

Bryant University

HONORS THESIS



The Effects of Sponsorship Disclosure on Consumer Perceptions

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Submitted in partial fulfillment of the requirements for graduation
with honors in the Bryant University Honors Program
April 2022

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ABSTRACT

This study examines the effects of sponsorship disclosure by social media influencers on consumer perceptions. Influencers on the social media platform Instagram were focused on, testing consumer perceptions of trust, relevance, engagement, feelings towards the brand, and purchase intentions. The study was done through exploratory survey research analyzing the effects of different sponsorship disclosures on the variables (N=93). The study found a sponsorship announcement to show significantly positive results across the variables, with a discount code also shown to be significantly positive towards purchase intentions.

INTRODUCTION

In today's age as social media continues to grow and become a bigger part of everyday life there, leading to marketers using social media to promote their products to consumers. One of the ways that marketers advertise to their consumers on social media is using influencers. The impact and marketing potential of influencers is continuing to grow, as social media grows. As the use of influencers and social media grow research on them grows as well. One area lacking in this research is the effects of sponsorship disclosure on perceived influencer motives, which is the purpose of this study. Specifically, this study will analyze how the different ways that influencers disclose their sponsorships effects the perceived motives by the consumer.

LITERATURE REVIEW

Influencers

Social media is still developing and growing, causing how marketers utilize social to continuously develop and change. One of the most recent developments in social media marketing is the use of influencers by companies. Influencers are people on social media who actively engages with a niche and has gained a following of people who are influenced by them. An influencer possesses the skills to be very active in their social network, knows how to communicate their message, effectively connect with their target audience, and gain trust and credibility from their audience. These skills are a major reason why many brands work with influencer to develop marketing campaigns (Luis, 2021). This has led to influencers being able to affect the purchasing decisions of those who follow them. Marketers see the skills influencers possess and the potential for marketing campaigns with influencers. An influencer-based campaign is when brands provide financial or material benefits to the influencer in exchange for the influencer marketing the product/service (Jiang, 2018).

Influencers have become an important part of marketing on social media, requiring an understanding of influencers. Influencers provide a form of native marketing, by providing product reviews/recommendations on social media platforms. Causing influencers to work as a form of native ads, due to blending in with the platform. Leading to a growth in influencer marketing, which is defined as brand(s) providing financial or material benefits to a social

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media influencer. In 2016 it is estimated that 9.7 million people were being paid as social media influencers on Instagram alone (Jiang, 2018). Marketing in this manner creates buzz surrounding the company and its products, rather than hype that is sent out from the company. Influencers also have an aspect that no other form of marketing has, in that their followers are already connected with them prior to the partnership. These influencers are put into three categories based on their following, mega, macro, and micro. They are put into these categories based on their reach, relevance, and resonance. The amount of people that an influencer can send their message to, based on their following, is known as reach. Relevance being a connection to the brand or topic being discussed. The connection between an influencer and their audience is known as resonance. Mega influencers have the highest reach, macro the highest relevance, and micro the highest resonance (Jiang, 2018). To display the power of influencers, when surveyed, 49% of Twitter users reported they rely on influencers' recommendations as much as their friends' (Swant, 2016). Along with all this, consumers often associate six motives with why the influencer is posting the content. These motives are money, selling, image, love, sharing, and helpful. The motives that are perceived as the best are love, sharing, and helpful, leaving the other three as negative perceived motives (Jiang, 2018). The motive of money is the perceived motive of the influencer posting the sponsored content to make money. Selling is the perceived motive of trying to sell more of the product. Image is perceived as the influencer posting the sponsored content to build their own image. Love is when the influencer is perceived to be posting the sponsored content due to their love for the product/service. Sharing is when consumers believe the influencer is posting the sponsored content to share the product with their followers. Lastly, helpful is when the consumers believe the influencer is posting the sponsored content to be helpful to their followers.

