

Influencer marketing

The impact of disclosing sponsorship compensation justification on sponsored content effectiveness

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Abstract

Purpose – The purpose of this paper is to investigate the effects of a particular form of sponsorship disclaimer in sponsored content by social media influencers (SMIs), namely a sponsorship compensation justification disclosure. A sponsorship compensation justification disclosure explains why influencers and brands engage in sponsorship collaborations by providing a normative reason that justifies the existence and dissemination of sponsored content.

Design/methodology/approach – An experimental design was used to compare the effects of a sponsorship compensation justification disclosure made by either an influencer or the sponsoring brand, to a simple sponsorship disclosure and a no disclosure control post, on consumers' responses to a product-review video by a YouTube influencer.

Findings – The paper offers empirical evidence that sponsorship compensation justification generates more positive consumer attitudes toward influencers receiving sponsorship compensation, and increases source and message credibility, compared to a simple sponsorship disclosure.

Research limitations/implications – The hypotheses were tested on one YouTube video, comprising of a single product category, one SMI and one social media platform. Further studies might replicate the experiment on different product categories and on different social media platforms.

Practical implications – This empirical study can offer brand communication managers and influencers important information on how to communicate and design sponsorship disclosures to reach desired responses from consumers.

Originality/value – The study is the first study to empirically demonstrate the effects of this particular type of sponsorship disclosure.

Keywords Branding, Social media, Advertising, Marketing communications, Persuasion, Media strategy

Paper type Research paper

Introduction

Consumers are increasingly using the large networks available to them on social media to source information on products. As a result, brands are devoting much more of their marketing resources to this domain as it offers them an opportunity to reach a vast audience (Campbell and Marks, 2015). To exploit fully the potential of social media for marketing purposes, brands are using social media influencers (SMIs) to promote and review products (Brown and Hayes, 2008; Evans *et al.*, 2017). SMIs are users in social media who have established credibility in a specific industry through their activity in this media (Brown and Hayes, 2008). They have access to a large audience of consumers who follow their social media activity regularly and are generally perceived as trustworthy by other users (Keller and Berry, 2003). YouTube is an example of a social media community that is actively used by people to create video-content (Lee and Watkins, 2016). Many of these content creators or “YouTubers” as they are also referred to, have managed to acquire a large base of subscribers. In September 2018, PewDiePie, a Swedish YouTuber, was ranked the most popular in the world with 66m subscribers (Statista, 2018).



Paid collaborations between brands and SMIs are commonly realized in the form of sponsored content (De Veirman *et al.*, 2017). That is, the influencer creates and publishes a product recommendation post in social media, and in return, receives compensation from the sponsoring brand. The Federal Trade Commission in the USA has authorized that any type of online sponsored content by a third-party source must clearly disclose sponsorship information to avoid misleading consumers (FTC, 2017). YouTube's ad policies also state, "creators and brands are responsible for understanding and fully complying with legal obligations to disclose Paid Promotion in their content" (YouTube support, 2018). On YouTube this is commonly carried out by including disclosure of sponsorship in the video description, or by including a static text overlay disclosure for the first or last seconds of the video, stating, "This video is sponsored by (Brand name)."

Despite the best efforts of SMIs to clarify sponsored content with disclosures, such as "This content is sponsored," the use of social media as a platform for marketing purposes by brands is less distinct than using traditional media. Moreover, the primary reason for users to engage with content on social media platforms is rarely commercial (Dehghani *et al.*, 2016). As a consequence, many users feel annoyed and confused by the subtle character of sponsored posts integrated into various content on social media, which might consequently have a negative impact on their reactions to sponsored posts. Commentary sections on SMIs' channels often reveal frustration and anger from skeptical followers toward sponsored brand content (Uzunoğlu and Kip, 2014).

This creates a challenge for SMIs as many of them work full-time on creating quality content, and brand collaborations are their main source of income. Simultaneously, their continued status as an SMI is contingent on their ability to satisfy and grow their follower base. Companies, on the other hand, seek to receive increased sales and positive brand attitude from collaborating with SMIs. At the heart of influencer marketing is, therefore, an ability to balance the needs of the SMI, the brand sponsor, and the followers. One way of walking this virtual tightrope that has become increasingly common among SMIs is the continuous posting in their channels of explanations for why they incorporate original content with sponsored content, in this study referred to as a sponsorship compensation justification disclosure. SMIs justify their right to be compensated for their work by using phrases like "it is a full-time job to provide you with quality content and the sponsored content brings me an income." Famous lifestyle blogger Marianna Hewitt (Lifewithme.com, 2017) used this kind of sponsorship compensation justification, with many more SMIs following suit.

