

Sponsorship Disclosure in Social Media Influencer Marketing: A Theory-Based Integrative Review

Monika Garg^{1*} | Dr. Satish Khasa²

¹Research Scholar, Department of Commerce, Maharshi Dayanand University, Rohtak, Haryana, India.

²Professor & Head, Department of Commerce, Pt. NRS Govt. College, Rohtak, Haryana, India.

*Corresponding Author: drsatishkhasa@gmail.com

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ABSTRACT

To disclose sponsorship or not? Sponsorship disclosure is of immense importance in today's world of transparency, but the prior research reports mixed findings of its impact on consumer trust, influencer credibility, and purchase-related outcomes. This theory-based review integrates and synthesises existing literature on sponsorship disclosure in influencer marketing through the lens of dominant theoretical perspectives. Drawing primarily on the Persuasion Knowledge Model, Elaboration Likelihood Model, Attribution Theory, Signaling Theory, and Source Credibility Theory, this paper develops an integrative conceptual framework to explain how sponsorship disclosure shapes consumer cognitive processing, affective outcomes, and behavioural responses. The review demonstrates that sponsorship disclosure primarily operates as a cognitive cue that activates persuasion knowledge and shapes information processing. These cognitive responses subsequently influence affective evaluations, including trust, perceived credibility, authenticity, and attitudes toward both the influencer and the endorsed brand. Behavioural outcomes, such as engagement intentions and purchase intentions, are shown to emerge indirectly through these cognitive and affective mechanisms rather than as direct effects of disclosure. By organising disclosure outcomes within a structured theoretical framework and advancing a set of research propositions, this review clarifies why sponsorship disclosure may generate both positive and negative consumer responses across different contexts. Overall, the study contributes to influencer marketing and digital advertising literature by offering a comprehensive and process-oriented understanding of sponsorship disclosure effects. The findings also provide practical insights for influencers, brands, and policymakers seeking to balance transparency with persuasive effectiveness in social media environments.

Keywords: Sponsorship Disclosure, Social Media Influencers, Persuasion Knowledge, Attribution Theory, Influencer Credibility, Transparency.

Introduction

Celebrity endorsements have long been a widely used marketing strategy for promoting brands, products, and services. By associating a celebrity's positive image with a brand, marketers aim to influence consumers' purchase decisions (Atkin & Block, 1983). Extensive research has confirmed that celebrity endorsements significantly enhance advertising effectiveness (Atkin & Block, 1983; Erdogan, 1999; Amos, Holmes, & Strutton, 2008; Bergkvist & Zhou, 2016). However, with the evolution of digital media, marketing strategies have also transformed. Today, companies are increasingly leveraging social media platforms to promote their brands, moving beyond traditional celebrity endorsements to influencer-driven marketing.

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Social media influencer marketing has emerged as a dominant strategy in today's digital world (De Veirman, Cauberghe, & Hudders, 2017; Lou & Yuan, 2019). Brands often collaborate with social media celebrities, i.e., Influencers, to promote their products to their customers. These Influencers have a wide reach and have established trust and credibility among their followers, making them a good choice for marketers. They make use of Stories, Posts, and Videos to reach their audience. Their content often blends with organic content as they share their personal experiences which seems more genuine on social media platforms like YouTube, Instagram, and Facebook, raising concerns about deceptive advertising practices and consumers' ability to recognise commercial intent (Giuffredi-Kähr et al., 2022). In response, regulatory bodies across countries have mandated sponsorship disclosure, requiring influencers to clearly indicate paid partnerships (Boerman et al., 2017).

Despite the Normative Rationale for Disclosure, Prior academic research present inconclusive evidence regarding its effectiveness. Some studies suggest that disclosure results in transparency, which increases the credibility of the influencer and hence can yield a more favourable attitude towards the brand, known as the transparency effect (Zike Cao; Rodrigo Belo, n.d.) while others report negative effects due to heightened consumer skepticism and resistance. They argue that due to disclosure, commercial nature perceives as biasing the influencers recommendations (De Veirman & Hudders, 2020). This negative effect is known as awareness effect (Zike Cao; Rodrigo Belo, 2024). These inconsistent findings highlight the need for a deeper theoretical understanding of how and why sponsorship disclosure influences consumer responses.