Disclosure

In response to the rise in influencer marketing the Federal Trade Commission (FTC) released guidelines in 2015 that required these sponsorships to be disclosed, enabling consumers to recognize the advertising nature of the posts. The guidelines that were sent out by the FTC included the clear and conspicuous disclosure to allow the consumer to recognize the paid nature of the content, this includes using words and/or hashtags such as ad, sponsored, and promotion, or a sentence disclosing the paid nature (Federal Trade Commission, 2015). The

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FTC had found that when disclosure was not clear and obvious the marketing lacked the components that consumers relied on to determine that content is an ad, leading to consumers being misled by sponsored content. This study found that consumers were able to recognize sponsored content better and react differently when the disclosure is transparent and clear (Wojdyski, Evans, Grubbs Hoy, 2018). A link to the full statement from the FTC, as well as excerpts, can be found in Appendix A

Not all influencers and celebrities that post sponsored content disclose the nature of the post, despite the guidelines from the FTC. As discussed, and available in Appendix A, the FTC set guidelines for what disclosure is. According to a recent news article (Jensen, 2017), the FTC sent out letters to 90 brands, celebrities, and influencers regarding a failure to disclose the sponsored nature of a post. The celebrities include names such as Jennifer Lopez and Emily Ratajkowski, for failing to disclose their relationship with brands they posted about. This occurred in 2017, 2 years after the FTC released their guidelines (Jensen, 2017).

This requirement for disclosure has led to research on the effects on consumers. Most of the research was analyzing the effects when the consumer can recognize the disclosure and how they respond upon this recognition. When consumers did recognize the sponsorship disclosure it was shown to lead to feelings of decreased credibility (Wojdyski and Evans, 2016), skepticism (Brown and Krishna, 2004), negative brand attitudes (van Reijmersdal et al., 2015), and engagement from search engines (Yoo, 2009). When consumers recognize the advertising nature of the post they tend to try and resist the persuasion from the content. Consumers attempted to resist persuasion and used cognitive and affective responses to resist the persuasion. The cognitive response approach says that people mainly respond to persuasive messages with cognitions, while affective responses are mood and feelings (van Reijmersdal, Franssen, et al., 2016). Consumers resist persuasion when the sponsorship disclosure is understood, this led to cognitive and affective reactions, as well as negative outlooks towards the company (van Reijmersdal, Franssen, et al., 2016). Another interesting point of research that has already been done is investigating how consumers read pages online, and where they are most likely to see a sponsorship disclosure. When consumers are reading online, they read down the page starting from the top left in the shape of an F (Wojdyski and Evans, 2016). However, they do not necessarily start at the top of the page,

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they may start at a lower point on the site. This would lead to believing that the best place for a disclosure is in the top left of the page, however it was found that the best place for disclosure is above or below the content. It was also shown that consumers are likely to recognize the content first and the disclosure later, leading to the content being less likely to be seen as an ad (Wojdyski and Evans, 2016).

Media Exposure

In today's world consumers can selectively interact with media, allowing for them to only be exposed to certain messages. This is a niche news era, where individuals can develop their own media sources, based on their ideological preferences and preferred balance of fact versus opinion. Consumers can also choose how entertaining they want their media to be, balancing entertainment and news. The media which individuals expose themselves to is based around their own social identity, to align and reinforce it (Becker, 2021). Studies have shown that people prefer attitude-consistent information, avoiding information considered to be attitude-changing. However, some people seek out information that challenges their beliefs. An explanation of this is that people base their judgements of the quality and credibility of the information provided to them (Jia and Johnson, 2021). People prefer to interact with information they judge to be high quality and credible, however, they tend to perceive information aligning with their beliefs as higher quality and more credible (Jia and Johnson, 2021).

Theories and Concepts

Elaboration Likelihood Model

The Elaboration Likelihood Model (ELM) plays a role in persuasion. This model states that, "... when the elaboration likelihood is said to be high, people are likely to: (a) attend to the appeal; (b) attempt to access relevant associations, images, and experiences from memory; (c) scrutinize and elaborate upon the externally provided message arguments in light of the associations available from memory; (d) draw inferences about the merits of the arguments for a recommendation based upon their analyses of the data extracted from the appeal and accessed from memory; and (e) consequently derive an overall evaluation of, or attitude toward, the recommendation." (Cacioppo, 2001). The ELM has also shown that consumers who take a central route will not focus on peripheral cues. The central route is when a consumer analyzes the characteristics of the message to form an attitude (Ott, 2016).