Whereas this kind of sponsorship disclaimer found its use among SMIs, research has been slow to investigate the richness of the disclaimer phenomenon. To date, most research on this topic focuses on the effects of simple disclosures, while only a few investigate the effects of additional information in a disclaimer (e.g. Carr and Hayes, 2014; Hwang and Jeong, 2016; Lu *et al.*, 2014). By investigating sponsorship compensation justification, the current study intends to contribute to this latter stream of research. To the best of the authors' knowledge, this study is the first to investigate this particular form of disclaimer. In doing so, it seeks to provide an increased understanding of the different facets of sponsorship disclosures in social media; an area that will only grow in complexity as social media marketing becomes increasingly professionalized. An experimental design was used to measure and compare the effects of a sponsorship compensation justification disclosure communicated by either an influencer or the sponsoring brand, to a simple sponsorship disclosure or a non-sponsored control post, on consumers' responses to an SMI product-review video on YouTube. Implications of the findings for both research and practice are discussed.

Literature review

Sponsored content and the role of sponsorship disclosures

The phenomenon of sponsored content, first noted by Balasubramanian (1994), is becoming relevant for marketers as a result of the availability of direct brand-to-consumer

communication channels, such as YouTube. Sponsored content relates to integrating paid-by-the-brand and owned-by-the-brand messaging in different media outlets to achieve strategic goals (Ikonen *et al.*, 2017), and with the intent of creating a positive consumer experience (Campbell *et al.*, 2014). Sponsored content resembles the original content on the publisher's platform (Boerman *et al.*, 2012; Tutaj and van Reijmersdal, 2012), which places it under the umbrella term native advertising (Faber *et al.*, 2004; Wojdyski, 2016). In native advertising, there is no clear line between commercial content and original, authentic content, such as opinions, feelings and experiences (Chia, 2012). Therefore, the viewer may not always note native advertising as sponsored content (Wojdyski and Evans, 2016), nor realize the commercial intent of the message (Boerman and van Reijmersdal, 2016).

Consequently, the function of sponsorship disclosures is important for consumers' understanding and recognition of the content as advertising. The presence of a sponsorship disclosure may be the only aspect distinguishing the communication as advertising (Amazeen and Wojdyski, 2018; Evans *et al.*, 2017). Wojdyski *et al.* (2018) referred to sponsorship transparency as the extent to which a sponsored communication notifies a viewer of its paid nature and the identity of the sponsor. Consumers learn about the strategies, tactics and motives that rest behind brand information through daily exposure to advertising and media messages (Campbell and Kirmani, 2000; Friestad and Wright, 1994). However, it is not certain that consumers will realize the commercial intent of the message, and they might therefore process the content in a more objective light than should be done (Balasubramanian, 1994). Hence, in the context of sponsored content by SMIs, the foremost task of a sponsorship disclosure is to inform the audience about the commercial relationship between an SMI and an advertiser (FTC, 2017).

The impact of different types of sponsorship disclosures

Previous research shows that consumers evaluate SMI sponsored content based on different cues in the message that indicate the level of external influence from the brand (Carr and Hayes, 2014). The lack or presence of a sponsorship disclosure and the content of disclosures constitute such a cue. Consequently, consumers' attitudinal responses and behavioral intentions toward sponsored content are affected by disclosure information (Liljander *et al.*, 2015). Sponsorship disclosures have roughly been divided into simple disclosures (e.g. "this content is sponsored"), and disclosures that provide additional information about the sponsorship, for example by emphasizing the honesty of opinions presented in sponsored content (Hwang and Jeong, 2016) or by informing viewers what kind of compensation is received for sponsored content (Lu *et al.*, 2014). A recent study on sponsorship disclosures in blogs showed different effects on readers' response depended on the sponsorship disclosure type (Hwang and Jeong, 2016). This indicates that there is a need to distinguish between different types of sponsorship disclosures and the individual effects on consumers.

