.org/10.3390/su12114392>
- Burns, A. C. (2019). *Marketing Research*. (Global ed.). Pearson Education.
- Business Instagram. (2021). *Join millions of businesses engaging with vibrant communities*. <https://business.instagram.com>
- Bryman, A. & Bell, E. (2015). *Business research methods* (4<sup>th</sup> ed.). Oxford University Press cop.
- Campbell, C., & Marks, L. (2015). Good native advertising isn't a secret. *Business Horizons*, 58(6), 599-606. <https://doi.org/10.1016/j.bushor.2015.06.003>
- Cheung, M. Y., Luo, C., Sia, C. L., & Chen, H. (2009). Credibility of Electronic Word-of-Mouth: Informational and Normative Determinants of On-line Consumer Recommendations. *International Journal of Electronic Commerce*, 13(4), 9-38. <https://doi.org/10.2753/jec1086-4415130402>
- Çınar, N. (2018). An evaluation of source effects in consumer generated ads. *Communication & Society*, 31(1), 147-167. <https://doi.org/10.15581/003.31.35718>
- Dedeoglu, B. B. (2019). Are information quality and source credibility really important for shared content on social media? *International Journal of Contemporary Hospitality Management*, 31(1), 513-534. <https://doi.org/10.1108/ijchm-10-2017-0691>
- Fergusson, A. (2016). Designing online experiments using Google forms+ random redirect tool. Retrieved from <https://teaching.statistics-is-awesome.org/designing-online-experiments-using-google-forms-random-redirect-tool>
- Flannelly, L. T., Flannelly, K. J. & Jankowski, K. (2014). Independent, Dependent, and Other Variables in Healthcare and Chaplaincy Research. *Journal of Health Care Chaplaincy*, 20(4), 161-170. <https://doi.org/10.1080/08854726.2014.959374>
- Han, H., Yi, J., Jun, S., & Ahn, S. (2020). How do followers infer the motives behind an influencer's advertising disclosures?. *Asia Pacific Journal of Marketing and Logistics*, 33(5), 1159-5855. <https://doi.org/10.1108/APJML-06-2019-0397>
- Hansen, S. S., Lee, J. K., & Lee, S. (2014). Consumer-generated ads on YouTube: Impacts of source credibility and need for cognition on attitudes, interactive behaviors, and eWOM. *Journal of Electronic Commerce Research*, 15(3), 254-266. [https://www.researchgate.net/publication/281729799\\_Consumer-generated\\_ads\\_on\\_YouTube\\_Impacts\\_of\\_source\\_credibility\\_and\\_need\\_for\\_cognition\\_on\\_attitudes\\_interactive\\_behaviors\\_and\\_eWOM](https://www.researchgate.net/publication/281729799_Consumer-generated_ads_on_YouTube_Impacts_of_source_credibility_and_need_for_cognition_on_attitudes_interactive_behaviors_and_eWOM)

- Jin, S. V., & Muqaddam, A. (2019). Product placement 2.0: "Do Brands Need Influencers, or Do Influencers Need Brands?". *Journal of Brand Management*, 26(5), 522-537. <https://doi.org/10.1057/s41262-019-00151-z>
- Jiang, M. (2018). *Consumer Resistance to Sponsored eWOM: The Roles of Influencer Credibility and Inferences of Influencer Motives*. [Doctoral dissertation, Michigan State University]. ProQuest Dissertations Publishing. <http://ezproxy.jamk.fi:2048/login?url=https://www-proquest-com.ezproxy.jamk.fi:2443/dissertations-theses/consumer-resistance-sponsored-ewom-roles/docview/2025487162/se-2?accountid=11773>
- Johnston, W. J. (1978). Marketing The Social Psychology of Conflict, Power, and Influence. *The American Behavioral Scientist (Pre-1986)*, 21(4), 515-534. <https://doi.org/10.1177/000276427802100405>
- Khanna, K., & Mishra, S. (2018). Social Media as a Marketing Tool: Opportunities and Challenges. *Sansmaran Research Journal*, 8(1), 1-14.
- Kiss, R. (2021). *The impact of influencer credibility on purchase intention in the endorsement of sustainable products* [Master's thesis, University of Jyväskylä]. JYX Digital Repository. <http://urn.fi/URN:NBN:fi:jyu-202107024150>
- Kothari, C.R. (2004). *Research methodology: Methods and techniques* (2<sup>nd</sup> ed.). New Age International (P) Ltd.
- Kotler, P., Armstrong, G., Harris, L. C., & Piercy, N. (2016). *Principles of Marketing* (7th ed.). Pearson Education.
- Krugman, H. E. (1972). Why three exposures may be enough. *Journal of Advertising Research*, 12(6), 11.
- Li, H. (2007). *Advertising In Consumer Generated Media: Issues, Theories, And Research Directions*. American Academy of Advertising.
- Li, X. T., Leng, H. K., & Yi Xian, P. P. (2019). Marketing on Instagram. *International Journal of Sports Marketing & Sponsorship*, 20(2), 321-332. <http://dx.doi.org.ezproxy.jamk.fi:2048/10.1108/IJSMS-04-2018-0028>
- Le, K., & Aydin, G. (2022). Impact of the pandemic on social media influencer marketing in fashion: a qualitative study. <http://dx.doi.org/10.1108/QMR-11-2021-0133>
- Lee, J. K., Lee, S., & Hansen, S. S. (2017). Source Credibility in Consumer-Generated Advertising in Youtube: The Moderating Role of Personality: Research and Reviews. *Current Psychology*, 36(4), 849-860. <https://doi.org/10.1007/s12144-016-9474-7>
- Leshem, S. & Trafford, V. (2007). Overlooking the conceptual framework. *Innovations in Education and Teaching International*, 44(1), 93-105. <https://doi.org/10.1080/14703290601081407>