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ELM has been heavily studied and supported, with certain implications being common. The central route of ELM describes the process of when an individual centrally processes a message and carefully thinks about it. People will commonly use this central, high processing, route when the message is relevant to their attitude, and they have the time to think about it. Studies have shown that if this route is taken, attitude changes are likely to be longer lasting and more likely to influence behavior. The peripheral route of ELM is used when an individual cannot or does not apply the same effort as the central route. This route analyzes messages relevant to attitudes using simple cues and simple decision-making rules.

Expertness and attractiveness are examples of cues for the peripheral route. An example of a simple decision-making rule is agreeing with the speaker who makes the most points. These peripheral routes can be used to change attitudes through ELM; however, these attitudes are not as long lasting (Ernst and Heesacker, 1993). The ELM provides insight into how consumers interact with sponsored influencer posts, and how they interact with cues such as sponsorship disclosure.

Source Credibility and Native Ads

Source credibility has also been proven to affect the persuasiveness of a message. Source credibility has been defined as perceived legitimacy of the content and presentation shown by the judgements in confidence, knowledge, trustworthiness, and likeability (Cramer et al., 2014)

O'Neil, Eisenmann, and Holman (2020) did a study analyzing source credibility in public relations. As a part of this study, they conducted research on native advertising credibility, which relates directly to influencer marketing on social media. It was found that native advertising credibility depends on three factors: user perception, content, and identification of source. It was found that to increase credibility, skepticism about the content's claim needs to be reduced and useful information needs to be provided. If a consumer views the native advertising as positive, it is more likely to be persuasive to the consumer. Nonobtrusive and nonmanipulative native advertisements tend to generate more positive attitudes toward the native ad. People tend to view native advertising as more credible than traditional advertising, due to it being less invasive, less irritating, and more useful. This is likely due to native advertising attempting to blend with existing content, making it likely to be more appealing.

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People are likely to assess the visual aspects of a native ad before the rest of the native ad, leading to a part of the credibility assessment being how well the native ad blends in. Consumers tend to trust native ads that are less secretive about the sponsorship, by providing full disclosure. If a native ad is secretive about the disclosure and the consumer notices it, this will lead to a decline in trust and an increase in negative attitudes. In addition, people are more likely to trust native advertising if they have a better understanding of what it is (O'Neil, Eisenmann, & Holman, 2020).

Persuasion Knowledge Model

The persuasion knowledge model explains how people act when they have been informed about a persuasive message and how they will attempt to disengage from the persuasion and not listen to the messages as much (Friestad and Wright, 1994; Jiang, 2018). Research has also shown that disclosure leads to the persuasion knowledge model being activated, causing resistance to persuasion due to feelings such as skepticism, less credibility, negative attitudes, less recommendations, and less clicks on keywords (Brown & Krishna, 2004; Yoo, 2009; van Reijmersdal et al., 2015; Eisend, 2015; Wojdynski & Evans, 2016; Jiang 2018). However, not everyone reacts the same when the persuasion knowledge model is used. The persuasion knowledge model says that people can use their knowledge about a persuasion attempt to either be persuaded or to resist the persuasion, while the reactance theory goes against this saying that people want to maintain their freedom of choice and do not want to be manipulated (van Reijmersdal, Fransen, et al., 2016).

As a result of the previous research done in the field and theories that can be applied to persuasion in marketing, the below non-directional hypotheses have been formed, to further the knowledge of marketers when using social media influencers. Additionally, the following research question is posited to aid in building the picture around influencer marketing moving forward. The hypotheses focus on the impacts of different sponsorship disclosures on the consumer, as this has not been heavily researched and has potential to impact the consumer.

H1: Differences in sponsorship disclosure will impact the levels of perceived relevancy to the consumer when viewing an influencer post.

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H2: Differences in sponsorship disclosure will impact the perceived trust of the influencer by the consumer.

H3: Differences in sponsorship disclosure will impact the likelihood of a consumer to engage with an influencer.

H4: Differences in sponsorship disclosure will impact the levels of purchase intention for a consumer when viewing an influencer post.

H5: Differences in sponsorship disclosure will impact the attitude of consumers towards a brand when viewing an influencer post.

RQ1: Does a difference in sponsorship disclosure impact the perceived motive of the influencer by the consumer?