In this study, the focus is on a specific type of sponsorship disclosure, namely a sponsorship compensation justification disclosure. There are different types of sponsorship compensation such as cash, coupons or free samples (Lu *et al.*, 2014). In this study we focus on monetary compensation. While past research has noted the negative effects of disclosing sponsorship (Campbell *et al.*, 2013; van Reijmersdal *et al.*, 2015; Hwang and Jeong, 2016), the underlying task of a sponsorship compensation justification disclosure is to reduce consumers' negative responses to sponsored content. As a simple sponsorship disclosure merely informs viewers that the content is sponsored, a sponsorship compensation justification provides an additional explanation regarding why influencers and brands engage in sponsorship collaborations by emphasizing a normative reason that justifies the existence and dissemination of sponsored content. According to system justification theory, individuals and organizations are continuously employing communication tactics to justify social, economic and political actions (Jost and van der Toorn, 2012). Others then become

impartial judges of whether these justifications are valid or not (Jost *et al.*, 2004). Based on this reasoning, the success of a sponsorship compensation justification disclosure is, first and foremost, dependent on consumer acceptance and agreement with influencers receiving compensation for sponsored content.

Stating the hypotheses

The effects of sponsorship compensation justification on consumers' acceptance of sponsorship compensation. In the blogger setting, Carr and Hayes (2014) found that disclosures facilitated the audience to understand better that the blog post was influenced by a brand and that the blogger was compensated for writing the sponsored post. This realization can induce a change of meaning or activation of persuasion knowledge by unveiling the persuasive goal of a post, and as a consequence, people's responses to sponsored content might become negative (Boerman and van Reijmersdal, 2016). However, disclosing sponsorship compensation justification that explains the SMI's reason for posting sponsored content can prevent or reduce the aforementioned change of meaning. This could be explained by Kelley's (1973) discounting principle of attribution theory. According to this principle, "the role of a given cause in producing a given effect is discounted if other plausible causes are also present" (p. 113), suggesting that when no other causes are present, people are likely to attribute to a given cause. However, people's attribution to the given cause is reduced if other plausible causes are provided. Applying the principle in the present study, SMI sponsored content is likely to be attributed to persuasion motives when sponsorship is disclosed; however, a further explanation in the form of sponsorship compensation justification may direct people's attention to other plausible causes. A compensation justification sponsorship disclosure might instead make people contemplate the underlying reason for SMIs to engage in sponsorship activities, and thereby increase their understanding and acceptance of sponsorship compensation. Therefore, the following hypothesis is proposed:

- H1. A sponsorship compensation justification disclosure will generate more positive attitude toward influencers receiving compensation for sponsored content than a simple sponsorship disclosure or when no disclosure is present.

The effects of sponsorship compensation justification on source and message credibility. The term source credibility refers to whether an individual perceives a source of information as unbiased, believable, true or factual (Hass, 1981). Flanagin and Metzger (2007) distinguished between two source dimensions, namely competence and trustworthiness. The former refers to the degree to which a message source's knowledge and expertise is considered valid information, whereas the latter refers to honesty and morality of the source, and the source's ability to provide objective and unbiased information. Message credibility, on the other hand, refers to consumers' perception of the believability of a message (Metzger *et al.*, 2003).

In brand communication by SMIs, the source is the influencer who delivers the message. The message, in this case, refers to a social media post distributed by the influencer that contains brand information. As consumers are informed about the persuasive intent behind a message through a sponsorship disclosure, this can impact their credibility judgments regarding the source (in this study: a YouTube influencer) and the message (in this study: a YouTube video) (Carr and Hayes, 2014; Hwang and Jeong, 2016; van Reijmersdal *et al.*, 2016; Wei *et al.*, 2008). The perceived credibility of the source is a primary determinant of subsequent behavior, and has been linked to positive consequences such as increased purchase intentions and more favorable brand attitudes (Chu and Kamal, 2008). If consumers consider the message as biased or having other intentions than to provide

consumer experiences and recommendations, this may decrease the credibility of the source and consumers may resist the persuasive intent of the messages (Lee and Koo, 2012).

Carr and Hayes (2014), as well as Boerman and van Reijmersdal (2016) highlighted openness in disclosing sponsorship and pointed out that explicit disclosure resulted in high credibility scores. At least in the case of blogging, transparency is highly appreciated among readers and even bloggers who accept sponsoring can be perceived as highly credible as long as they are open about the sponsorship. If bloggers provide no information about sponsorship or are using vague expressions about sponsorship in blog posts that are sponsored, this may raise suspicion among readers and result in lower blogger (source) credibility (Carr and Hayes, 2014).