MacKinnon, D. P. (2011). Integrating Mediators and Moderators in Research Design. *Research on Social Work Practice*, 21(6), 675-681. <https://doi.org/10.1177/1049731511414148>

Malhotra, N. K. (2013). *Basic marketing research* (New international ed.). Pearson Education.

Munnukka, J., Uusitalo, O., & Toivonen, H. (2016). Credibility of a peer endorser and advertising effectiveness. *Journal of Consumer Marketing*, 33(3), 182-192. <https://doi.org/10.1108/jcm-11-2014-1221>

Nascimento, J. (2019). *Understanding the role of influencers' credibility in social media and its impact on consumers' purchase intentions*. [Master's dissertation, Catolica Lisbon School of Business and Economics]. Veritati. <http://hdl.handle.net/10400.14/29243>

Ohanian, R. (1990). Construction and Validation of a Scale to Measure Celebrity Endorsers' Perceived Expertise, Trustworthiness, and Attractiveness. *Journal of Advertising*, 19(3), 39-52. <https://doi.org/10.1080/00913367.1990.10673191>

Oriola, S. (2019). *Where Influencer Marketing Goes Wrong (and How to Fix It)*. Massachusetts Institute of Technology, Cambridge, MA.

<http://ezproxy.jamk.fi:2048/login?url=https://www.proquest.com/blogs-podcasts-websites/where-influencer-marketing-goes-wrong-how-fix/docview/2276077013/se-2>

Pani, C., & Moharana, S. (2013). Banking on Social Media Bandwagon - Analyzing Social Media Sustenance of Banks. *Kushagra International Management Review*, 3(1), 97-110.

Pechmann, C., & Stewart, D. W. (1988). Advertising Repetition: A Critical Review of Wearin and Wearout. *Current Issues and Research in Advertising*, 11(1-2), 285-329. <https://doi.org/10.1080/01633392.1988.10504936>

Plume, C. J., & Slade, E. L. (2018). Sharing of Sponsored Advertisements on Social Media: A Uses and Gratifications Perspective. *Information Systems Frontiers*, 20(3), 471-483. <https://doi.org/10.1007/s10796-017-9821-8>

Pornpitakpan, C. (2003). Validation of the Celebrity Endorsers' Credibility Scale: Evidence From Asians. *Journal of Marketing Management*, 19(1-2), 179-195. <https://doi.org/10.1080/0267257x.2003.9728206>

Pozharliev, R., Rossi, D., & De Angelis, M. (2022). Consumers' self-reported and brain responses to advertising post on Instagram: the effect of number of followers and argument quality. *European Journal of Marketing*, 56(3), 922-948. <http://dx.doi.org/10.1108/EJM-09-2020-0719>

Rezáb, J. (2012). Social Media Marketing and Brands' Social Marketing Behavior. *Central European Business Review*, 1(1), 49. <https://doi.org/10.18267/j.cebr.9>

Samat, M. F., Hashim, H., & Yusoff, R. N. R. (2015). Endorser Credibility and Its Influence on the Attitude Toward Social Media Advertisement in Malaysia. *Review of Integrative Business and Economics Research*, 4(1), 144-159.

Saunders, M., Lewis, P. & Thornhill, A. (2008). *Research methods for business students* (5<sup>th</sup> ed.). Pearson Prentice Hall.

