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Sponsorship Disclosures in Online Sponsored Content: Practitioners’ Considerations

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ABSTRACT

Many consumers fail to identify online sponsored content as advertising. This is an ethical problem because consumers need to know when they are exposed to advertising so they can raise counterarguments. To enhance transparency, guidelines have been issued that prescribe sponsorship disclosures. However, the actual use of these disclosures is limited and inconsistent. To better understand this ethical practice, the aim of the present qualitative interview study is to provide an overview of practitioners’ considerations to use disclosures (or not) for online sponsored content. We conducted a qualitative interview study, in which we interviewed 18 practitioners representing four stakeholder groups. The study reveals a diverse, complex, and conflicting set of considerations categorized as follows: moral responsibility toward consumers, own business interests, and perceptions regarding disclosure guidelines. We interpret our findings in light of previous studies in which advertising professionals talked about ethics. Implications for research and practice are discussed.

Increasingly, the lines between advertising and entertainment are blurred (Morganti et al., 2015). Particularly on the Internet sponsored content is gaining popularity. Content is considered to be sponsored if a brand, product, service, or persuasive message is purposefully embedded into editorial media content in exchange for compensation from a sponsor (Van Reijmersdal, Neijens, & Smit, 2009). In particular, influencers create online sponsored content that integrates commercial messages in entertaining and seemingly noncommercial content (Bladow, 2018; CAP News, 2018). Influencers are people who create their own online content on a particular topic, who have a considerable following, and who can persuade their followers (De Veirman, Cauberghhe, & Hudders, 2017). They may for instance demonstrate products and show trips to hotels without (clearly) mentioning that they were paid to do this. Many consumers fail to identify this online sponsored content as advertising (Amazeen & Muddiman, 2018; Owen, Lewis, Auty, & Buijzen, 2013). This is an ethical problem because consumers need to know that they are being exposed to advertising so they can cope with the persuasion attempt (e.g., Han, Drumwright, & Goo, 2018).

Consumer protection laws state that it is one of the rights of consumers to know when they are being exposed to advertising (European Commission, 2018). To enhance the transparency of online sponsored content, the persuasive nature of sponsored content needs to be disclosed (EASA, 2018; Morganti et al., 2015). Guidelines prescribe clear and conspicuous sponsorship disclosures for social media advertising and other forms of online sponsored content (e.g., EASA, 2018; Federal Trade Commission, 2009). Thus, ethical considerations regarding transparency, deception, and the potential misleading of media users are the background of these disclosure regulations (e.g., Han et al., 2018).
Examples of recommended disclosures are “sponsored,” “#ad” and “XYZ Resort paid for my trip” (CAP Federal Trade Commission, 2019; News, 2018). The use of these disclosures is critical since they enhance consumers’ recognition of sponsored content as being advertising (for a review see Boerman & Van Reijmersdal, 2016). When consumers are not aware that a message is advertising, they may pay attention to it, believe it, and be persuaded, whereas they may ignore, criticize, or resist it if they do know that it is advertising (Friestad & Wright, 1994).

However, the actual use of these disclosures is limited and inconsistent. Content analyses show that disclosures are often lacking, and that in many cases they are not clear and conspicuous (Boerman, Helberger, et al., 2018; Krizelman, 2017; Mathur, Narayanan, & Chetty, 2018). This raises the question of how practitioners – who are responsible for disclosure use – perceive disclosures, and what their reasons are for (not) using these.

Therefore, the aim of the present qualitative interview study is to provide an overview of practitioners’ considerations to use disclosures (or not) for online sponsored content. The study illuminates the pros and cons of using disclosures among the four main stakeholder groups that have a (shared) responsibility in adding disclosures: online content creators (also referred to as influencers), online media agencies, advertisers, and advertising agencies. The study pertains to various types of online sponsored content created by online content creators, including sponsored videos, vlogs, blogs, and posts, published on websites, YouTube, Facebook, Instagram, and Snapchat. Although these types of content vary in format and prominence of the sponsored message, all are sponsored and require disclosures.

The interviews were conducted in the Netherlands. We have several reasons to assume our findings are transferable to other countries. American, Dutch, and other European disclosure guidelines clearly show similarities (Boerman, Helberger, et al., 2018; European Commission, 2018; Federal Trade Commission, 2009, 2019; Stichting Reclame Code, 2019), and a content analysis (Boerman, Helberger, et al., 2018) has shown that there were no differences between the US and the Netherlands in the use of sponsorship disclosures in blog advertising. Also, disclosure instructions set up by platforms such as Instagram and YouTube have an international character (Thompson, 2017; YouTube Help, 2020). In addition, several of our interviewees acted in an international context (i.e., online content creators who published in English, online media agencies that managed international databases of influencers, and international advertisers). Overall, more and more online content finds its way to international audiences, making online sponsored content and its disclosures not a national but a global phenomenon.

The present interview study contributes to the body of the literature on online sponsorship disclosures since previous studies in this area were predominantly content analyses (e.g., An et al., 2018; Boerman, Helberger, et al., 2018) and effect studies (for reviews see Boerman & Van Reijmersdal, 2016; Eisen, Van Reijmersdal, Boerman, & Tarrahi, 2020). Mapping practitioners’ considerations helps to understand why these content analyses found limited disclosure use, and to identify variables that are important in future effect studies. This study is among the first to focus on the perspective of practitioners involved in online sponsored content. Our nuanced exploration of practitioners’ considerations regarding the use of online sponsorship disclosures is a necessary first step to gain insights into this complex practice. These initial insights can be used as input for further practitioner research in this area, and for regulatory practices aimed at stimulating disclosure use.

