

# Are Paid Influencers Bad Influencers?

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## ABSTRACT

This research paper aims to explore the effect of source credibility on persuasion of a message recipient, and how authenticity mediates this relationship. We begin with an introduction to the research question, a discussion on the managerial relevance of this topic and the theoretical background. We outline variables and the research strategy, and develop an experimental design. The study goes on to analyze responses collected from 125 students at Erasmus University. Disclosure of incentives has been found to decrease persuasion. This result is discussed from a managerial viewpoint.

## Keywords

Paid advertising, sponsorship, online shopping, source credibility, persuasion, authenticity

## INTRODUCTION

As the world becomes increasingly exposed to the Internet or 'digitalized', the shopping landscape in which consumers find themselves has also drastically changed. The rise of social media apps and sites such as Instagram and YouTube have paved a way for consumers to follow people that represent and post content relevant to their interests. The people behind these channels are referred to as 'influencers': online personas who have a large influence over a group of people and possess the same target group as a company (influenceranalysis.com, 2016). By selecting influencers that post content relevant to the message of a given campaign, companies can easily reach a specific group of people that are far more likely to be interested in purchasing their product. Naturally, by sharing their opinions through reviews on social media, these influencers have the ability to change their followers' product liking, as followers base their purchase decisions on it.

Despite the success of such campaigns, the downsides should not be ignored. The use of social media as a marketing tool has made lawmakers aware of flaws in consumer protection laws that do not account for such advertising forms. In order to prevent misleading paid endorsements on the internet from influencing consumers, several jurisdictions like the USA now require the direct disclosure of such relationships of reliance to the consumer. This not only puts the seller of the product in a vulnerable position with regard to legal action if they choose not to disclose details of sponsorship on incentivized posts, but also affects the consumer. Furthermore, in the past decade, literature on online reviews has neglected the impact of the message source on persuasion (Dou et.al, 2012). Therefore, our research question is: *How does disclosing whether a post was incentivized affect a potential consumer's liking of the product?*

## Variables

The below variables were used in answering this question. *Source Credibility (independent variable)* has been categorized into two dimensions: expertise and

trustworthiness due to its frequent use by many scholars (Sternthal, Dholakia & Leavitt, 1978; Horai, Naccari, Fatoullah, 1974; Artz & Tybout, 1999; Harmon & Coney, 1982). Expertise refers to the extent to which a speaker is perceived to be capable of making correct assertions, and trustworthiness refers to the degree to which an audience perceives the assertions made by a communicator to be ones that the speaker considers valid (Pornpatikan, 2004; Hovland & Weiss, 1951).

*Authenticity (mediator)* is defined by Guigon (2008) as a person whose actions "[truly express what lies at their origin; i.e. the dispositions, feelings, desires and convictions that motivate them]".

*Source Persuasion (dependent variable)* has been adopted from Sternthal et al. (1978); the extent to which a source is '[able to induce a greater positive attitude toward the position they advocate]'.

Based on the variables and research question outlined above, we have formulated two hypotheses:

H1: A more credible message source increases the persuasion of the message recipient.

H2: The relationship between message source credibility and persuasion is explained by the perceived authenticity of the message source.