METHODS

The survey had a total of 113 participants. The participants of the current study were 45.1% male and 54.9% female. Most participants were age 18 to 22 years old, with outliers up to 52 years old. Most participants were college juniors 30.1% and seniors 45.2%, with 4.3% being college graduates and 5.4% graduate school graduates.

The study was conducted through survey research done with a Qualtrics survey after IRB approval #2022-0120 was granted.

The survey developed for this research was a cross-sectional survey designed to test the five hypotheses and research question of interest. The design of the survey consisted of four Instagram posts with the same six questions following the post. The posts remained as unchanged as possible, leaving the sponsorship disclosure as the varying factor. The product, account, and picture remained the same, with the captions remaining as identical as possible. The questions asked were general exploratory questions based around trust, relevancy, feelings toward the brand, engagement, and purchase intentions. Five of the six questions used a 5-point Likert scale of 1= “Strongly Disagree/Negative to 5= “Strongly Agree/Positive, with the other question consisting of the different options for perceived influencer motives

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found by Jiang in 2018. Instagram was the chosen social media because, \$9.45 billion U.S. Dollars (USD) of advertising revenue in 2019, in the U.S. alone. 25% of U.S. teens claim that Instagram is their favorite social media site. Picture ads are the most popular type of sponsored ad on Instagram, with an average payment of \$1,643 USD per influencer marketing post in 2019 (Statista, 2021). The four different types of disclosures were taken from different influencers on Instagram and the FTC, located in Appendix C. One disclosure consisted of #ad, which the FTC noted as the minimum requirement for sponsorship disclosure (FTC, 2015). A post featuring “sponsored” at the top of the post was used, seen on @therock on Instagram. A post featuring a description of using the product for years before becoming sponsored was featured, seen on @maxxchewning on Instagram. The fourth post consisted of an influencer discount code being offered, seen on @roblipsett on Instagram. For this study, they are classed as the following, in the same order, #ad, sponsored at the top, sponsorship announcement, and discount code. A mock post containing each type of disclosure was designed for the purpose of this research. As mentioned previously, each of these posts were followed by the same six questions after, to test the different hypotheses, and the order these blocks were displayed in were then randomized for each participant. The survey also contained a consent agreement for the participant, and demographic questions. This survey was then distributed by the researcher to a variety of participants, including Bryant University community members, friends, and family members.

Data Analysis

The five hypotheses as mentioned previously were measured using a 5-point Likert scale. These measurements were tested using a repeated measures ANOVA test, for each of the five hypotheses. The research question of this study was measured using a selection of the different types of motives for each influencer post, this was tested using a frequency test.

RESULTS

A one-way repeated measures ANOVA was conducted to compare the relevancy of different influencer sponsorship disclosures, disclosure A (#ad), disclosure B (sponsored at the top), disclosure C (sponsorship announcement), and disclosure D (discount code). The means and standard deviations are presented in Table 1 of the appendix. There was a significant effect of sponsorship disclosure, Wilks' Lambda = .847, $F = 5.350$, $p = .002$, multivariate partial eta

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squared = .153. The results displayed support H1 showing that a sponsorship announcement leads to higher relevancy than other forms of disclosure.

A one-way repeated measures ANOVA was conducted to compare trust in the influencer using different influencer sponsorship disclosures, disclosure A (#ad), disclosure B (sponsored at the top), disclosure C (sponsorship announcement), and disclosure D (discount code). The means and standard deviations are presented in Table 2 of the appendix. There was a significant effect of sponsorship disclosure, Wilks' Lambda = .743, $F = 10.367$, $p < .001$, multivariate partial eta squared = .257. The results from this test support H2 showing that a sponsorship announcement leads to higher trust in the influencer.

A one-way repeated measures ANOVA was conducted to compare engagement with the influencer using different influencer sponsorship disclosures, disclosure A (#ad), disclosure B (sponsored at the top), disclosure C (sponsorship announcement), and disclosure D (discount code). The means and standard deviations are presented in Table 3 of the appendix. There was a significant effect of sponsorship disclosure, Wilks' Lambda = .881, $F = 4.045$, $p = .010$, multivariate partial eta squared = .119. The results from this test support H3 showing that a sponsorship announcement leads to higher likelihood of engagement over other forms of disclosure.