Moreover, the present study adds insights to previous work on ethical practices in advertising (Daems, De Pelsmacker, & Moons, 2019; Drumwright & Murphy, 2004, 2009; Han et al., 2018; Schauter & Neill, 2017). Importantly, in contrast to earlier interview studies in which practitioners were explicitly asked about their views on ethics, the present study takes an actual ethical practice – using disclosures – as entry point. We focus on a nontraditional media practice that has been identified as one that requires ethical action. In Schauter and Neill (2017)’s interview study, advertising, and public relations practitioners pointed out that native advertising (a phenomenon closely related to online sponsored content) is potentially misleading and therefore disclosures should be used. However, Schauter and Neill also revealed that emergent practices such as these provide ample
opportunities to act unethically. One of the challenges is that several stakeholders are involved in making online sponsored content, providing them with the opportunity to place the responsibility for ethical behavior in other people’s shoes (Drumwright & Murphy, 2004; Schaueter & Neill, 2017). Therefore, the current study looks into the perspectives of four different stakeholders, thus laying out the complexities. We interpret interviewees’ considerations with the help of the prior studies in which advertising professionals expressed their views on ethics (particularly Drumwright & Murphy, 2004; Schaueter & Neill, 2017). This different angle sheds new light on ethical decision-making in the rapidly evolving advertising world.

**Literature review**

In the first section, we discuss previous research on online sponsorship disclosures. We elaborate on the main reason for disclosure use, namely that it helps consumers to recognize sponsored content as advertising, thus activating their persuasion knowledge. Subsequently, we will show how disclosure use is laid down in laws and codes, particularly in the Netherlands. We also describe the limited and inconsistent use of disclosures. In the second section, we explain how our study ties in with prior studies on advertising practitioners’ views on ethics.

**Online sponsorship disclosures**

The theoretical basis for the use of disclosures is that, without disclosures, consumers are typically unaware of the sponsored nature of online sponsored content (Boerman & Van Reijmersdal, 2016; Han et al., 2018). In other words, persuasion knowledge, which is people’s knowledge and beliefs about the persuasive intentions of a message and the tactics that are used (Friestad & Wright, 1994), is not being activated. The aim of disclosures is to make clear that online content is advertising rather than noncommercial content, thus enabling consumers to activate their persuasion knowledge (Ham et al., 2015).

Recent research has started to disentangle conceptual from attitudinal persuasion knowledge. Conceptual persuasion knowledge refers to the recognition of advertising and understanding of its intentions and tactics, whereas attitudinal persuasion knowledge refers to a critical evaluation of, and attitude toward, the advertising (Boerman, van Reijmersdal et al., 2018; Rozendaal, Lapierre, Van Reijmersdal, & Buijzen, 2011). Empirical research has repeatedly shown that disclosures activated conceptual persuasion knowledge, that is people’s recognition of sponsored content as being a form of advertising, their understanding of the persuasive intent of sponsored content, and the understanding that sponsored content has a commercial source (e.g., Boerman, Willemsen, & Van Der Aa, 2017; Eisend et al., 2020; Evans, Phua, Lim, & Jun, 2017; Tessitore & Geuens, 2013; Van Reijmersdal, Lammers, Rozendaal, & Buijzen, 2015), as well as their attitudinal persuasion knowledge, that is their critical attitudes toward the content (e.g., Boerman et al., 2017; Van Reijmersdal et al., 2020).

However, not all disclosures are equally effective in activating persuasion knowledge (Boerman & Van Reijmersdal, 2016). As stated in European and American guidelines, disclosures need to be clear and conspicuous (EASA, 2018; Federal Trade Commission, 2019). Empirical research confirms that, to exert effects on persuasion knowledge, the meaning of the disclosure should be clear (Tessitore & Geuens, 2013) and the disclosure should be noticeable, for example, by showing the disclosure long enough for people to read it, showing it in a type size that is readable and in a position where it can be seen without having to scroll down (Boerman & Van Reijmersdal, 2016; Wojdynski et al., 2017).

The recognizability of advertising is a key element in international consumer protection law (Campbell & Grimm, 2019; Morganti et al., 2015), in the Netherlands, Europe, and the US (for a more detailed discussion of regulations and codes, see Boerman, Helberger, et al., 2018). In the Netherlands, the Dutch Advertising Code Authority, which is the self-regulatory body for advertising, published a *Social Media Advertising Code* offering guidance on how disclosures should be used in social media advertising (Stichting Reclame Code, 2019). The code states that it is obligatory to inform
consumers about advertising on social media and presents specific suggestions on how disclosures should be presented. For instance, the code says about vlogs: “in the vlog itself, and/or on a clearly visible place in the title/description of the vlog, it needs to be disclosed that the vlogger received compensation – as a payment but also in natural – from the advertiser.” Potential formulations of disclosures are “I received product X from brand Y” or “The brand stimulated me to write this post,” and potential hashtags are #spon, #paid, #sample, #adv, and #prom (Stichting Reclame Code, 2019).

The code outlines that advertisers as well as online content creators (bloggers, vloggers, etc.) are responsible for compliance with the code. The code also foresees a specific duty for the advertiser to inform the online content creator and proactively encourage content creators to obey the rules, and to act if they feel they need to do so (Stichting Reclame Code, 2019). Noncompliance may lead to complaints that can result in a compliance procedure before the Dutch Advertising Code Authority.

