

ROLE OF SPONSORSHIP DISCLOSURE IN INFLUENCER MARKETING: A LITERATURE REVIEW

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ABSTRACT

In the recent years, there has been a remarkable growth in Influencer marketing by social media influencers. But several organizations have also criticized this method of advertising for the prospect of sponsored brand endorsements concealed as unpaid posts. Therefore, for preserving the consumers' privacy and helping them to differentiate between brand endorsements and personal opinions several regulatory agencies have clearly issued the guidelines to explicitly disclose about sponsorship. This study aims to review the past literature on the role of sponsorship disclosure in influencer marketing. Through the analysis it was found that studies in the sponsorship disclosure domain in influencer marketing are flourishing mainly in developed countries. Persuasion knowledge framework is the most explored theory in this domain and researchers have mainly conducted experimental studies. Moreover, the research tries to contribute to the existing knowledge and suggest future research directions.

Keywords: Influencer Marketing, Social Media, Sponsorship, Consumers' Privacy, Research Directions.

Introduction

Influencer marketing, the term refers to marketers' use of social media influencers to promote products has seen tremendous growth and success in recent years. The most probable reason for the same could be that branded messages are frequently intertwined with content that influencers share on their social media pages (Naderer et al. 2021). And because of this several organizations have criticized this practice. And for preserving the consumers' privacy and helping them to differentiate between brand endorsements and personal opinions several regulatory agencies in different countries have clearly issued the guidelines to explicitly disclose about sponsorship. Social media influencers are asked to use hashtags and reveal about the paid review (#ad, #sponsored, #sponsored ad, #paid promotion). Sponsorship disclosures can help consumers recognize and understand the business objective of influencer generated content by making the commercial intent of influencer marketing material clearer. However, present restrictions on the use of disclosures by influencers are insufficient, since many social media influencers continue to fail to declare commercial purpose (van der Bend et al., 2023). The current research aims to review the past literature on the role of sponsorship disclosure in influencer marketing and contribute to the existing knowledge.

Literature Review

The literature review on the role of sponsorship disclosure in the domain of influencer marketing is explained in the following table 1.

Table 1: Literature Review

Authors	Findings
Dhanesh & Duthler, 2019	Using Persuasion knowledge model & Relationship management theory, the study was conducted on women college students. It was found that Awareness of paid endorsement was significantly related to ad recognition, which was further correlated with purchase and eWOM intentions.

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Stubb et al., 2019	Through an experimental research design, the research tried to examine the effect of sponsorship compensation justification disclosure by a YouTube influencer. And revealed that it produced a greater positive consumer attitude in comparison to a simple disclosure.
Deng et al., 2020	Through an experimental study on beauty influencers on Weibo, it found that posts disclosing sponsorship led to lower influencer credibility as well as consumers' brand attitudes in comparison with posts without any sponsorship disclosure.
Naderer et al., 2021	The study examined the impact of sponsored partnership disclosure on Instagram and the moderating role of similarity. The findings demonstrated that disclosures improve ad recognition and raise influencer credibility, which has a favourable impact on purchase intentions and future intention to follow the influencer.
Darmawan & Huh, 2021	Using Persuasion knowledge framework in the context of prescription drug influencer marketing, the study aimed to look at how consumers' attitude and behavioural intentions were affected by message type and sponsorship disclosure. Findings revealed that unbranded messages and messages without disclosure led to lower activation, greater attitudes, and a behavioural interaction.
Aw et al., 2022	Using Stimulus-Organism-Response & social cognitive theory, the study examined the content attributes as well as interaction strategies (i.e. interactivity and self-disclosure) have a significant positive impact on parasocial relationships and thereby greater purchase intention.
Saternus et al., 2022	Employing the Persuasion knowledge model, the study aimed to study how usage intensity of the Instagram users have any moderating effect. It was found that Disclosure of an influencer's postings with "#ad" boosts the influencer's trustworthiness and the overall credibility of the posting for heavy users but not for light users.
Schorn et al., 2022	The study was based on sustainable travel accommodation. Through an experimental research design, it was found that influencer's expertise and likeability declined because of sponsored labels.
Harms et al., 2022	Through an experimental research design, the study revealed that while the combination of written and spoken sponsorship disclosure information as well as an active parental mediation style increase cognitive advertising literacy, restrictive parental mediation negatively affects cognitive advertising literacy.
Myers et al., 2022	The study is based on pet influencers and utilised Uses and Gratifications Theory and Persuasion Knowledge Framework on a dataset of 557 posts from 37 pet influencers. It revealed that sponsorship disclosure, monetary references and brand logos led to lower engagement.
Giuffredi-Kähr et al., 2022	The research aimed to understand how the sponsored posts of different types of influencers may impact the consumers' evaluation of the brand sponsored and the role sponsorship disclosure has in that. Sponsored posts of mega influencers increase consumers' persuasion knowledge relative to the posts of nano influencers, which decreases the trustworthiness of those posts and in turn negatively impacts both brand and influencer evaluations.
Zozaya-Durazo & Sádaba-Chalezquer, 2022	The study was based on Instamoms in the Mexico. Using the content analysis of the stories posted by instamoms, this study tried to examine commercial messages and disclosure types. Less than 5% of sponsored material was identified as such, and in a nation without laws or regulations, declaration of sponsorship is not a standard practice for influencer-brand collaborations.
Chen et al., 2022	It aimed to examine the impact of sponsored videos on viewer engagement using field data. It evaluates a complete framework that includes factors related to passion, transparency, platform, and brand. The findings indicate that while declaring brand sponsorship has a beneficial influence on digital engagement, early brand presence, significant customisation, and subjective endorsements have a negative impact on videos' digital engagement.
Ghosh & Islam, 2023	Based on the Persuasion knowledge framework, this study collected data from 217 millennial Instagram and Facebook users to investigate the effects of sponsored postings by "homefluencers" on customers' purchase intentions. The findings indicate that Ad recognition considerably moderates purchase intention, with