Regarding sponsorship disclosures and message credibility, previous research in related fields demonstrate somewhat conflicting results. In a television context, Boerman *et al.* (2012) demonstrated that disclosing sponsored television content led to more critical feelings toward the sponsored content. Similarly, in an online news context, Wojdyski and Evans (2016) found that once consumers recognized a news story as advertising (i.e. advertorials, which are advertisements that look like editorial content by a news publisher) they expressed lower story credibility. In the context of brand placement in online games, however, researchers found no effects of sponsorship disclosures on players' credibility assessment of the game (Evans and Hoy, 2016; van Reijmersdal *et al.*, 2015).

To summarize, previous findings suggested that disclosing sponsorship in sponsored content increased consumers' credibility perceptions toward the source compared to when no such information was provided. However, it may lower consumers' perception of message credibility. These mixed results suggest that a simple sponsorship disclosure may not provide sufficient information for consumers to judge the source nor the sponsor message, thus leading to uncertainty (Hwang and Jeong, 2016). One way of decreasing such uncertainty would be to include a compensation justification in a sponsorship disclaimer. In addition to the information unveiling that the content is sponsored, a sponsorship compensation justification provides additional personal information about the SMI, namely that producing content is the SMI's full-time job and that the sponsored content constitutes a salary. This would represent what Marwick and Boyd (2011) call a balanced self-presentation strategy among micro-celebrities in social media, where these individuals reveal both a professional and a personal side in their communication. Hence, revealing additional personal details such as these will increase the credibility of both the SMI and the message he or she produces. This would be in line with the findings of Kim and Song (2016), which showed that celebrities on Twitter who shared details about their personal lives had an improved social presence and thus a better-perceived connectivity with fans. Therefore, the following hypothesis is proposed:

- H2.* A sponsorship compensation justification disclosure will lead to higher source and message credibility compared to a simple sponsorship disclosure or when no disclosure is present.

The effects of sponsorship compensation justification on brand attitude. Although it is not a primary goal, sponsorship disclosures may alter consumers' brand attitude. If consumers are irritated about the sponsoring, the sponsoring party (in this study: the brand present in the YouTube video) may be negatively evaluated (Boerman and van Reijmersdal, 2016). Studies report negative effects on brand attitude due to sponsorship disclosures (Wei *et al.*, 2008). Campbell *et al.* (2013) found negative effects only when the disclosure was provided after the sponsored content, and indirect negative effects were found to occur via activation of persuasion knowledge (Boerman *et al.*, 2012, 2014, 2015). Boerman and van Reijmersdal (2016) found that sponsorship disclosures could increase consumer attention toward the

sponsoring party (i.e. the brand), which could lead to higher levels of brand memory. Others show no significant effect from disclosures on consumers' brand attitudes (Colliander, 2012; Dekker and van Reijmersdal, 2013; van Reijmersdal *et al.*, 2015).

In conclusion, previous research showed negative or no effects on brand attitude from sponsorship disclosures. One reason for this can be explained through previous research on celebrity endorsements showing that when advertisers use an external spokesperson to promote products and brands, consumers' attention is focused on the spokesperson (e.g. the influencer) and not on the brand (Rossiter and Percy, 1987). Therefore, brand attitude is likely to stem from consumers' credibility perceptions of the source and the message (MacKenzie and Lutz, 1989). Thus, if *H2* is supported, it is expected that brand attitude will be higher after exposure to a compensation justification sponsorship disclosure than after a simple sponsorship disclosure or when no disclosure is present. Therefore, the following hypothesis is proposed:

H3. A sponsorship compensation justification disclosure will generate higher brand attitude compared to a simple sponsorship disclosure or when no disclosure is present.