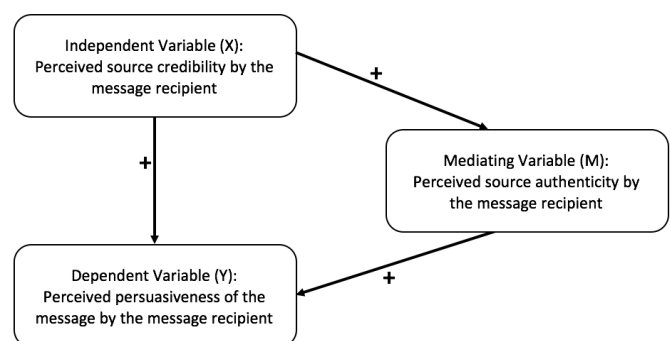


Figure 1: Conceptual model

## METHODOLOGY

### Experimental design

#### Source credibility

The independent variable - source credibility - was manipulated in three different ways. Subjects were exposed to one of these conditions by including an extra comment in the post: (1) unpaid: it was disclosed that the reviewer was not incentivized in any way to write the review; (2) paid: it was disclosed that the reviewer was offered goods in return for writing a review and (3) not disclosed: it was not disclosed whether the reviewer was incentivized or not. In order to verify whether respondents indeed considered a paid source to be less credible than an unpaid source a manipulation check was included in the survey. This measure was made up by several statements relating to trustworthiness reported by the

participants on a 7-point Likert scale. The statements were based on the measure of credibility developed by James McCroskey (1999). According to McCroskey (1999), these measurements should result in a Cronbach's  $\alpha$  between 0.80 and 0.94. This was underlined by our own scales, which had a Cronbach's  $\alpha$  of 0.825. Therefore, the internal consistency of the results was deemed high and the individual scales were summed to provide an overall credibility score.

#### *Persuasion*

Measurement of the dependent variable (persuasion) was comprised of several statements reported by the respondents on a 7-point Likert scale. These questions were answered after reading the review (dependent on the treatment) and the manipulation check. These statements were based on those of Dou et al. (2012), who achieved  $\alpha = 0.82$ . Our initial success at achieving the same internal consistency as Dou et al.'s study (2012) was low, with Cronbach's  $\alpha$  of 0.687 and 0.653 for initial opinion and the opinion after exposure respectively. Further investigation showed that removing the statement on expense of the product increased our internal consistency to 0.798 and 0.86, respectively, for the aforementioned opinion measurements. This seemed logical since the price was not mentioned in the introduction to the product, but was mentioned in the blog; thus, there is no real way to test if respondents truly were more convinced by source's discussion of the product's price. Furthermore, the statement was not synonymous to the others that were part of the opinion measurement. Thus, the scales were summed excluding the statement on the expenses.

#### *Authenticity*

The mediating variable - perceived authenticity - was measured by the respondent after exposure to the review, again using 7-point Likert scales. These scales were based on Wood, Linley, Maltby, Baliouis, and Joseph (2005) and adapted to evaluate someone else rather than one's own self. Wood et al.'s (2005) study divided the authenticity scales into three categories, of which we used two. These had a Cronbach's  $\alpha$  of 0.69 and 0.78. Our overall alpha was calculated to be 0.810; thus, the internal consistency of these scales is high. Because  $\alpha > 0.8$ , the scales were summed to make them more sensitive to small variations.

The survey was divided into 5 sections. The first contained a short introduction and a product description with two questions regarding previous knowledge and use. The second measured the initial opinion, which was followed by the third section, the blog post. Respondents were randomly assigned to one of the three different blog posts. After carefully reading the blog post, the opinion of the subjects was measured using the same statements as for the initial opinion. This section also contained statements on the perceived authenticity of the message source and the perceived credibility. Finally, the last section contained demographic questions and a final question on whether they googled the product whilst filling out the survey.

#### **Data collection**

Our sample consisted of undergraduate students at Erasmus University. These represent the target audience with an active presence on social media who are familiar with influencers and influencer marketing. 125 valid responses were collected.

#### **Reliability and validity**

The overall reliability of the experiment was satisfactory. All scales for the three variables were taken from previous research. Nevertheless, Likert scales always have shortcomings with inter-rater reliability; the scales do not necessarily have a concrete meaning or value, which may differ between different respondents.

We expected to encounter larger issues with validity. Our population was defined as Erasmus University undergraduate students, sampled through Facebook. Therefore, our respondents were likely to be similar to one another in terms of educational background, age, nationality etc. This would result in low external validity

Measurement validity was more difficult to assess, though some support was found in taking the statements from previous research. The use of several statements allowed us to capture a broader definition of the concepts minimizing construct deficiencies. Any overlap between our constructs and concepts we did not intend to measure, are harder to control for, since we did not include numerous other variables to check any similarities.