	expertise and trustworthiness having a greater impact than attractiveness. Ad recognition appears to have a favourable impact on "change-of-persuasion meaning" on Instagram and Facebook, according to the "Homefluencer's Endorsement Model for Purchase Intention" (HEMPI).
Shuqair et al., 2023	This research used social exchange theory and found that disclosure can reduce the negative impact of social media advertisements and can positively impact the customer engagement and purchase intention in the tourism industry.
Koskie et al., 2023	Through sponsored content and affiliate links, social media influencers (SMIs) are becoming a potent marketing tool for businesses. Passive sponsorship entails sharing items and services with followers with a particular hyperlink for purchase and it appears that followers consider the use of affiliate links as a means to support their preferred SMI and find them to be more acceptable. But active sponsorship involves a corporation actively marketing a good or service and appears to be perceived as an inconvenient commercial or an inaccurate sales pitch. Analysing the effects of both active and passive sponsorship can reveal how they influence followers' purchase decisions in terms of perceived trust and authenticity.
Van der Bend et al., 2023	The study was based on TikTok influencer videos advertising unhealthy food. An experiment was conducted and 245 Dutch adolescents were involved. The findings demonstrated that, independent of the degree of product-plot integration, sponsorship disclosure dramatically boosted advertising recognition and comprehension of persuasive aim. The disclosure did not, however, have a substantial impact on brand attitude or product choice.
Li & Lu, 2023	The research employed the knowledge persuasion model and signaling theory. Making use of Bilibili as an illustration, this article investigated the effect of sponsorship disclosure on customers' purchase intentions on video sharing sites. The study shows that influencer trust mediates the relationship between sponsorship disclosure and purchase intention.
Chung et al., 2023	An online experimental procedure was used. No disclosure, implicit disclosure, and explicit disclosure were the three methods of sponsorship disclosure that were compared in the study. It was demonstrated that sponsorship disclosure decreased message credibility, engagement, product attitude, and purchase intention through activating consumers' conceptual persuasion knowledge. The most effective endorsers were found to be laypeople, while celebrities and microcelebrities were indifferent.
Xie & Feng, 2022	Employing the Signaling theory and Elaboration Likelihood Model, this study investigates the effect of sponsorship disclosures, including brand influence and compensation type, on customer purchase intentions. The findings demonstrate that the right blend of disclosures creates a two-sided message that raises influencer Parasocial Interaction, influencer credibility, and eventually purchase intentions.

Discussion

Research in the domain is increasing year by year. Through the review it was found that studies in the sponsorship disclosure domain in influencer marketing are flourishing mainly in developed countries. Results show that researches are skewed towards empirical papers with very few conceptual papers. And most of the studies employed experimental research design (Stubb et al., 2019; Schorn et al., 2022; Chung et al., 2023) by analysing the impact of sponsorship disclosure vs. no disclosure. It was found in the literature that by disclosing about the paid endorsements, the consumers recognition & influencer credibility increases and which further have a signification behavioural intentions i.e., intention to follow the influencer, to purchase the recommended products and eWOM intentions. Persuasion knowledge framework is the most explored theory in this domain (Dhanesh & Duthler, 2019; Darmawan & Huh, 2021). And researchers examined how consumers generate knowledge of persuasive attempts through sponsorship disclosure (Jhawar et al., 2023).

Cross countries analysis can be performed by future researchers. Theories other than Persuasion knowledge model can further be explored in this particular area such as social cognitive theory (Aw et al., 2022), social exchange theory (Shuqair et al., 2023), or Elaboration Likelihood Model (Xie & Feng, 2022). Mixed method research using both qualitative and quantitative data can be employed. The use of mediating and moderating variables can strengthen future research.

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