The effects of source type of a sponsorship compensation justification. When the sponsoring brand disseminates sponsorship compensation justification, the message focus is still on the SMI and his/her right to receive monetary compensation for sponsored content. However, instead of the SMI broadcasting his/her financial motive, the announcement is declared by the sponsoring brand. Thus, what becomes salient through this interaction is an endorsement of the influencer by the sponsoring brand. While previous research on brand endorsement by celebrities has established that celebrities can transfer meaning to a brand (McCracken, 1989), it is assumed that the reverse is also possible (Erdogan, 1999). To the degree that the sponsoring brand holds an image comprised of certain attributes, it is plausible that these attributes can be transferred back to the SMI through a compensation justification disclosure. As a consequence, source credibility perceptions may increase, and will lead to more positive consumer responses toward the sponsored content in terms of increased message credibility and brand attitude. Also, a sponsorship compensation justification declared by the sponsoring brand could establish a personal relationship between the brand and consumers, since this type of disclosure conveys a personal message from the brand. Previous research has shown that brand messages that include elements conveying the brand as listening to customers; and that brand content expressing openness in communication, can foster and strengthen consumer–brand relationships in social media environments (Labrecque, 2014). Consequently, this could result in an increase in consumers' brand attitude. Therefore, the following hypothesis is proposed:

H4. A brand compensation justification disclosure will generate more positive consumer responses than an SMI compensation justification disclosure.

Research method

Study design, participants and procedure

To test the hypotheses, an experiment using a one-factor (disclosure type) between-subjects design was conducted. The experiment comprised four conditions: no sponsorship disclosure (control condition), simple sponsorship disclosure, SMI compensation justification disclosure and brand compensation justification disclosure. Participants were recruited using Amazon MTurk and received a link to the online survey (504 initial participants, US residents). Following the recommendations of Peer *et al.* (2014) for data quality, participation was restricted to MTurk workers with high reputation (above 95 percent approval ratings). Participants were randomly assigned to one of the four experimental conditions.

Participation in the experiment lasted about ten minutes, and participants received cash compensation in accordance with MTurk standards. First, participants were given instructions on the study and signed an informed consent. Prior to watching the YouTube video, participants were exposed to a manipulation document developed for that particular condition. After watching the entire video, participants could click through to the questionnaire.

To improve the quality of the answers, the researchers implemented some control measures/procedures. First, a standard deviation test was conducted on each participant's answers to detect any straight lining. Second, a hidden timer was inserted in the online survey that measured the time duration participants looked at the pages containing a potential manipulation document. The YouTube video inserted in the survey was set so that participants could not move forward to the survey questions before watching the entire video. Finally, at the end of the survey, participants were asked a question related to their attention to the manipulation document. The answers of those who did not comply within the standards of these measures/procedures were discarded from the sample (14 participants), leaving a sample of 493 participants (50.3 percent male, $M_{age} = 37.04$, $SD_{age} = 12$).

Experimental material and manipulation

The advertising stimulus used is an original video by a current YouTuber. The chosen video was considered appropriate to use in the study due to the product, a backpack, being a gender-neutral item. The YouTuber was unfamiliar ($M = 1.56$, $SD = 1.39$) among participants, and previous exposure to the video was 0 percent among participants.

The video, which lasted 3 minutes and 41 seconds, featured a male YouTuber reviewing a Patagonia backpack. He explains the features and functions of the product. The original video did not include a sponsorship disclosure text in the actual video, nor any mentions about sponsorship in the video; hence, in all of the experimental conditions, sponsorship disclosure was inserted as a separate text document (excluding the control condition that had a neutral instruction text). In each of the experimental conditions, participants were exposed to a text document before watching the YouTube video. Table I presents the content of the text document for each experimental condition. The layout, style and font of the text documents were identical in all conditions (they only differed in content as demonstrated in Table I).

Condition 1: no disclosure

Please watch the following video before you proceed to the questions

Condition 3: SMI compensation justification

My name is Jack. I'm a full-time YouTuber, which means that my work consists of producing content for my YouTube channel X^a. On my YouTube channel you can follow me on my adventures out in the wilderness.

To earn my living, I do commercial collaborations with brands. I therefore frequently publish sponsored content on my YouTube channel. It is both time-consuming and difficult to create quality video-content. To be able to continue as a full-time YouTuber, the commercial collaborations with brands are an important source of income for me. The video you are about to watch is sponsored by Patagonia

Condition 2: simple disclosure

The video you are about to watch is sponsored by Patagonia

Condition 4: brand compensation justification

We are Patagonia, an American clothing company that sells sustainable outdoor clothing. We frequently collaborate with influencers in social media to spread knowledge about our products.