Both regulators and academics are concerned about the limited and inconsistent use of disclosures. Content analyses have indeed identified problems with the transparency of online sponsored content. Although 65% of the studied blog posts (in the Netherlands and the US) mentioned brands and products, only 15% of the posts provided some sponsorship disclosure. Moreover, there was great diversity in the disclosures, and they were not particularly clear and conspicuous (Boerman, Helberger, et al., 2018). Moreover, Mathur et al. (2018) found that only 10% of the sponsored content on YouTube and Pinterest was disclosed.

Advertising practitioners’ views on ethics

Our interview study sets out to better understand the background of this limited and inconsistent disclosure use. Thus, our study delves further into an emergent practice that interviewees in previous studies identified as particularly prone to ethical problems (Drumwright & Murphy, 2009; Schauster & Neill, 2017). Industry leaders, interviewed by Drumwright and Murphy, indicated that especially online many ethical issues arise because the legislations and controls of traditional media are absent. In particular, with regard to transparency and control over (sponsored) content, advertisers are facing a Wild West as there is no agreement yet upon ethical behavior between the stakeholders. Moreover, the various stakeholders are not likely to work together on when and how to disclose sponsored content. Along the same lines, advertising, and public relations executives, interviewed by Schauster and Neill (2017), put forth that potentially misleading native advertising (a phenomenon closely related to online sponsored content) and disclosure use are among the biggest ethical issues in the advertising industry these days.

Within this context, the present study delves more deeply into the ethical practice of using disclosures in online sponsored content: a practice that is characterized by several complexities that may encourage unethical behavior. First, in the Netherlands as well as in other countries, self-regulation is provided by associations of marketeers and advertisers (e.g., EASA, 2018; Stichting Reclame Code, 2019), by platforms such as Instagram and YouTube (Thompson, 2017; YouTube Help, 2020), and by content creators themselves (Social Code, 2017). This makes it unclear which codes need to be followed and who is responsible for the transparency of online sponsored content. Second, the guidelines attend to a great variety in types of sponsoring (e.g., payments, free products, invitations for events), and they present a wide range of possible disclosures for example #ad, #spons, or ‘paid partnership with [brand]’ (e.g., EASA, 2018; Stichting Reclame Code, 2019). This may cause confusion among stakeholders about which disclosure to use in which situation. Third, several stakeholders are involved. Not only advertisers, advertising agencies, and online media agencies are relevant stakeholders, but also online content creators (influencers, vloggers, bloggers, and YouTubers) who have very diverse levels of professionalism. Online content creators can be professional influencers with millions of followers who are supported by online media agencies, their

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1This is how it was formulated in the “Social media advertising code” at the time of the interviews.
managers, and their staff, but also teenagers with just a small following who operate on their own (Williams, 2017).

When making sense of practitioners’ considerations in the present study, the interview study of Drumwright and Murphy (2004) is particularly helpful. They interviewed advertising practitioners in several types of agencies, and provided a categorization of ethical issues. They found that many interviewees reported few ethical concerns in their work or in advertising in general, and they labeled this as “moral myopia” (that is, not seeing ethical issues) and “moral muteness” (that is, not talking about ethical issues). Some of the reasons that they found for this myopia and muteness, such as “consumers are smart,” “passing the buck” and “ethics are bad for business,” also came to the fore in our interviews and will be discussed in the results section. They also identified “seeing/talking” advertising professionals, and explained that some of them even demonstrated “moral imagination,” meaning that these professionals could think outside of the box and envisioned moral alternatives that others did not.

Overall, our interview study aims to answer the following research question:

What are the considerations that practitioners have regarding using disclosures in online sponsored content? And how can these considerations be interpreted in light of previous research on advertisers’ views on ethics (particularly Drumwright & Murphy, 2004; Schuster & Neill, 2017)?

**Method**

**Sampling**

We applied purposeful sampling to compose a sample of practitioners that would generate a wide variety of views on sponsorship disclosures of online sponsored content. The two main sampling criteria were as follows: (1) professional employment in the marketing communications industry or generating income in this industry and (2) involvement in online sponsored collaborations. We recruited interviewees from four categories of stakeholders: content creators, online media agencies, advertisers, and advertising agencies.

The sample varied in terms of age, gender, and educational background. Although we did not include these personal characteristics in our interpretation of the findings, we expected that ensuring this variety would contribute to a broad view of the topic under study. We contacted 27 companies (or persons) through e-mail and LinkedIn. These companies were selected from the network of the authors. Eighteen of these professionals were interviewed, see Table 1.

**Stakeholders**

Online content creators, also referred to as influencers, receive payments from advertisers to post sponsored content. They started out as bloggers (which means writing blog posts), but also used visuals and videos, presented on a wide array of platforms (predominantly their websites, Facebook, Instagram, and YouTube). Some content creators said they only publish about products that they really believe in, whereas others related that they just publish for the money. Their number of followers ranged from approximately 1350 to more than 70,000.

Some of the online media agencies (i.e., ad agencies focusing on online media) were specialized in managing collaborations between content creators and advertisers, whereas others focused on online sponsored content in a broader sense. Online media agency 4 focused specifically on YouTube, whereas the other agencies worked with a wider array of platforms including websites, Instagram, and Facebook.

The advertisers were the clients who wanted online sponsored content to be integrated into the broader marketing mix. All advertisers in our sample hired online media agencies to support the process. To ensure variety, we did not only interview commercial brands, but also a communication department of a Dutch ministry that used online sponsored content for their public service
Table 1. Overview of interviewees (N = 18) and their considerations regarding disclosures.

