

DECEPTIVE SOCIAL MEDIA ADVERTISING PRACTICES: THE EFFECT OF SPONSORSHIP DISCLOSURE ON CONSUMER PURCHASE INTENTION

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ABSTRACT

The rise of social media platforms has revolutionized the world of advertising. In particular, social media advertising (SMA) has become a popular marketing method for many fashion and beauty brands (e.g., Kim & Kim, 2021). Researchers have explored how SMA affects consumer attitudes and intentions towards brands and social media influencers (SMI), and how this ultimately impacts purchase intention (Masuda et al., 2021; Sánchez-Fernández & Jiménez-Castillo, 2021). However, one important limitation of existing studies is that they have not considered the potential impact of sponsorship disclosures. Specifically, it is not yet known whether consumers will still have a positive response to SMA even when they are aware that the influencer is being paid to promote the product.

This study aimed to fill this gap by developing a conceptual framework that includes six hypotheses. The framework explored whether attitudes towards SMIs, brands, and SMAs in general influence purchase intention and whether these links between attitudes and intention are moderated by sponsorship disclosures. An experimental study involving 228 participants was conducted. Participants were first introduced to a simulated Instagram profile of a SMI and a brand. They then indicated their attitudes towards the SMI, brand, and SMAs in general using a seven-point Likert scale. Next, they were shown one of two simulated SMA images (disclosed vs. undisclosed sponsorship) and indicated their purchase intentions based on the image viewed. A manipulation check ensured that participants recognized the presence or absence of paid advertisement disclosures.

Our regression analyses validated three of the six hypotheses (H1, H2, H4c). Although not all were confirmed, the findings hold significant insights for marketers, social media platforms, and regulators like the FTC. Primarily pertinent for female Instagram users between 25 and 40, the study emphasizes the value of clarity in sponsored content. Transparent disclosures bolster trust, leading to a higher inclination aligned with their audience, keeping expertise and engagement in mind. Lastly, the findings emphasize the need for rigorous SMA guidelines. Ambiguous or missing sponsorship disclosures can negatively impact consumer trust and, consequently, sales.