This time we have partnered with YouTuber, X Jack. We understand that being a full-time YouTuber is a profession like any that takes both time and effort. Jack has received monetary compensation from us to review one of our products through his YouTube channel. The video you are about to watch is sponsored by Patagonia

Note: ^aThe name of Jack's YouTube channel has been replaced with X

Table I.
Manipulation document in each experimental condition

Dependent measures

All dependent measures were recorded on a seven-point Likert scale, where 1 = strongly disagree/not at all likely and 7 = strongly agree/very likely. Attitude toward SMIs receiving compensation for sponsored content (hereafter: sponsorship compensation acceptance) was measured using the items, “in my opinion it is fair,” “in my opinion it is good,” and “in my opinion it is important” that influencers, like the one in the video, receive monetary compensation for sponsored content (Cronbach’s $\alpha = 0.84$, $M = 5.06$, $SD = 1.34$). Source credibility was measured using three items taken from MacKenzie and Lutz (1989), i.e., “the YouTuber is convincing,” “the YouTuber is believable” and “the YouTuber is unbiased” (Cronbach’s $\alpha = 0.78$, $M = 5.18$, $SD = 1.35$). Message (video) credibility was measured using the items adapted from MacKenzie and Lutz (1989), “the video is believable,” the video is informative’, and “the video is genuine” (Cronbach’s $\alpha = 0.78$, $M = 5.39$, $SD = 1.28$). Brand attitude was measured using three items taken from MacKenzie *et al.* (1986): “I like the brand,” “my impression of the brand is good,” and “my impression of the brand is positive” (Cronbach’s $\alpha = 0.86$, $M = 5.55$, $SD = 1.17$).

Preliminary analysis

Manipulation checks. To check whether the manipulation of disclosure type was successful, study participants were asked to report, on a seven-point Likert scale, to what extent they got the impression that the YouTube video was advertising ($M = 5.35$, $SD = 1.71$). The results showed that participants’ impressions of the content being advertising was significantly lower in the no disclosure condition ($M = 3.04$, $SD = 1.86$) as compared to: the simple sponsorship disclosure condition ($M = 5.06$, $SD = 1.81$, $p < 0.001$); the SMI compensation justification condition ($M = 6.05$, $SD = 1.19$, $p < 0.001$); the brand compensation justification condition ($M = 5.82$, $SD = 1.71$, $p < 0.001$). Thus, the manipulation was successful.

Randomization checks. One-way ANOVA tests were performed to check for randomization. The results showed no difference between the experimental groups with respect to gender, $F(3, 489) = 0.26$, $p = 0.852$; age, $F(3, 489) = 0.29$, $p = 0.833$; YouTube viewing frequency, $F(3, 489) = 1.73$, $p = 0.160$; YouTube attitude, $F(3, 489) = 0.46$, $p = 0.709$; and brand familiarity, $F(3, 489) = 1.45$, $p = 0.229$.

Results*Hypothesis testing*

The multivariate analysis of covariance (MANCOVA) with a Games–Howell (Ruxton and Beauchamp, 2008) *post hoc* test was conducted to assess differences between the disclosure types on all of the dependent variables (see Table II). As the researchers used a real brand in the stimuli of the study, brand familiarity was added as a covariate in the analysis. The multivariate effect was significant by disclosure type, $F(15, 1336) = 28.05$, $p < 0.001$, $\eta_p^2 = 0.22$, after controlling for brand familiarity. Univariate tests showed that there were significant differences between the disclosure types on sponsorship compensation acceptance, $F(3, 489) = 49.39$, $p < 0.001$, $\eta_p^2 = 0.23$, source credibility, $F(3, 489) = 52.98$, $p < 0.001$, $\eta_p^2 = 0.25$, message (video) credibility, $F(3, 489) = 5.45$, $p < 0.01$, $\eta_p^2 = 0.03$, and brand attitude, $F(3, 489) = 3.97$, $p < 0.05$, $\eta_p^2 = 0.02$.

In testing *H1*, *post hoc* multiple comparisons using Games-Howell correction showed significantly higher sponsorship compensation acceptance in the SMI compensation justification disclosure condition ($M = 5.77$, $SD = 0.98$) and the brand compensation justification disclosure condition ($M = 5.54$, $SD = 1.06$) as compared to the simple sponsorship disclosure condition ($M = 4.67$, $SD = 1.36$, $p < 0.001$), and the control condition ($M = 4.18$, $SD = 1.28$, $p < 0.001$). Thus, *H1* was supported.