A one-way repeated measures ANOVA was conducted to compare purchase intentions with different influencer sponsorship disclosures, disclosure A (#ad), disclosure B (sponsored at the top), disclosure C (sponsorship announcement), and disclosure D (discount code). The means and standard deviations are presented in Table 4 of the appendix. There was a significant effect of sponsorship disclosure, Wilks' Lambda = .864, $F = 4.721$, $p = .004$, multivariate partial eta squared = .136. The results from this test support H4 showing that a sponsorship announcement and a discount code led to higher likelihood of purchase over other forms of disclosure.

A one-way repeated measures ANOVA was conducted to feelings toward a brand with different influencer sponsorship disclosures, disclosure A (#ad), disclosure B (sponsored at the top), disclosure C (sponsorship announcement), and disclosure D (discount code). The means and standard deviations are presented in Table 5 of the appendix. There was a

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significant effect of sponsorship disclosure, Wilks' Lambda = .848, $F = 5.381$, $p = .002$, multivariate partial eta squared = .152. The results from this test support H5 showing that a sponsorship announcement leads to more positive feelings toward the brand than other forms of disclosure.

A frequency test was done to test the perceived motives of the influencer with different types of sponsorship disclosure. Disclosure A (#ad) revealed money for the influencer as the most frequent motive at 31.2%. Disclosure B (sponsored at the top) revealed selling of the product and love of the product as the top motives at 32.3% respectively. Disclosure C (sponsorship announcement) revealed love of the product as the most frequent motive at 38.7%. Disclosure D (discount code) revealed selling of the product as the most frequent motive at 36.6%. The frequency test tables can be found in the Appendix Tables 6 through 9.

DISCUSSION

The research done in this study focused on analyzing the effects of sponsorship disclosure. The results found that a sponsorship announcement was more relevant to consumers than #ad and a discount code, concluding that a sponsorship announcement led to the participants having higher feelings of relevancy. The results also found that a sponsorship announcement led to more feelings of trust towards the influencer over the other three types of disclosure tested. When viewing the results for engagement with an influencer sponsorship announcement was significantly different than #ad, showing a higher likelihood of engagement. The results of likelihood to purchase based off the influencer post showed both that a discount code and a sponsorship announcement increased purchase intentions compared to #ad. The results also showed that a sponsorship announcement led to more positive feelings toward the brand than #ad and a discount code. These results display a sponsorship announcement being more beneficial to marketers looking to raise relevancy, trust, engagement, and purchase intentions. The use of a discount code by an influencer showed an increase of purchase intentions. An influencer using #ad or sponsored to disclose the sponsorship showed insignificant effects, or were significantly worse, than a discount code or sponsorship announcement. When analyzing the results found in the frequency test for the research question of this study, the most frequent perceived motive for each influencer post

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was found. However, due to the results coming from a frequency test there is little more analysis to be done. All that can be analyzed is the correlation between the type of sponsorship disclosure and the frequency of the perceived motives. These correlations show #ad being associated with money for the influencer, sponsored at the top correlating with selling and love of the product, a sponsorship announcement correlating with love for the product, and a discount code being associated with selling of the product.

The results of this study have impacts on marketing as they show insights into how consumers react to different types of sponsorship disclosures. Marketers and influencers can use this knowledge when building contracts with each other, to cater towards different consumer reactions. Brands and marketers can increase revenue and positive feelings toward the brand by having their influencers use sponsorship announcements. Brands can also increase the sales of their product(s) by having the influencers they work with provide a discount code. For influencers it was shown trust and engagement can be built through using sponsorship announcements to disclose their sponsorship.

Limitations

No matter the attention to detail in a study there will always be limitations to every study, and this one is no exception. The distribution of the survey was the biggest limitation during this research. This is due to the available resources and time convenience sampling was used to get a higher number of participants. The unknown number of participants also led to the survey showing each participant all disclosures rather than one. Being able to use a random group of participants large enough to display only one disclosure per participant would have been the ideal scenario for this research. The validity of the questions asked in the survey is another limitation, as the questions asked were general exploratory questions rather than researched scales. Time was another limitation to this study, as there were deadlines that had to be met, leading to some components being rushed. Discount code bias is another potential limitation, as due to a discount code offering a lower price the purchase intentions of consumers could be impacted.