Existing reviews on influencer marketing often treat disclosure as a peripheral variable or examine it descriptively. There remains a lack of theory-based integration that explains disclosure effects through established psychological and communication theories. Addressing this gap, the present paper offers a theory-driven integrative review of sponsorship disclosure in SMI marketing. Rather than summarizing studies individually, the review organizes the literature around core theoretical mechanisms to explain cognitive, affective, and behavioral outcomes.

Methodology

This study adopts a **theory-based integrative review approach**, which is appropriate when the objective is to synthesise fragmented literature through established theoretical lenses rather than statistically aggregate findings. Unlike systematic literature reviews that emphasise exhaustive coverage and quantification, theory-based reviews focus on conceptual integration and explanation of underlying mechanisms.

- **Literature Search Strategy**

A comprehensive search was conducted across major academic databases, including **Scopus** and **Web of Science**, which are widely recognised for their coverage of high-quality, peer-reviewed marketing and communication journals. Keywords used in the search included: sponsorship disclosure, advertising disclosure, paid partnership, social media influencer, and influencer marketing.

- **Inclusion and Exclusion Criteria**

Studies were included if they: (1) were published in high-quality, peer-reviewed journals indexed in Scopus and/or Web of Science; (2) appeared in journals ranked in recognized journal quality lists; (3) focused explicitly on social media influencers or influencer marketing contexts; (4) examined sponsorship or advertising disclosure as a focal construct rather than a peripheral control variable; and (5) investigated consumer-related cognitive, affective, or behavioral outcomes such as persuasion knowledge, trust, credibility, or purchase intention. Studies focusing solely on traditional celebrity endorsement, non-digital advertising, conference proceedings, and non-English publications were excluded.

- **Analytical Approach**

Selected studies were analysed using a theory-driven coding scheme, wherein each article was examined for its dominant theoretical framework, key constructs, and proposed mechanisms. The literature was then synthesised by mapping empirical findings onto core theories, enabling the identification of convergences, contradictions, and gaps. This approach ensures analytical rigor while allowing theoretical advancement.

Theoretical Foundation of Sponsorship Disclosure

- **Persuasion Knowledge Model**

The Persuasion Knowledge Model (PKM) is the most frequently applied theoretical framework in sponsorship disclosure research (Boerman et al., 2017; Friesen & Wright, 1994). PKM posits that

consumers develop knowledge about persuasion attempts and use this knowledge to interpret, evaluate, and respond to marketing messages. Sponsorship disclosure functions as a cue that activates persuasion knowledge by signaling that the content is advertising rather than purely informational or entertainment-oriented.

When persuasion knowledge is activated, consumers may adopt coping strategies such as skepticism, counter-arguing, or resistance. As a result, disclosure can reduce message effectiveness by diminishing perceived authenticity or sincerity of the influencer. However, PKM also allows for adaptive outcomes, suggesting that informed consumers may appreciate transparency and reward honest communicators. This dual mechanism explains why disclosure does not uniformly lead to negative outcomes.

- **Attribution Theory**

Attribution theory focuses on how individuals infer the causes behind others' actions and behaviour. In the context of influencer marketing, it provides consumers with insight into influencers' motives following disclosure (Heider, 1958; Kelley, 1973). It helps them to determine whether the influencer recommendation is driven by monetary compensation or is an honest opinion. When sponsorship is disclosed, Consumers are more likely to attribute the influencer's recommendations to commercial motives such as Sponsorship payments, which can reduce perceived authenticity and credibility of the influencer. However, an Influencer with a strong history of expertise in a particular segment or consistent brand alignment may still be perceived as sincere. In addition, transparent disclosure may enhance credibility by signaling honesty, thereby reducing perceptions of deception. Thus, attribution processes help explain why disclosure does not always lead to negative consumer responses and may, under certain conditions, strengthen trust in the influencer (Heider, 1958; Kelley, 1973). It explains variability in disclosure effect across different types of influencers and product categories.