Table II.
Direct effects of experimental conditions on dependent variables: multiple comparisons

Measure	No disclosure (<i>n</i> = 120) M (SD)	Simple disclosure (<i>n</i> = 116) M (SD)	SMI compensation justification (<i>n</i> = 124) M (SD)	Brand compensation justification (<i>n</i> = 133) M (SD)
Sponsorship compensation acceptance	4.18 (1.28) ^{c**, d**}	4.67 (1.36) ^{c**, d**}	5.77 (0.98) ^{a**, b**}	5.54 (1.06) ^{a**, b**}
Source credibility	5.09 (1.39) ^{b**, d**}	4.14 (1.26) ^{a**, c**, d**}	5.38 (1.14) ^{b**, d**}	5.99 (0.87) ^{a**, b**, c**}
Message credibility	5.36 (1.36)	5.01 (1.20) ^{c**, d**}	5.62 (1.22) ^{b**}	5.54 (1.25) ^{b**}
Brand attitude	5.25 (1.26) ^{d*}	5.57 (1.08)	5.63 (1.23)	5.73 (1.04) ^{a*}

Notes: ^aSignificantly different from no disclosure condition; ^bsignificantly different from Simple disclosure; ^csignificantly different from SMI compensation justification; ^dsignificantly different from Brand compensation justification. **p* < 0.05; ***p* < 0.001

In testing *H2*, *post hoc* results revealed significantly higher source credibility in the brand compensation justification disclosure condition ($M = 5.99$, $SD = 0.87$) as compared to the simple sponsorship disclosure condition ($M = 4.14$, $SD = 1.26$, $p < 0.001$), and the control condition ($M = 5.09$, $SD = 1.39$, $p < 0.001$). The SMI compensation justification disclosure condition ($M = 5.38$, $SD = 1.14$) was significantly higher only in comparison to the simple disclosure condition; $p < 0.001$. Message (video) credibility proved to be significantly higher in the SMI compensation justification disclosure condition ($M = 5.62$, $SD = 1.22$) and the brand compensation justification disclosure condition ($M = 5.54$, $SD = 1.25$) as compared to the simple sponsorship disclosure condition ($M = 5.01$, $SD = 1.20$, $p < 0.001$), but not in comparison to the control condition. Thus, *H2* was partially supported.

In testing *H3*, *post hoc* results revealed significantly higher brand attitude in the brand compensation justification disclosure condition ($M = 5.73$, $SD = 1.04$) as compared to the no disclosure control condition ($M = 5.25$, $SD = 1.26$, $p < 0.05$). No other statistically significant results were found for brand attitude. Thus, *H3* was not supported.

In testing *H4*, *post hoc* results revealed significantly higher source credibility in the brand compensation justification disclosure condition ($M = 5.99$, $SD = 0.87$) as compared to the SMI compensation justification disclosure condition ($M = 5.38$, $SD = 1.14$, $p < 0.001$). However, there were no statistically significant differences in message (video) credibility and brand attitude when specifically comparing the SMI and the brand compensation justification disclosure conditions. Thus, *H4* was partially supported.

Discussion and conclusion

This study addressed the effects of a specific type of sponsorship disclosure in the context of YouTube, namely a sponsorship compensation justification disclosure. The study thereby contributes to the emerging research stream on the effects of different types of sponsorship disclosures on consumer responses (Dekker and van Reijmersdal, 2013; Carr and Hayes, 2014; Hwang and Jeong, 2016). The theoretical contributions are twofold. First, regarding the effects of sponsorship disclosure, the findings showed that emphasizing sponsorship compensation justification could induce greater source credibility and message credibility, as well as a more positive attitude among subjects toward SMIs receiving monetary compensation for sponsored content, compared to simply disclosing sponsorship. The findings thereby support previous studies on sponsored recommendations showing that pinpointing the truth in advertising efforts would increase source credibility (Carr and Hayes, 2014; Lu *et al.*, 2014). Thus, potential negative effects on source credibility that a simple sponsorship disclosure mentioning monetary compensation might have (cf. e.g. Petty and Andrews, 2008), can be reduced by the inclusion of a compensation

justification disclosure that provides additional information regarding why monetary compensation is distributed between influencers and brands from sponsored content.