<table>
<thead>
<tr>
<th>Number of practitioners mentioning the consideration</th>
<th>Pro 1</th>
<th>Con 1</th>
<th>Pro 2</th>
<th>Con 2</th>
<th>Pro 3</th>
<th>Con 3</th>
<th>Pros and cons: 13</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Content creators (N = 4)</strong></td>
<td>16</td>
<td>5</td>
<td>6</td>
<td>6</td>
<td>6</td>
<td>12</td>
<td></td>
</tr>
<tr>
<td>1 Founder and fulltime blogger at an English-language travel and food blog</td>
<td>X</td>
<td></td>
<td>X</td>
<td></td>
<td>X</td>
<td></td>
<td>Only cons</td>
</tr>
<tr>
<td>2 Tech blogger at (1) the website of a Dutch television news program, and (2) her own blog</td>
<td>X</td>
<td></td>
<td>X</td>
<td></td>
<td>X</td>
<td></td>
<td>Pros and cons</td>
</tr>
<tr>
<td>3 Allround creative at a lifestyle blog</td>
<td>X</td>
<td></td>
<td>X</td>
<td></td>
<td>X</td>
<td></td>
<td>Pros and cons</td>
</tr>
<tr>
<td>4 Founder and fulltime blogger at her own lifestyle blog</td>
<td>X</td>
<td></td>
<td>X</td>
<td></td>
<td>X</td>
<td></td>
<td>Pros and cons</td>
</tr>
<tr>
<td><strong>Online media agencies (N = 5)</strong></td>
<td>1</td>
<td></td>
<td>2</td>
<td></td>
<td>3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 Marketing manager at an internationally operating influencer marketing agency</td>
<td>X</td>
<td></td>
<td>X</td>
<td></td>
<td>X</td>
<td></td>
<td>Pros and cons</td>
</tr>
<tr>
<td>2 Agency lead at a content marketing agency (part of the largest online publisher in the Netherlands)</td>
<td>X</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td>Only pros</td>
</tr>
<tr>
<td>3 Founder and creative director at an independent media agency</td>
<td>X</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td>Only pros</td>
</tr>
<tr>
<td>4 Key account manager at an influencer agency</td>
<td>X</td>
<td></td>
<td>X</td>
<td></td>
<td>X</td>
<td></td>
<td>Pros and cons</td>
</tr>
<tr>
<td>5 Manager native advertising and digital sales at a multi channel network within a television broadcaster</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Pros and cons</td>
</tr>
<tr>
<td><strong>Advertisers (N = 6)</strong></td>
<td>1</td>
<td></td>
<td>2</td>
<td></td>
<td>3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 Global media specialist at an internationally operating coffee brand</td>
<td>X</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td>Pros and cons</td>
</tr>
<tr>
<td>2 Global online manager at an internationally operating beer brand</td>
<td>X</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td>Only pros</td>
</tr>
<tr>
<td>3 Brand development director at an internationally operating consumer goods company</td>
<td>X</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td>Pros and cons</td>
</tr>
<tr>
<td>4 Brand manager at an internationally operating butter brand</td>
<td>X</td>
<td></td>
<td>X</td>
<td></td>
<td>X</td>
<td></td>
<td>Pros and cons</td>
</tr>
<tr>
<td>5 Campaign manager at a communication department of a Dutch ministry</td>
<td>X</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td>Only pros</td>
</tr>
<tr>
<td>6 Marketing manager at an internationally operating telecom brand</td>
<td>X</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td>Pros and cons</td>
</tr>
<tr>
<td><strong>Advertising agencies (N = 3)</strong></td>
<td>1</td>
<td></td>
<td>2</td>
<td></td>
<td>3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 Strategy director at an advertising agency that is part of an internationally operating consortium</td>
<td>X</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td>Pros and cons</td>
</tr>
<tr>
<td>2 Strategy director and partner at an independent advertising agency</td>
<td>X</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td>Pros and cons</td>
</tr>
<tr>
<td>3 Strategy partner at an independent advertising agency</td>
<td>X</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td>Pros and cons</td>
</tr>
</tbody>
</table>

Pros and cons are defined in Figure 1 and described in the results section. “X” means that the interviewee expressed this pro or con in the interview.

announcements. Whereas advertiser 6 specifically worked with a crew of content creators who used Snapchat, the results of other collaborations were predominantly presented on websites such as Facebook, Instagram, and YouTube.

The advertising agencies focused on the broader marketing mix, and when an advertiser wanted to include online sponsored content, the advertising agencies transferred this part of campaign development to an online media agency.

**Interviews**

Before the interviews, interviewees were informed about the research process and the audio recording of the interview. By signing the Informed Consent Form, respondents agreed that they participated in the interview voluntarily. The Ethical Review Board of our institution approved the study. The duration of the interviews varied between 39 and 70 minutes, with an average duration of approximately 54 minutes. The interviews were held in the work environments of the interviewees and in public places.
The interview guide consisted of three topics. For each topic, the interview guide provided an initial question and potential probes. The aim of topic 1 was to understand interviewees’ experiences with online sponsored content (in their professional context). The aim of topic 2 was to gain insight into interviewees’ perceptions regarding online sponsorship disclosures. The interviewer asked whether and how they used disclosures in their own online sponsored content (or not), and why, and what their responsibility regarding these disclosures was. Because the interviewees were based in the Netherlands, the interviewer mentioned the regulations as formulated by the Dutch self-regulatory body for advertising in the Social Media Advertising Code, and asked whether the interviewee was aware of these guidelines, and what he/she thought the reasons for these guidelines were. To round up the interview, topic 3 inquired about how the interviewee saw the future of online sponsored content and the future of disclosure regulations. In the debriefing, the interviewer explained that the interview had been about the interviewee’s experiences, thoughts, and feelings regarding online sponsored content and especially regarding sponsorship disclosures in this content.