## **RESULTS**

### **Manipulation Check**

A manipulation check was conducted to check the success of the manipulation of the independent variable. This check showed that the manipulation of source credibility was interpreted correctly by respondents ( $F(2, 99) = 3.21, p = 0.04, d = 0.54$ ). Performing a post-hoc test revealed that a difference between perceived credibility of the "not disclosed" group ( $M = 24.89, SD = 3.98$ ) and the "paid" group ( $M = 22.56, SD = 4.48$ ) exists, where the latter was perceived to be less credible ( $F(2, 99) = 3.21, p = 0.03, d = 0.56$ ). A difference between the "unpaid" ( $M = 24.94, SD = 4.78$ ) and "paid" group also existed ( $F(2, 99) = 3.21, p = 0.030, d = 0.51$ ), which shows that the former is perceived to be less credible.

This shows that the unsponsored blogger was perceived to be the most credible and the sponsored blogger was perceived as the least credible out of all three manipulations. The blogger who did not disclose sponsorship was perceived equally as credible as the unsponsored blogger. The size of this effect ( $d = -0.01$ ) essentially renders it negligible; these two conditions are seen as being equal in terms of credibility.

### **Testing Hypothesis 1**

An ANCOVA between the groups was conducted to investigate the difference in the opinion after exposure between the three different groups, which controlled for the initial opinion. This showed that there are no overall differences in persuasion depending on the level of credibility of the source ( $F(2, 98) = 2.87, p = 0.06, d = 0.49$ ).

Some differences between the groups were found in pairwise comparisons. A higher level of persuasion was seen when the blogger did not disclose any incentives ( $M = 27.47, SD = 3.58$ ), than when the blogger was paid ( $M = 24.89, SE = 0.68$ ), ( $F(2, 98) = 2.87, p = 0.02, d = 0.75$ ). Conversely, there was no difference found between the unpaid ( $M = 26.67, SD = 4.90$ ) and not disclosed group ( $F(2, 98) = 2.87, p = 0.60, d = 0.18$ ). Similarly, no difference was found between the unpaid and paid condition ( $F(2, 98) = 2.87, p = 0.08, d = 0.48$ ).

Given this similarity in values for the “unpaid” and “not disclosed” groups, we combined these two ( $M = 24.91$ ,  $SD = 4.37$ ) and compared them to the “paid” group ( $M = 22.56$ ,  $SD = 4.480$ ). The ANCOVA shows a difference between the two newly defined groups ( $F(2,98) = 5.52$ ,  $p = 0.02$ ,  $d = 0.53$ ). Together with the Cohen’s  $d$  95% confidence interval (C.I.) [0.12, 0.95,] this indicates that disclosing any incentive severely lowers persuasion.

Thus, strong evidence has been found in support of hypothesis one. The outcome of our experiment shows that the disclosure of sponsorship severely lowers the level of persuasion in the message recipient. Given that no difference in credibility was found between the “unpaid” and “not disclosed” group when performing a manipulation check, it follows that there also would not be any differences in persuasion levels for these two groups.

### Testing Hypothesis 2

Running an ANCOVA with authenticity as the dependent variable showed that there were differences in authenticity depending on credibility levels ( $F(2, 99) = 5.21$ ,  $p = 0.01$ ,  $d = 0.67$ ). The 95% C.I. [0.25, 1.09] is entirely above zero, indicating that this main effect is most certainly positive. Thus, it implies that credibility increases the perceived authenticity.

Based on the above discussion we can conclusively state that credibility affects the perceived authenticity of the online persona, which provides a basis to start a mediation analysis. In this analysis, we investigate whether authenticity also has an impact on the relationship between source credibility and persuasion.