- **Signaling Theory**

Signalling theory explains how information cues are used to reduce uncertainty in situations characterised by information asymmetry. From this Theory perspective, sponsorship disclosure can be viewed as a signal of transparency and ethical intent (Spence, 1973; Connelly, Certo, Ireland, & Reutzel, 2011). By voluntarily disclosing commercial relationships, influencers may signal honesty, professionalism, and respect for audience autonomy. This signal can strengthen trust, particularly among consumers who value ethical communication practices. In social media environments, consumers typically possess less information than influencers regarding brand-influencer relationships. Sponsorship disclosures function as signals that reduce this information gap by clearly communicating the presence of a commercial partnership. Such signals may be interpreted positively, as they demonstrate regulatory compliance and ethical responsibility. Therefore, disclosure can serve not only as a marker of advertising intent but also as a signal of professionalism, potentially influencing consumer trust and engagement with sponsored content. However, if disclosure appears mandated, vague, or strategically hidden, it may fail to function as a trustworthy signal. Clear and prominent disclosure, in contrast, can enhance relational outcomes despite activating persuasion knowledge.

- **Source Credibility Theory**

Credibility refers to "the extent to which the source is perceived as possessing expertise relevant to the communication topic and can be trusted to give an objective opinion on the subject" (Goldsmith et al., 2000). Credibility consists of several dimensions such as the endorser's attractiveness, expertise, and trustworthiness (Chu & Kamal, 2008; Goldsmith et al., 2000; Ohanian, 1990). A more credible source can add more value to the Marketer. Sponsorship disclosure can influence these dimensions in complex ways. While disclosure may weaken perceived trustworthiness by highlighting commercial intent, it may simultaneously enhance credibility by aligning influencer behaviour with social norms of honesty. This theory underscores the mediating role of influencer credibility in the relationship between disclosure and consumer responses. Disclosure effects are therefore indirect and depend on how credibility judgments are formed and updated. It highlights why influencer credibility often mediates the relationship between sponsorship disclosure and consumer responses, such as attitudes and purchase intentions.

- **Elaboration Likelihood Model (ELM)**

The Elaboration Likelihood Model explains how individuals process persuasive messages through different cognitive routes depending on their level of involvement and motivation. In the context of social media influencer marketing, sponsorship disclosure can influence whether consumers engage in

deeper, effortful evaluation of influencer content or rely on simpler cues when forming judgments. When followers are highly involved with the product category or the influencer, the presence of disclosure is more likely to encourage central route processing, prompting consumers to carefully assess the arguments presented in the sponsored message. In contrast, for low-involvement audiences, disclosure may function as a peripheral cue that shapes attitudes based on surface-level signals such as influencer likability or perceived honesty. This perspective helps explain why sponsorship disclosure does not produce uniform effects across audiences and why individual differences in involvement and motivation play a crucial role in shaping consumer responses to influencer marketing communications (Petty & Cacioppo, 1986).

Cognitive, Affective, and Behavioural Outcomes of Disclosure

Drawing on the five theoretical perspectives discussed earlier, prior literature suggests that sponsorship disclosure produces a range of cognitive, affective, and behavioural outcomes rather than a single uniform effect. These outcomes vary depending on how consumers interpret the disclosure cue and process the sponsored message.

- **Cognitive Outcomes**

From the perspective of the Persuasion Knowledge Model, sponsorship disclosure primarily serves as a cognitive cue that prompts consumers to become aware of persuasive intent. The presence of disclosure signals the commercial nature of influencer-generated content, encouraging consumers to engage in more deliberate and critical evaluation of the message. In line with the Elaboration Likelihood Model, disclosure is also likely to influence the depth of information processing, particularly among highly involved consumers who are motivated to scrutinise message arguments more carefully. Consequently, sponsorship disclosure affects key cognitive outcomes, including advertising recognition, perceived transparency, and message elaboration.

- **Proposition 1:** Sponsorship disclosure activates consumers' persuasion knowledge and increases recognition of advertising intent in influencer-generated content.
- **Proposition 2:** The cognitive effects of sponsorship disclosure are stronger for highly involved consumers, leading to deeper message elaboration.

- **Affective Outcomes**

At the affective level, Attribution Theory and Source Credibility Theory explain how cognitive interpretations of disclosure translate into evaluative responses. Once consumers recognize the commercial nature of influencer content, they engage in motive attribution processes, assessing whether the endorsement is driven by genuine product appreciation or financial incentives. These attributions subsequently influence affective outcomes such as trust, perceived authenticity, and attitudes toward the influencer and the brand. Signaling Theory further suggests that transparent disclosure may function as a positive signal of honesty and ethical conduct, thereby strengthening affective evaluations rather than undermining them.