**Analysis**

In our analysis of the data, we used procedures that are described in the grounded theory approach (Charmaz, 2014; an overview of the approach can be found in Braun & Clarke, 2013). The third author transcribed the interviews verbatim and conducted the open coding in the computer program *Atlas.ti*, resulting in more than 1000 codes. Subsequently, in order to develop a structure in which the findings could be clearly presented, the first author took the lead in the process of focused coding (Charmaz, 2014). Upon reading the transcripts with the open codes, she decided that a categorization in terms of pros and cons of using disclosures would be the most useful and concise way of presenting the considerations. This categorization (see Figure 1) includes six focused codes that she added to all relevant quotations. The transcripts including the focused coding (in *Atlas.ti*) are available upon request from the authors. In this step, previous research was not integrated yet, in order to develop a categorization that closely represents interviewees’ considerations. Subsequently, we used the literature on advertising professionals’ views on ethics (Drumwright & Murphy, 2004; Schaueter & Neill, 2017) to make sense of these considerations, and to better understand ethical decision-making in this context. Finally, we used Table 1 to gain insight into individual- and group-level differences in our sample. In order to enable readers to evaluate our conclusions, we intend to provide a thick description (i.e., a rich, detailed, and complex account, Braun & Clarke, 2013) of our sample and our findings. Overall, researcher triangulation (Braun & Clarke, 2013) took place in the sense that the author’s team intensively collaborated in the coding, categorization, and making sense of the data in light of the literature.

**Results**

The interviews revealed a diverse, complex, and conflicting set of considerations, which we categorized into three groups: first, moral responsibility toward consumers; second, own business interests; and third, perceptions regarding disclosure guidelines. For each category, we describe both the pros and the cons that the interviewees put forth (see Figure 1). Per category, we interpret our findings in light of the previous qualitative interview studies in which advertising professionals talked about their views on ethics (particularly Drumwright & Murphy, 2004; Schaueter & Neill, 2017). In the final section, we outline the individual and group differences that we found.
Moral responsibility toward consumers

Pro 1: disclosures are a moral responsibility

Some interviewees spontaneously referred to ethics and values, and expressed sincere concern that it should be transparent to consumers when advertisers are involved in online content. They saw disclosures as an appropriate tool in being transparent, honest, and open. As online media agency 2 formulated it:

Not being transparent is a cardinal sin (…). You also have a moral duty (…). I think in many cases it is not transparent: it is not clear that it is a campaign. I think that is not fair for the consumers, and it does not match with the values of most of the brands we work with.

Some interviewees said that content should not be misleading or sneaky. As advertiser 1 said: “Otherwise it can be misleading for consumers (…) For consumers, transparency is good; I think many consumers otherwise do not know that it is advertising.” Other interviewees did explain that the purpose of the disclosures was to make consumers aware that they are exposed to advertising, but did not seem to sincerely care. A few interviewees argued that especially young consumers should be protected. For instance, advertising agency 2 mentioned:

In the end the rules exist to protect consumers. We are not supposed to be misleading. (…) However, I think people know by now that it is sponsored. (…) But I think children do not understand it yet; they are much more vulnerable.

These interviewees would fall into Drumwright and Murphy (2004)’s category of “seeing, talking” practitioners because these practitioners “see” the moral issue. However, there are gradations in what they actually see: it ranges from a sincere caring about the moral issue to just being aware that transparency is the underlying reason for the existence of the regulations. For our interviewees, the awareness of the ethical concerns regarding minors can actually also be part of their “moral myopia”
(that is, not seeing ethical issues, Drumwright & Murphy). The interviewees’ work only pertained to adult audiences, and was not directed at minors. Thus, they can conclude there is no moral issue that they need to be concerned about in their work.

**Con 1: disclosures are not a moral responsibility**

There were also interviewees who explicitly and spontaneously denied any moral responsibility. *Content creator 1* spoke very outright about not seeing the purpose of disclosures. She said that she posts only content that she believes in, and consumers can decide for themselves whether they like the products or not. Thus, she deemed it irrelevant that she gets paid: “we believe in it, so then I really do not see the problem.” She only thought that there could be a problem when other content creators post messages just for the money and lie about a product.

Others did not deny their own moral responsibility so explicitly, but they did express that they did not see the added value of disclosures for consumers. They considered disclosures redundant because they thought consumers are already aware that the content is sponsored. As *advertising agency 3* put it: “it is bloody evident.” Some also said that disclosures will not have an effect because consumers will – most likely – not notice them anyway.

Here we clearly see what Drumwright and Murphy (2004) called “moral myopia”: the moral issues are not seen at all or are not seen clearly. In some cases, moral issues are outrightly denied. We also see one of the previously identified reasons for moral myopia: “consumers are smart” (Drumwright & Murphy, 2004). In their interview study, they found that industry leaders hide behind the reasoning that consumers are really smart and that they cannot be fooled that easily (Drumwright & Murphy, 2004). By saying this, advertising professionals deny any possible harmful effects of advertising and thereby deny their responsibility to avoid these harmful effects, for example by using disclosures.

**Own business interests**

To understand this category of considerations, it proved to be necessary to make a distinction between stakeholders because they each approached the issue with their own distinctive business interests in mind. We do not include advertising agencies because they did not express any considerations in this second category.