### Mediation Analysis

A mediation analysis was performed using the PROCESS macro for SPSS. During this analysis, we again controlled for initial opinion. In this analysis, we combined the “not disclosed” and “unpaid” group. 5,000 bias-corrected bootstrap samples were used to generate a 95% confidence interval around the indirect effect of authenticity, where mediation occurs if the confidence interval excludes zero (Hayes, 2013). The analysis revealed a significant indirect effect ( $b = -0.76$ ,  $SE = 0.35$ , 95% LLCI = -1.65, 95% ULCI = -0.23).

As predicted, lower source credibility decreases authenticity, which subsequently leads to less persuasion. The confidence interval is negative, which tells us that if we resample we should be able to find the same negative effect.

## DISCUSSION

The results of our experiment bring interesting and valuable conclusions that can be relevant for managers to know. We have found strong support for the hypothesis that incentive disclosure has a negative effect on persuasion. For a manager, this implies that using paid reviews will not be as persuasive. As the law is continuously being rewritten, companies are required to disclose the nature of their relationship with influencers. Thus, we recommend that a company using influencer marketing should disclose the nature of these relationships to avoid problems with the law. From the influencer’s standpoint, it is worth mentioning that there is no difference in persuasion when one does not disclose anything or discloses that one is unpaid.

Furthermore, our results show that source credibility affects authenticity. Therefore, influencers should take measures to improve how their followers perceive them, such as by combining both personal and business posts and showing that their personalities are multifaceted. This could be done by incorporating their personal lives into these paid posts, so as to show their audience that they are not just posting for the sake of payment.

### Limitations

Our sample is relatively homogenous as there were few options available to us when we constructed it. This implies that the external validity of our study is a significant shortcoming. It seems unrealistic to assume that a company will be able - or want - to target only educated university students with a highly concentrated percentage of European citizens aged 20-21 when launching a product. Diversity, in terms of nationalities, ages, and educational background would certainly provided valuable insight for marketing managers and would also be more representative of the diverse audiences found in real life.

Our experimental design also presents a number of issues. Our attention check was not well constructed and left some of our respondents confused and unsure as to what we were really asking. Here, some respondents were confused between the options “not disclosed” and “I don’t know”. Moreover, in the “paid” post, Adam refers to himself as being an ‘Ambassador for Amazon prime’. We chose to formulate the statement in this way because it is the exact formulation that Amazon uses for paid sponsorship; replicating this situation as best as we could increases external validity of the experimental design but respondents may not have equated being an ambassador to being sponsored.

Other questions, such as ‘have you heard about Prime before?’ were too broad to allow for a real interpretation of what ‘heard’ really means; were they acquainted with the product, or were they aware of its full features? In addition, the disclosure comment was placed at the top of the post so some respondents may have missed this in the haste of reading the post.

### Further research

The insights drawn from our experiment generates a few recommendations for future research. Future studies on the source credibility - persuasion relationship could include other moderating and mediating variables in the online setting, e.g. the effect of initial opinion, quantitative and qualitative claims. Further suggestions include experimental manipulations such as a direct comparison of the on- and offline purchase environment or comparing the disclosure of different types of incentives, such as free goods or payment.

Our observations on authenticity show that this is an area worthy of further investigation. Concurrently, it would also be interesting to see the exact nature of the relationship of source credibility on authenticity. Different situations, such as testing different types of products may also produce interesting insights; one may also wish to see the effect of this relationship depending on the type of site used. Reactions may be different depending on the type of material on YouTube (audio-visual material), Instagram (visual material), or a blog (text). Lastly, further research could focus on the effect that different phrasings of disclosure have on persuasion and

authenticity, such by investigating whether respondents really believe that a person is honest and unbiased.

### ROLE OF THE STUDENTS

Lou Rougié, Iris Verboom and Philippa Josefsson were undergraduate students working under the supervision of MSc Christilene Du Plessis. The topic was proposed by the course coordinators of the “Research Training & Bachelor Thesis” course. The tasks (researching previous studies and developing a critical synthesis, designing the survey and collecting results, as well as discussing conclusions) were equally divided amongst the three authors.

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