- **Proposition 3:** Activation of persuasion knowledge through sponsorship disclosure influences consumers' affective evaluations by shaping motive attributions toward the influencer.
- **Proposition 4:** Clear and transparent sponsorship disclosure positively influences perceived influencer credibility and trust by signaling honesty and ethical communication.

- **Behavioural Outcomes**

Behavioural outcomes, including purchase intention and engagement intention, are typically indirect consequences of disclosure. Negative behavioural effects often emerge through reduced credibility, whereas positive effects occur when transparency strengthens influencer-follower relationships. This highlights the importance of mediating variables in disclosure research.

- **Proposition 5:** Affective outcomes such as trust, perceived credibility, and attitudes toward the influencer mediate the relationship between sponsorship disclosure and consumer behavioural intentions.
- **Proposition 6:** Sponsorship disclosure indirectly influences engagement and purchase intentions through a sequential cognitive-affective pathway rather than through a direct effect.

Theoretical Implications

This review offers several theoretical contributions to the literature on influencer marketing and digital advertising. By integrating the Persuasion Knowledge Model, Elaboration Likelihood Model, Attribution Theory, Source Credibility Theory, and Signaling Theory, the study provides a comprehensive framework for understanding the multifaceted effects of sponsorship disclosure in social media influencer marketing (Friestad & Wright, 1994; Petty & Cacioppo, 1986). Rather than treating disclosure as a uniform cue, the framework demonstrates how disclosure operates through interconnected cognitive, affective, and behavioural mechanisms.

Second, the study advances existing literature by highlighting the indirect nature of disclosure effects. Prior research has reported mixed findings regarding the consequences of sponsorship disclosure on consumer outcomes (Boerman et al., 2017). This review clarifies that such inconsistencies can be explained by the sequential role of cognitive processing and affective evaluations, which mediate the relationship between disclosure and behavioural responses. By adopting a cognitive–affective–behavioural perspective, the study contributes to a more process-oriented understanding of disclosure effects.

Third, the proposed framework extends classical persuasion and attribution theories into contemporary social media environments by accounting for influencer-specific dynamics such as credibility, authenticity, and transparency (Heider, 1958; Kelley, 1973). By positioning influencer credibility as a central mechanism, this review bridges traditional advertising theories with emerging influencer marketing contexts and provides a stronger theoretical foundation for future empirical research.

Managerial Implications

The findings of this review offer important insights for practitioners, including influencers, brands, and policymakers. First, sponsorship disclosure should not be viewed merely as a regulatory obligation but as a strategic communication tool. Transparent and clearly presented disclosures can enhance perceptions of honesty and credibility, particularly when influencers have established trust with their audiences. Brands should therefore encourage influencers to adopt disclosure practices that are visible yet seamlessly integrated into content.

Second, managers should recognise that the effectiveness of sponsorship disclosure depends on audience involvement and message processing styles. For highly involved consumers, detailed and informative content accompanying disclosures can support central processing and reinforce positive evaluations. In contrast, for low-involvement audiences, influencers' authenticity, tone, and relational cues may play a more influential role in shaping responses. Tailoring disclosure strategies to audience characteristics can thus improve engagement and persuasion outcomes.

Third, influencer selection decisions should prioritise credibility and value alignment over mere reach or popularity. Since disclosure effects on behavioural outcomes are largely mediated by trust and perceived authenticity, brands can benefit from collaborating with influencers who maintain transparent communication and consistent content quality. Finally, policymakers and platform regulators may use these insights to design disclosure guidelines that promote transparency without undermining the effectiveness of influencer marketing practices.

Conclusion

Sponsorship disclosure has emerged as a critical element of social media influencer marketing, shaping how consumers interpret and respond to sponsored content. This review synthesises existing literature through multiple theoretical lenses to explain the complex mechanisms underlying disclosure effects. By adopting a cognitive–affective–behavioural perspective, the study demonstrates that sponsorship disclosure does not exert a direct influence on consumer behaviour but operates through cognitive awareness and affective evaluations.

The proposed integrative framework helps reconcile mixed findings in prior research by illustrating how disclosure outcomes depend on consumers' information processing, attributional judgments, and perceptions of influencer credibility. By consolidating key theories and identifying core mechanisms, this review provides a structured foundation for future empirical research and offers actionable insights for practitioners. Overall, the study underscores the importance of transparency in influencer marketing while highlighting the nuanced ways in which disclosure shapes consumer responses.

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