**Pro 2: disclosures are in my own interest**

The content creators mainly saw cons of the use of disclosures (see “Con 2”), but one of them (*content creator 3*) thought disclosures could be in her favor: “People will know it anyway [that content is sponsored], so it is better to be clear.” Interestingly, *content creator 4* said that some bloggers do think disclosures are in their favor and thus use disclosures when their content is not sponsored: “Some new bloggers use disclosures to make others think that they already have business partners, to look more professional”.

The only “advertiser” who did express that disclosures were in its own interest was the Dutch ministry that is responsible for public service campaigns (i.e., *advertiser 5*). Regarding disclosures, she said “we have to; we are under a magnifier.” Since they are a governmental organization, it would be really bad for their image if they would not comply with the rules.

In contrast to the content creators and advertisers, the online media agencies predominantly considered disclosures to be in line with their business interests. Unlike advertisers and advertising agencies, for these online media agencies, their “raison d’être” lays in this new industry. Therefore, they strive to be seen as professional organizations. As *online media agency 2* formulated it:

I think that professional parties like us should stand up straight and say: we lead by example. That there are influencers who do not comply, fine, but the professional guys in the industry need to say: we do not join this
nonsense. (...) It happens regularly that parties ask us: ‘I am prepared to pay more if you do not disclose that information’. We do not do that. In the long term you mess up your own business when you do that.

Drumwright and Murphy (2004) identified “ethics are bad for business” as a reason for moral muteness. In pro 2 we see the positive side of this coin: some interviewees are “seeing and acting” because they deem disclosures “good for business.” This substantiates Schauster and Neill (2017)’s finding that ethical intentions can be driven by self-interest.

Con 2: disclosures are against my own interest

For content creators, their core business is to have followers, and some reckon people follow them because of their credibility and authenticity. Therefore, they think that they may burn their fingers when they will come across as “too sponsored.” Content creator 1: “When I use a disclosure, consumers will start doubting whether I am sincere (...).” Consequently, she used disclosures in only two posts, and thinks that these two posts, because of the disclosure, received fewer likes.

Some advertisers deem it essential that sponsored content “does not look too sponsored,” that the content is authentic, and that content creators present their real opinions to have a persuasive effect. Some interviewees thought disclosures would diminish these essential characteristics. This is illustrated by advertiser 1: “I have the impression that it can be negative (...); it raises the question what the influence is of the influencer him/herself. Is it his/her story, or does it come from the company?”

Advertiser 4 was concerned too, and prefers not to have disclosures: “I do not want to mislead anyone, but it is more credible without a disclosure.” In addition, she said that content with a disclosure such as “sponsored” or “paid” or “advertorial” has less value in terms of search engine optimization. Because when crawling material, Google aims to skip sponsored content.

In sum, these interviewees expressed what some advertising professionals in Drumwright and Murphy (2004)’s study also thought: “ethics are bad for business.” Interestingly, in terms of differences between stakeholder groups is that none of the online media agencies expressed that disclosures were against their own interest.

Perceptions regarding disclosure guidelines

Pro 3: Guidelines clearly instruct me to use disclosures

Some interviewees knew about the guidelines for using disclosures, and also wanted to comply with these guidelines. Online media agency 1, which works internationally, thought that disclosures are law in some countries and said that therefore they inform influencers that they need to use disclosures. Advertiser 2 said that they want to comply with the guidelines as formulated by the Dutch Advertising Code Authority. “As an advertiser, we are end responsible, so we take the initiative to have disclosures”.

It is relevant to note here that online media agency 4 was involved in the Dutch steering group that worked on the guidelines regarding disclosures. In addition, some of the organizations (i.e., online media agency 2; advertiser 2 and advertiser 4) developed their own more specific and strict regulations regarding disclosures.

Con 3: Guidelines do not clearly instruct me to use disclosures

The interviews revealed that for some interviewees the situation regarding disclosures is vague and unclear. At least four unclarities came to light. First, some interviewees did not know in which cases they should disclose sponsorship: only when a brand pays influencers, or also when an advertiser sends free products or invites creators to events. For instance, content creator 2 wants to learn about the rules because she is really in doubt about what to do: “I am not sure. Should I use ‘partner’ to everything I’m publishing? I don’t know. I never added: ‘this is sponsored.’ Other people don’t do it either.” Other interviewees made “mistakes,” in the sense that they stated that disclosures are not necessary, in cases
where disclosures are actually required, for example when content creators receive free products or attend events for free.

Second, there was confusion regarding the disclosure format. Some interviewees thought that for blogs (written texts) it is rather clear how to use disclosures, for example “advertorial,” “sponsored,” and “in cooperation with.” Regarding Instagram, Facebook, or YouTube videos, interviewees are more insecure. Interviewees said they have used the hashtags #sponsored, #spon, #sp, and #ad. Interestingly (and mistakenly), some interviewees mentioned brand or campaign hashtags as disclosures.

Third, several interviewees stated that it is impossible for regulatory bodies to check whether disclosures are used. For instance, advertiser 6 works with content creators who post on Snapchat. By definition, this content disappears very fast, so checking whether disclosures are included is virtually impossible. For practitioners who do not see the point of disclosures, this difficulty in checking comes in handy: “they cannot check it anyway” (content creator 1). And content creator 4 said: “it is unclear anyway. When you like shoes, then it is not advertising, no one can make the distinction.” Even interviewees (such as online media agency 1) who are unhesitantly in favor of the use of disclosures are concerned that enforcement of the rules is problematic.