CONCLUSION

This study displayed the effects of different sponsorship disclosures that influencers use and the effects they have on the consumers. The findings during this study displayed positive results for a sponsorship announcement and a discount code being used over #ad and sponsored at the top. These findings can be used by marketers to help them understand how consumers react to different sponsorship disclosures from influencers. This use will allow for marketers to work with the influencers they sponsor to tailor sponsorship disclosures. This knowledge will act as a tool for marketers and influencers to have a greater understanding of the consumers. Like any other study this does not provide the whole picture, and further research should be done. Future research should be done to aid and build off this study, as there is further research that can be done to analyze the effects of influencer sponsorship disclosures on consumers. Some of the possibilities for further research include in-depth research on each construct, different populations, and different industries being used during the research.

APPENDICES

Appendix A – FTC Statement

Excerpts from Enforcement Policy Statement on Deceptively Formatted Advertisements

released by the FTC in 2015. (Federal Trade Commission)

Link to full statement:

https://www.ftc.gov/system/files/documents/public_statements/896923/151222deceptiveenforcement.pdf

“Section 5 of the FTC Act prohibits “unfair or deceptive acts or practices in or affecting commerce.” As the Commission set forth in its 1983 Policy Statement on Deception, a representation, omission, or practice is deceptive if it is likely to mislead consumers acting reasonably under the circumstances and is material to consumers – that is, it would likely affect the consumer’s conduct or decisions with regard to a product or service.² In determining whether an advertisement, including its format, misleads consumers, the Commission considers the overall “net impression” it conveys.³ Any qualifying information necessary to prevent deception must be disclosed prominently and unambiguously to overcome any misleading impression created.” (Pg. 1)

“With the emergence of digital media and changes in the way publishers monetize content, online advertising known as “native advertising” or “sponsored content,” which is often indistinguishable from news, feature articles, product reviews, editorial, entertainment, and other regular content, has become more prevalent. In digital media, a publisher, or an authorized third party, can easily and inexpensively format an ad so it matches the style and layout of the content into which it is integrated in ways not previously available in traditional media. The effect is to mask the signals consumers customarily have relied upon to recognize an advertising or promotional message. At the same time, the business models of many publishers also have undergone significant change, as, increasingly, consumers are able to skip or block digital ads while watching digitized programming or browsing publisher content. Consequently, many publishers have begun to offer advertisers formats and techniques that are closely integrated with and less distinguishable from regular content so that they can capture the attention and clicks of ad avoiding consumers. Regardless of the

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medium in which an advertising or promotional message is disseminated, deception occurs when consumers acting reasonably under the circumstances are misled about its nature or source, and such misleading impression is likely to affect their decisions or conduct regarding the advertised product or the advertising. This statement sets forth generally applicable standards on which the Commission relies in making such a determination.” (Pg. 2)

“Consumers may also be misled about an advertisement’s nature or source as a result of an advertiser’s use of consumer and other endorsements. As the Commission stated in the Endorsement Guides, “When there exists a connection between the endorser and the seller of the advertised product that might materially affect the weight or credibility of the endorsement (i.e., the connection is not reasonably expected by the audience), such connection must be fully disclosed. ... clearly and conspicuously ...” In revising the Guides in 2009, the Commission specifically addressed paid endorsements in non-traditional forms of advertising, such as user generated social media, personal blogs, online comment forums, or television talk show interviews. The Commission’s advice was based on the principle that when the content in which an endorsement is disseminated is not identifiable by consumers as advertising, consumers would not ordinarily expect an endorser to be speaking on behalf of a sponsoring advertiser and such connection must be disclosed to avoid deceiving consumers. Since revising the Endorsement Guides, the Commission has brought a number of cases underscoring this principle. For example, in a case against an app developer, employees of a public relations firm hired by the developer posted reviews about its games in the iTunes app store, without disclosing their relationship to the company. The Commission asserted that the posted reviews were misrepresented as independent reviews reflecting the opinions of ordinary consumers, and that the failure to disclose the reviewers’ material connection to the app company was deceptive. Another case concerned a home security firm’s hiring of spokespersons who appeared on television and radio programs as impartial expert reviewers but failed to make known their connection to the company.” (Pg. 9)