Second, in comparing the effects of different source type of sponsorship disclosure on sponsored content effectiveness, the results make an important contribution to the brand endorsement literature. The study is novel in providing evidence of reversed endorsement effects of brand collaborations with a third-party source. When the brand sponsor disseminated compensation justification, source (YouTuber) credibility was significantly higher in comparison to when the SMI declared compensation justification. In line with previous research that stated when a brand chose to collaborate with a certain blogger, this could be evaluated among followers as an indicator of the blogger being powerful and sought after (Uzunoğlu and Kip, 2014). This current study revealed that a brand compensation justification could prime such cognitions. Even though participants were not actual followers of the YouTuber, the realization that he was collaborating with a brand such as Patagonia, might transfer meaning that is more positive to their evaluations of the YouTuber.

However, our study showed no effects of disclosure types on consumers' brand attitude. One explanation may be that we used a familiar brand. For well-known brands, such as Patagonia, people can draw on their past brand and product experiences (Tessitore and Geuens, 2013), which drive brand attitudes (Smith and Swinyard, 1982). When there are established attitudes toward a brand, sponsorship disclosures may have lower effects in changing consumers' brand attitude compared to brands toward which consumers have no prior attitudes. This could also explain why a brand compensation justification only affected the credibility of the influencer, but not consumers' brand attitude.

Managerial implications

The findings propose novel implications for brand collaborations in influencer marketing. In several nations, there are strict rules and guidelines regarding paid partnerships between companies and third-party sources such as influencers (Boerman and van Reijmersdal, 2016). When influencers receive compensation to write a post or review a product, it must be clearly disclosed in line with national governmental regulations and internal policy statements of several social media platforms. The purpose of these regulations is to protect consumers from unfair and deceptive practices in the marketplace, and to help them make sound evaluations of brand endorsements (FTC, 2017). It is, however, important to avoid criticism and resistance among viewers, taking into account that people are generally skeptical toward advertising (Obermiller and Spangenberg, 2000), and even more so in media contexts, such as social media, where they are less susceptible to advertising messages (Moore and Rodgers, 2005). Thus, by including sponsorship compensation justification disclosure in SMI sponsored content explaining what such content entails for all parties involved, consumers' credibility assessment regarding sponsored content can be improved.

In promoting the influencer through a sponsorship compensation justification, the brand sponsor can increase sponsored content effectiveness. This finding should be especially important for brands that plan long-term collaborations with influencers. By strengthening the source credibility of SMIs, the brand can potentially increase the persuasiveness of influencers that promote their products. This can be done either through the inclusion of a compensation justification disclosure as a personal message from the brand in direct relation to SMI sponsored content in social media, or by brands promoting and introducing influencers that they collaborate with through their own communication channels.

This study also provided important implications for SMIs, the ranks of which are growing and becoming more professionalized. By keeping an open and continuous dialogue with followers that include sponsorship compensation justification messages, SMIs can increase their credibility and generate higher acceptance from followers toward them receiving compensation for sponsored content. This can have long-term benefits for SMIs.

Limitations and future directions

As with any study, this study also has limitations that may have affected the results. To the best of the authors' knowledge, this is the first study to investigate this type of sponsorship disclosure, and, in addition, in the context of YouTube. This paper only reports one study on one type of sponsored YouTube video. Thus, much more research is needed in this context to be able to unveil the mechanisms behind sponsorship compensation justification disclosures and the impact of these on sponsored content effectiveness. However, this study brings important first insights into an area that is becoming more multi-faceted and growing in complexity.

Participants not having a previous relationship with the YouTuber may have affected the results of the current study. A recent study on the effects of sponsored content in blogs shows that the previous relationship that readers had with the blogger affected their response to sponsored content related issues (Colliander and Erlandsson, 2015). Therefore, future research should incorporate the relationship between SMIs and followers as a potential mediating factor in the analysis of compensation justification sponsorship disclosure effects.

Moreover, previous research on celebrity endorsement shows the importance of congruency between the celebrity and the product he or she endorses (Choi and Rifon, 2012). The same is likely to apply in the context of influencer marketing. Therefore, future research should incorporate influencer-product congruency as a variable when examining consumer responses to sponsorship compensation justification disclosures. As we used a familiar brand, future research should investigate if the same findings apply for unfamiliar brands, or for brands of more controversial products, such as weight loss products.

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