

Disclosing influencer marketing is a double-edged sword

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Disclosing influencer marketing as advertising is a double-edged sword, according to a new study by researchers from several European universities.

The study, conducted by doctoral candidate Zeynep Karagur of the University of Cologne and her co-authors Jan-Michael Becker (BI Norwegian Business School), Kristina Klein (University of Bremen) and Alexander Edeling (KU Leuven), investigated the effects of disclosing influencer marketing as advertising on the social media platform Instagram.

They found that disclosing that a post is advertising has a negative effect on the influencer's trustworthiness, because it increases the perception of advertising and monetary motivations.

However, influencers and brands also benefit from disclosing posts as advertising as consumers appreciate the transparency. Thus, the authors advise influencers to divulge some form of disclosure as the long-term reputation loss from being caught not disclosing might even be worse.

Among the disclosure types investigated, Instagram's standardized branded content tool is the most effective way to increase consumers' recognition of advertising.

Using the standardized branded content tool also makes it dispensable for consumers to rely on other cues such as the number of followers or the number of previously endorsed brands when deciding whether posts are advertising or not.

The study also found that influencers with a high number of followers (macro influencers) and a large brand portfolio are seen as less trustworthy because consumers might see them as "human ad spaces".

The researchers say that their findings contradict the common thought that "the more sponsors you have, the more credibility you have".

"Large brand portfolios undermine influencers' trustworthiness through higher advertising expectation," say Karagur. The underlying assumption is that influencers will post as many advertising as they can to increase their earnings, rather than endorse products they genuinely like.

According to the researchers the "highest level of trustworthiness is associated with micro influencers with limited brand relationships". If managers are deciding between two influencers with a similar number of followers, looking at the number of previous product endorsements is another effective selection criterion.

The research paper was published in the International Journal of Research in Marketing.

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For more information, or to speak to Zeynep Karagur, contact Katie Hurley at BlueSky Education on khurley@bluesky-pr.com or call +44 (0)1582 790 708.