“The recent proliferation of natively formatted advertising in digital media has raised questions about whether these advertising formats deceive consumers by blurring the distinction between advertising and non-commercial content. Natively formatted advertising encompasses a broad range of advertising and promotional messages that match the design,

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style, and behavior of the digital media in which it is disseminated. The ads can appear in a wide variety of forms, including written narratives, videos, infographics, images, animations, in-game modules, and playlists on streaming services. Often natively formatted ads are inserted into the stream of regular content a publisher offers, generally referred to in this statement as a “publisher site,” such as news and news aggregator sites and social media platforms. In some instances, publishers place these ads on their sites, and in other instances, advertising networks operating ad content-recommendation engines do so. Advertising and promotional messages also can be embedded into entertainment programming, including professionally produced and user generated videos on social media. Regardless of an ad’s format or medium of dissemination, certain principles undergird the Commission’s deceptive format policy. Deception occurs when an advertisement misleads reasonable consumers as to its true nature or source, including that a party other than the sponsoring advertiser is the source of an advertising or promotional message, and such misleading representation is material. In this regard, a misleading representation is material if it is likely to affect consumers’ choices or conduct regarding the advertised product or the advertisement, such as by leading consumers to give greater credence to advertising claims or to interact with advertising with which they otherwise would not have interacted. Such misleadingly formatted advertisements are deceptive even if the product claims communicated are truthful and non-misleading.” (Pg. 10)

“Although digital media has expanded and changed the way marketers reach consumers, all advertisers, including digital advertisers, must comply with the same legal principles regarding deceptive conduct the Commission has long enforced. This statement sets forth principles of general applicability on which the Commission will rely in determining whether any particular advertising format is deceptive, in violation of Section 5 of the FTC Act. The Commission will find an advertisement deceptive if the ad misleads reasonable consumers as to its nature or source, including that a party other than the sponsoring advertiser is its source. Misleading representations of this kind are likely to affect consumers’ decisions or conduct regarding the advertised product or the advertisement, including by causing consumers to give greater credence to advertising claims or to interact with advertising content with which they otherwise would not have interacted.” (Pg. 16)

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Appendix B – Tables 1-9

Table 1

Disclosure	Mean	Standard Deviation	N
Disclosure A	2.49	1.011	92
Disclosure B	2.62	1.098	92
Disclosure C	2.85	1.037	92
Disclosure D	2.54	.965	92

Table 2

Disclosure	Mean	Standard Deviation	N
Disclosure A	2.58	.876	93
Disclosure B	2.75	.868	93
Disclosure C	3.12	.965	93
Disclosure D	2.65	.940	93

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Table 3

Disclosure	Mean	Standard Deviation	N
Disclosure A	2.19	.811	93
Disclosure B	2.33	.889	93
Disclosure C	2.54	.973	93
Disclosure D	2.35	.963	93

Table 4

Disclosure	Mean	Standard Deviation	N
Disclosure A	2.26	.896	93
Disclosure B	2.38	.943	93
Disclosure C	2.58	1.025	93
Disclosure D	2.52	1.017	93

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Table 5

Disclosure	Mean	Standard Deviation	N
Disclosure A	3.02	.691	93
Disclosure B	3.23	.694	93
Disclosure C	3.28	.743	93
Disclosure D	3.05	.697	93

Table 6 #ad Frequency

Motive	Frequency	Percent
Money for Influencer	29	31.2%
Selling of Product	26	28.0%
Image of Influencer	9	9.7%
Love of Product	7	7.5%
Sharing of Product	21	22.6%
Helpful to Consumer	1	1.1%

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Table 7 Sponsored at the Top

Motive	Frequency	Percent
Money for Influencer	9	9.7%
Selling of Product	30	32.3%
Image of Influencer	5	5.4%
Love of Product	30	32.3%
Sharing of Product	15	16.1%
Helpful to Consumer	4	4.3%

Table 8 Sponsorship Announcement

Motive	Frequency	Percent
Money for Influencer	19	20.4%
Selling of Product	18	19.4%
Image of Influencer	7	7.5%
Love of Product	36	38.7%
Sharing of Product	9	9.7%
Helpful to Consumer	4	4.3%