Fourth, some interviewees expressed confusion about who was responsible for the disclosures. Content creators 1 and 4 pointed at the advertisers because they are the ones who pay. In turn, advertiser 4 pointed at the content creators: “I am not the boss of someone’s blog.” And the online media agencies, who did acknowledge the purpose of the disclosures and who did want to educate content creators, stated that in the end it is the content creators who need to use the disclosures. Online media agency 4 who really wanted to comply, formulated it as follows: “we do not determine what that person publishes online. We do not click ‘send.’” Online media agency 5 said it depended on who owned the content: “if it’s on our own channel, we are responsible. If it’s the influencer’s channel, than it is the influencer. But in the end it is always the advertiser; they are end responsible”.

Overall, these four unclarities reduce the urge to use disclosures. Some interviewees were outright resisting the guidelines; others were waiting to see what other parties did and definitely did not want to take the lead. Content creator 4 explicitly said she thinks about how to bypass the guidelines, and online media agency 5 admitted: “We just wait and see what the market does, we do not want to be the best. That’s actually the stance of the entire market, until it is legislation”.

Thus, the interviews revealed what Drumwright and Murphy (2004) considered as “passing the buck.” Schauster and Neill (2017) also found that a few executives passed the buck on to others, such as publishers and consumers. In our interviews, the stakeholders passed the buck of responsibility for disclosures to each other as well. It seems that if several stakeholders are responsible, no one feels responsible, which is not beneficial for the ethical practice of disclosure use.

**Individual- and group-level findings**

Table 1 shows per interviewee which pros and cons he/she expressed, and the number of interviewees that mentioned the pros and cons. On the individual level, the most striking finding is that pros and cons typically co-occurred, that is, 13 out of the 18 interviewees mentioned both pros and cons. Three of these interviewees mentioned all three pros, and thus – borrowing Drumwright and Murphy (2004)’s terminology – seem to be “seeing and talking” professionals, but at the same time they put forth at least one con.

The combinations of pros and cons varied and did not show a pattern. However, it is intriguing that some interviewees mentioned pros and cons within one category, that is pro 1 and con 1 were combined (n = 4); pro 2 and con 2 were combined (n = 1), and pro 3 and con 3 were combined (n = 4). In the first category, this occurred when interviewees did acknowledge a moral responsibility toward youngsters, but not toward adult audiences. In other words, the age of the perceived audience was a boundary condition in their morality beliefs. And in the case of the third category, this means that there were interviewees who did want to comply with the guidelines, but at the same times expressed problems related to adhering to them. Obviously, the pros and cons of different categories
were combined as well, for instance when professionals did acknowledge ethical concerns, but ignored them for the sake of profit or because they found the guidelines too complicated or bothersome.

Four other interviewees mentioned only pros, but only one of these “seeing and talking” practitioners mentioned all three pros. Not surprisingly, this was the campaign manager working at a ministry. Only one interviewee mentioned solely the cons.

On the group level, we did not identify substantive differences between the stakeholder groups in the categories “moral responsibility” and “perceptions of the guidelines,” but we did find differences for “business interests.” The stakeholder groups clearly expressed distinctive business interests, and thus divergent perceptions on whether disclosures are good or bad for their business. The online media agencies univocally saw disclosures as good for their business, because they strive to be seen as professional organizations that take responsibility. This shows how ethical intentions can be driven by self-interest (Schauster & Neill, 2017). Content creators and advertisers on the other hand were mainly concerned that “ethics are bad for their business” (Drumwright & Murphy, 2004) in the sense that disclosures would diminish a content creator’s credibility or reduce the effects of the campaign.

Discussion

This study aimed to uncover practitioners’ considerations regarding the use of disclosures in online sponsored content. To do so, we conducted interviews with practitioners who represent the four main stakeholder groups who have a shared responsibility for using disclosures: online content creators, online media agencies, advertisers, and advertising agencies. The present study is among the first to focus on the perspective of practitioners involved in online sponsored content, and reveals a diverse, complex, and conflicting set of considerations.

Implications for research

Previous studies on online sponsorship disclosures were predominantly content analyses (e.g., An et al., 2018; Boerman, Helberger, et al., 2018) and effect studies (for reviews see Boerman & Van Reijmersdal, 2016; Eisend et al., 2020). The present study provides background information needed to understand the limited and inconsistent use of disclosures evidenced in earlier content analyses (e.g., Boerman, Helberger, et al., 2018). The study reveals how the complexity of the industry fuels complications regarding disclosure use. Interviewees typically experienced both pros and cons, and clearly outlined considerations that stand in the way of consistent disclosure use.

This study also has implications for future effect studies investigating consumers’ perceptions of disclosures. Some interviewees deemed disclosures unnecessary because they assumed media users are “smart” enough to be able to identify the commercial nature of sponsored content without disclosures. Previous effect research suggests that consumers may actually not be that smart (Eisend et al., 2020), and thus the line of research that investigates whether people know that online content is advertising and whether disclosures increase persuasion knowledge (e.g., Boerman et al., 2017; Evans et al., 2017; Van Reijmersdal et al., 2015; Wojdynski et al., 2017) needs to be continued. Also, since some interviewees thought consumers will not notice disclosures, it should be further explored which disclosure formats (e.g., wording; modality; duration; location) are most effective in gaining attention and activating persuasion knowledge. Also, some interviewees made assumptions about the impact of disclosure use on their business, underlining the importance of further identifying the impact of disclosures on brand perceptions and influencer credibility.