- Schouten, A. P., Janssen, L., & Verspaget, M. (2019). Celebrity vs. Influencer endorsements in advertising: the role of identification, credibility, and Product-Endorser fit. *International Journal of Advertising*, 39(2), 258–281. <https://doi.org/10.1080/02650487.2019.1634898>
- Schorn, A., Vinzenz, F., & Wirth, W. (2022). Promoting sustainability on Instagram: How sponsorship disclosures and benefit appeals affect the credibility of influencers. *Young Consumers*, 23(3), 345-361. <http://dx.doi.org/10.1108/YC-07-2021-1355>
- Sesar, V., Martinčević, I. & Boguszewicz-Kreft, M. (2022). Relationship between Advertising Disclosure, Influencer Credibility and Purchase Intention. *Journal of Risk and Financial Management*, 15(7), 276. <https://doi.org/10.3390/jrfm15070276>
- Statista. (2021, August 3). *Social media platforms used by marketers worldwide 2021*. <https://www.statista.com/statistics/259379/social-media-platforms-used-by-marketers-worldwide/>
- Statista. (2022a, September 23). *Future use of social media among marketers worldwide 2022, by platform*. <https://www.statista.com/statistics/258974/future-use-of-social-media-among-marketers-worldwide-by-platform/>
- Statista. (2022b, October 18). *Global influencer marketing value 2016-2022*. <https://www.statista.com/statistics/1092819/global-influencer-market-size/>
- Steinman, M. L., & Hawkins, M. (2010). When Marketing Through Social Media, Legal Risks Can Go Viral. *Intellectual Property & Technology Law Journal*, 22(8), 1-14.
- Stubb, C., Nyström, A.-G., & Colliander, J. (2019). Influencer marketing. *Journal of Communication Management*, 23(2), 109-122. <https://doi.org/10.1108/jcom-11-2018-0119>
- Tanha, M. A. (2018). An introduction to brand building via social media. *International Journal of Management Research and Reviews*, 8(6), 1-12.
- Tavalok, M., & Dennick, R. Making sense of Cronbach's alpha. *Internal Journal of Medical Education*, 2, 53-55. <https://doi.org/10.5116/ijme.4dfb.8dfd>
- Thomas, N. (2016). Instagram uses Facebook sales team to grow advertising. *FT.Com*. <http://ezproxy.jamk.fi:2048/login?url=https://www-proquest-com.ezproxy.jamk.fi:2443/trade-journals/instagram-uses-facebook-sales-team-grow/docview/1765718632/se-2?accountid=11773>
- Tsao, W., & Mau, T. (2019). Ethics in social media marketing. *Aslib Journal of Information Management*, 71(2), 195-216. <http://dx.doi.org.ezproxy.jamk.fi:2048/10.1108/AJIM-04-2018-0080>
- Veirman, M., Cauberghe, V., & Hudders, L. (2017). Marketing through Instagram influencers: the impact of number of followers and product divergence on brand attitude. *International Journal of Advertising*, 36(5), 798-828. <https://doi.org/10.1080/02650487.2017.1348035>

Weismueller, J., Harrigan, P., Wang, S., & Soutar, G. N. (2020). Influencer endorsements: How advertising disclosure and source credibility affect consumer purchase intention on social media. *Australasian Marketing Journal*, 28(4), 160-170. <https://doi.org/10.1016/j.ausmj.2020.03.002>

## Appendices

### Appendix 1. List of survey items using Likert-scale

Construct	Adapted from	Likert-scale 1-5 Strongly disagree – Strongly agree
<b>Trustworthiness</b>		
[TRU1] I trust this influencers recommendation of this product	(Sesar et al., 2022)	
[TRU2] I believe the content of this post		
[TRU3] I find this influencer to be trustworthy	(Munnukka et al., 2016)	
<b>Expertness</b>		
[EXP1] I find this influencer to be an expert	(Kiss, 2021)	
[EXP2] The influencer is experienced in using the product	(Kiss, 2021)	
[EXP3] The influencer is qualified to endorse the product	(Kiss, 2021)	
<b>Similarity</b>		
[SIM1] I can easily identify with the influencer	(Munnukka et al., 2016)	
[SIM2] I use the same products as the influencer	(Kiss, 2021)	
[SIM3] I think the influencer and I are similar	(Kiss, 2021)	
<b>Popularity</b>		
[POP1] I find this influencer to be popular	(Nascimento, 2019)	
[POP2] I find this influencer to be a leader	(Nascimento, 2019)	
[POP3] I find this influencer to be successful	(Nascimento, 2019)	
<b>Purchase intention</b>		
[PUI1] I would try the product based on this post	(Nascimento, 2019)	
[PUI2] I am willing to buy a product or service recommended by this influencer	(Nascimento, 2019)	
<b>Advertising disclosure</b>		
[DIS1] I notice which posts are sponsored on social media		
[DIS2] The influencer showed the information that the product was sponsored	(Sesar et al., 2022)	