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Table 9 Discount Code

Motive	Frequency	Percent
Money for Influencer	30	32.3%
Selling of Product	34	36.6%
Image of Influencer	6	6.5%
Love of Product	6	6.5%
Sharing of Product	13	14.0%
Helpful to Consumer	4	4.3%

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Appendix C – Images from Survey



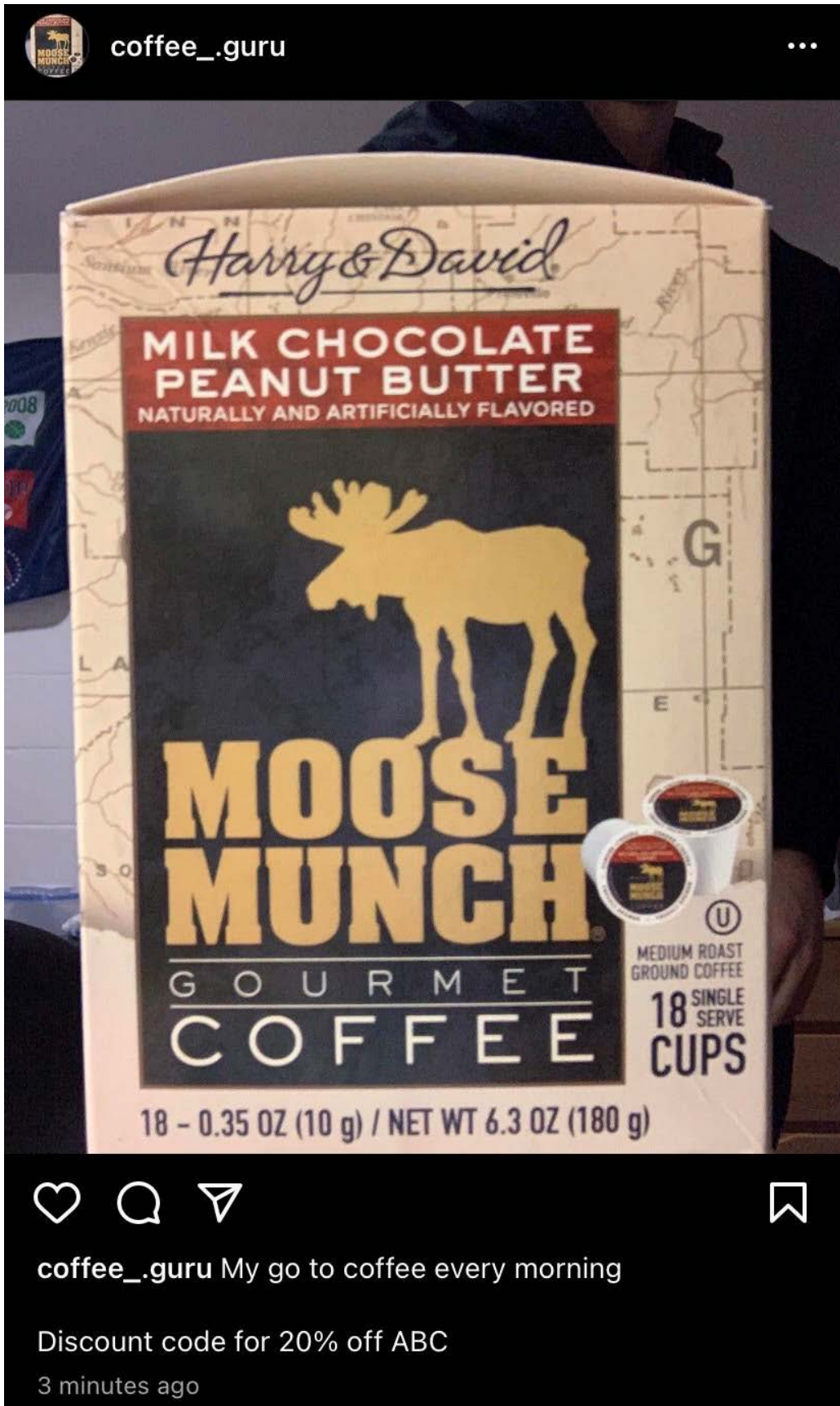
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