Persuasive Experts Do It With Disclosure! the Perverse Impact of Conflict of Interest Disclosures in Consumer Blogs

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Regulation requires bloggers to disclose conflicts of interest in their product reviews, ostensibly so consumers can correct for any biasing influences. However, we find that such disclosures can have a perverse effect, increasing consumers’ trust in the expertise of bloggers, leading to increased persuasion and intent to share the blog.

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EXTENDED ABSTRACT

Consumers are frequently faced with information that discloses something that they might otherwise overlook as they make their consumption decisions. Recently, in the domain of social and digital media, the U.S. Federal Trade Commission has mandated that bloggers should explicitly disclose any potential conflicts-of-interests (COIs), including incentives or payments to review a product or service, on their blogs. The rationale is that disclosure will alert readers to the potential COI and allow them to adjust for any biasing influence.

Empirical evidence of the effect of disclosure of COI reveals outcomes that deviate from these expectations. A growing body of research has so far documented two reliable effects—one on the advice-giver and the other on the advice-recipient. Disclosure of COI has been shown to lead advisors to give more biased advice, which is especially dangerous since advisees do not sufficiently adjust for the bias (Cain, Loewenstein, & Moore, 2005; Loewenstein, Sah, & Cain, 2012).

Research on the effect of disclosure of COI on advice-recipients has documented that disclosure reduces trust in the advisor (Kesselheim et al., 2012; Sah & Feiler, 2014), although it can also increase pressure on the recipient to comply with the advice when the disclosure comes directly from the advisor (Sah, Loewenstein & Cain, 2013, 2014).

In the current paper, we document another novel effect of disclosure on the recipients of information and advice. Specifically, in the domain of online blogging, we find that disclosure of COI can increase (rather than decrease) trust in the advice-giver, increasing persuasion. Trust can be enhanced because knowing that a blogger is sponsored by a company signals expertise of the blogger as someone who has relevant and valuable information about the product. It also can provide a peripheral cue that the blogger is respected and established in his/her domain. Recent findings suggest that it is possible that COI disclosures boost perceived trust. For example, Carl (2008) reports correlational evidence from surveys with word-of-mouth agents (e.g., brand ambassadors) and their conversational partners that agents who explicitly disclose partnerships with brands are more trusted.

In three experiments, we test whether disclosing that a blog’s post was sponsored by a particular company or brand, compared to the absence of such disclosure, increases the persuasiveness of the blogger’s recommendation, making readers more likely to share the blog, increasing trust and liking of the blogger. We test whether this positive effect of disclosures on blogger’s persuasiveness is mediated by perceived trust in the blogger, in particular by perceptions of blogger’s expertise. In addition, we explore three potential moderators that can attenuate the effect of disclosures: the location of the disclosure in the blog post (in the beginning vs. at the end of the post), consumers’ individual differences in trust propensity, and consumers’ deliberation on the content of the disclosure.

Across all three studies, participants were directed to a blog and asked to provide their overall impressions of the blogger and the posted content. In the disclosure condition, the blogger included a disclosure stating that the post was sponsored by a specific company. In the nondisclosure condition, no such disclosure of post sponsorship was presented.

In study 1, 261 participants from Mturk were randomly assigned to one of five conditions: 2 (placement of disclosure statement: beginning vs. end of the blog) x 2 (disclosure type: implicit vs. explicit) plus a nondisclosure condition. We varied the disclosure statement to read either “This posting was sponsored by Apartment Guide” (implicit disclosure) or “This posting was sponsored by Apartment Guide which means I was paid to review their website in my blog” (explicit disclosure). As predicted, disclosure, both implicit (47.5%) and explicit (57.9%), increased readers’ willingness to share the blog compared to nondisclosure (32.1%). The difference between implicit and explicit disclosures was not significant. Also as predicted, we found that early disclosure attenuated the positive effect of disclosure on readers’ willingness to share the blog from 59.3% (late disclosure) to 45.6% (early disclosure).

In study 2, 155 undergraduate students were assigned to one of the three conditions (nondisclosure vs. implicit disclosure vs. explicit disclosure) using the same stimuli and procedures from study 1. In this study, disclosures appeared at the end of the blog. Again, the presence of disclosure increased willingness to share the blog from 38.5% (nondisclosure) to 50.9% (explicit disclosure) to 54.0% (implicit disclosure). Explicit disclosure also significantly enhanced perception on all three dimensions of trust: expertise, benevolence, and integrity, but only perceived expertise mediated the effect of disclosure on willingness to share the blog and liking of the blogger.

Finally, in study 3, we recruited 161 participants from Mturk to explore the effects of deliberation in a 3 cell between-subjects design: control vs. explicit disclosure vs. explicit disclosure with deliberation. The control and explicit disclosure conditions were the same as in the previous experiments. In the deliberation condition, after participants read the target post they were asked to write down all thoughts that came to mind when they read the disclosure information. Results showed that explicit disclosure increased willingness to share the blog. However, disclosure-plus-deliberation about the disclosure mitigated the positive effect of disclosure, but only for consumers who scored low on trust propensity.

Taken together, our studies contribute to the literature on COI disclosures by investigating the effects of disclosures in a different context of advice giving: online blogging. Our findings are in direct contrast to earlier research on disclosure of COI in medical and financial decision-making domains that demonstrated that advice recipients are likely to lose trust in advice givers with disclosure. We show that in the domain of online blogging, disclosures make the advisor (i.e., blogger) appear less biased and more of an expert. Additional research is needed to understand the factors that may explain such different effects across medical and financial decision-making versus online blogging domains.

REFERENCES