Moreover, this study adds insights to previous work on ethical practices in advertising. In their interview study, Drumwright and Murphy (2004) identified “moral myopia” (that is, not seeing ethical issues), “moral muteness” (that is, not talking about ethical issues), and – to a lesser extent – “seeing/talking” advertising professionals. The current interviews reveal that “moral myopia” and “moral muteness” in the tangible practice of sponsorship disclosures are caused by the three cons we distinguished. First, some interviewees did not consider disclosures a moral responsibility, for instance
by echoing the consideration that “consumers are smart” (Drumwright & Murphy, 2004). Second, particularly content creators and advertisers saw disclosures as going against their business interests (“ethics are bad for business,” Drumwright & Murphy, 2004; Schauter & Neill, 2017). Third, some expressed problems related to adhering to the guidelines. Importantly, “passing the buck” (Drumwright & Murphy, 2004; Schauter & Neill, 2017) is easy and attractive in this ethical practice, with a divergent set of stakeholders with divergent business interests involved. What stands out is that interviewees typically expressed both pros and cons. In other words, they were “seeing/talking,” but at the same time partially “blind” and “mute.” These conflicting considerations on the individual level showcase the complexities of ethical decision-making in the current advertising and media industry.

Implications for practice

Our findings have several implications for regulatory practices aimed at stimulating disclosure use. First, an awareness and persuasion approach is needed to educate practitioners that they have a moral responsibility to use disclosures and to be transparent about the material relationship between the advertiser and the content. Empirical research showing that disclosures increased people’s recognition of sponsored content as being a form of advertising, and their understanding of the persuasive intent and the commercial nature of the content (e.g., Boerman et al., 2017; Evans et al., 2017; Tessitore & Geuens, 2013; Van Reijmersdal et al., 2015) could be integrated in this approach.

Second, with respect to business interests, content creators are mainly concerned with their credibility, their likes, and followers. Therefore, education aimed at practitioners can outline that disclosures can actually improve their credibility. Although negative effects of disclosures on perceptions of the content have been found (e.g., Wojdynski & Evans, 2016), other studies have shown that, under specific circumstances, disclosures can have positive consequences for the credibility of the blogger or vlogger (e.g., Carr & Hayes, 2014). In turn, some advertisers fear that disclosures will diminish the positive brand effects of online sponsored content, but honesty and transparency can also positively rub off on their brand image (Han et al., 2018; Wojdynski et al., 2017). Moreover, disclosures can increase brand recall (Boerman & Van Reijmersdal, 2016). In our sample, online media agencies saw disclosures as being in their own advantage. They could be invited as key players to motivate other stakeholders to use the disclosure guidelines.

A third implication relates to practitioners’ awareness and understanding of the guidelines. The first and foremost problem is that not all practitioners are aware of their existence and their contents. Apparently, it is not sufficient that the guidelines are available online. Different distribution channels and communication methods are needed to reach all relevant practitioners. A specific issue that several interviewees put forth is that content creators “suddenly” became part of this new industry and, unlike advertisers, did not go through a long-time socialization in the industry, including learning about regulatory bodies. Online media agencies can play an important role in informing their clients about the use of disclosures. However, content creators who are not affiliated with an agency need to be provided with this information through other channels, such as online content creator platforms and face-to-face meetings. Overall, a challenge of the current advertising industry is that ethics and legal training is already rather limited in agencies (Schauter & Neill, 2017), but in this fast evolving industry of online sponsored content with so many (new) stakeholders involved it is even more difficult to provide such trainings.

Regarding how to disclose, the guidelines should be as simple and straightforward as possible. Interviewees were confused because there are so many different types of sponsoring (e.g., free products or monetary compensations), platforms (e.g., Facebook, YouTube, etc.), and disclosure formats. For practitioners who are not very motivated to use disclosures, it is most likely a step too far to study complex guidelines and documents to find out when and how they need to be disclosed. Therefore, the documents should provide guidance in the most consistent and straightforward way possible.

The guidelines should also univocally outline the consequences of non-compliance and these should be felt. As it is now, practitioners know that many instances of non-disclosure will not be noticed.
Since it is probably the threat of liability that motivates managers most to comply (e.g., Rotfeld, 2003), the procedures potentially following noncompliance should be clearly explained, illustrated with exemplar procedures. Moreover, to avoid the risk of “passing the buck” (Drumwright & Murphy, 2004), it should be outlined explicitly what the responsibilities are of the different stakeholders.

**Limitations and future research**

The present study provides a thorough analysis of practitioners’ considerations regarding the use of online sponsorship disclosures, presented in a categorization outlining pros and cons of disclosure use. This categorization provides the groundwork for future practitioner research. Follow-up qualitative research should map how the dynamics between stakeholders (with their considerations) drive the actual (non) use of disclosures. To this end, focus groups with practitioners from several stakeholder groups, who collaborated on specific online sponsored contents, are particularly recommended.

In addition, quantitative surveys are needed to examine whether there are systematic differences between the stakeholder groups in their perceptions within the three categories. Using the current group-level analysis, the hypotheses are that stakeholder groups differ in the ways in which they consider disclosures as good or bad for their business, and that they do not systematically differ in their perceptions regarding moral responsibility and the disclosure guidelines. Such work also needs to investigate whether – despite the parallels between Western countries – practitioners in different countries differ in their perceptions regarding disclosure use in online sponsored content.

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**Data availability statement**

The data that support the findings of this study are available from the corresponding author, MvdG, upon reasonable request.

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