

The Influence of Advertisement Disclosure on Consumers' Consumption Intention in Celebrity Marketing

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Abstract: With the rise of social media and the trend of digitization of traditional media, how information is communicated is undergoing tremendous changes. Commercial messages have begun to penetrate news, entertainment, and other areas, creating a tsunami of economic benefits from them. Celebrity marketing is particularly prominent. However, there is a phenomenon that by concealing the commercial nature of their content, brands and celebrities make it impossible for users to recognize the nature of advertising, resulting in misinformation and deception. Under such a background, this study uses the documentation method to investigate how different levels of advertising disclosure affect consumers' willingness to consume. The conclusion suggests that advertisement disclosure has a considerable positive effect on consumers' consumption intentions. Therefore, marketing brands should guide their audiences to dialectically view the commercial attributes of celebrity marketing so that they can build good customer relationships and promote the success of their marketing strategies.

Keywords: advertisement disclosure, celebrity marketing, consumer behavior

1. Introduction

In the Web 2.0 era, digital marketing has become an important section of business marketing given the widespread adoption of the Internet and the growing influence of social media. As a product of the digital economy, the celebrity economy, as its name shows, takes web celebrities as the core and uses the value from their fans and content asset value to obtain profit. According to the 2018 China Celebrity Economy Development Research Report, in 2018, the number of celebrities in China with a following exceeding 100,000 people continued to grow, up 51% from 2017 [1]. Among them, the growth of head celebrities with a fan size over 1 million reached 23%, while the total size of Chinese celebrities' fans base reached 588 million people. The market scale of e-commerce and its realizability are expanding under the influence of celebrities and the number of fans. The 2022 China Celebrity New Economy Industry Development Report expects the market size of industries associated with the celebrity economy to exceed seven trillion in 2024 [2]. Digital channels provide a broader platform for the influencer, and celebrities' personal image and social media influence have become an important digital marketing resource. More and more companies are adopting celebrity marketing strategies, using influencers to promote and sell their products and create commercial value. However, due to the special nature of celebrity marketing, in the process of product promotion, celebrities and brands may be able to create business value by concealing the commercial nature of

their content, making users unable to identify the nature of the advertisement, resulting in misleading and deceptive. To guarantee the rights and interests of consumers, countries have introduced legislation and control measures to provide guidelines for advertising disclosure. For example, the U.S. Federal Trade Commission issued Disclosures 101 for Social Media Influencers on November 5, 2019. But there is still much controversy and uncertainty about how to make advertising disclosures. Research on advertising disclosure has become a new topic in developing information regulation and consumer behavior research.

In practice, there are still many problems with the disclosure of advertisement information in social media, such as deliberate concealment and the inability of consumers to identify them accurately. At the same time, even though relevant regulations have been introduced to regulate the market, only 14% of users fully comply with the legal guidelines, and the corresponding implementation measures must be followed up [3].

In terms of academics, research on advertising information disclosure has made certain achievements, but it is still in the initial stage. The current relevant research can be broadly categorized into four main areas: phenomenological, information identification, information processing, and boundary factor research. Some scholars have also conducted some research on this topic, but problems such as the nature of connotation and the mechanism of role complexity hinder further in-depth research on advertising information disclosure. This paper seeks to study the impact of advertisement disclosure on consumers' consumption intention in celebrity marketing, fill the academic gap while helping brands to develop more effective marketing strategies, and provide useful help for the practice in the field of Celebrity marketing.

This thesis adopts the documentation method to collect scholarly papers related to the topic, conduct a systematic and comprehensive analysis, summarize and organize the key information and conclusions, and explore in depth the influence of advertising information disclosure on consumers' consumption intention in celebrity marketing. This study has a configuration as follows: Chapter 1 is the introductory section, including the background, significance, and methodology; Chapter 2 is the review of relevant theories and literature; Chapter 3 is the case study, including the impact it brings; Chapter 4 is the research results section, discussing the impact of advertising information disclosure on consumers' consumption intention; Chapter 5 is the conclusion section, summarizing the main findings of this study and the future Chapter 5 is the conclusion section, which provides a summary of the key findings of this study and offers an insight for future research.

2. Relevant Theory and Literature Review

2.1. Internet Celebrity Marketing

Internet Celebrity refers to people who possess a substantial fan base on social media. Internet celebrity marketing refers to a marketing model in which influencer produce original content through online social media platforms such as their public accounts, short videos, and live broadcasts, and use them to enter into commercial partnerships with brands, thereby attracting the attention of fans and leading to purchases. There are two main features of Celebrity marketing.

Firstly, the types of Internet celebrities are diverse. The current types of celebrities are developing in a diversified direction, including media people, hosts, writers. The number of platforms for the rise of celebrities is also increasing, from the initial forum to microblogging and live streaming platforms. The diversity of net celebrities also contributes to the diversity of net celebrity marketing, for example, game anchors can bring in mice and keyboards, and food bloggers can promote snacks and cooking utensils.

Secondly, there is a massive influence of Internet celebrities. Due to their high visibility and influence in the vertical field, "net celebrities", to a certain extent, drive the consumption of their

personal business circle, and the Celebrity economy can more accurately direct products to fans' needs, thus better achieving targeted and precise marketing. In the "Double Eleven" in 2022, the first day of trading volume of Li Jiaqi's live broadcast room, which is the top of the list of the whole network with goods anchors, reached 21.5 billion, which shows his influence [4].

2.2. Consumer Willingness to Consume

Willingness to consume is the likelihood a consumer will make a specific purchase; it is a significant indicator for analyzing consumer trends. Chinese scholars Han Rui and Tian Zhilong define it as the likelihood of consumers purchasing the product [5]. J. Paul Peter argues that consumer behavior includes the thoughts and feelings that people have during consumption and the actions they take [6]. Hawkins in *Consumer Behavior* gives the definition as consumers' deliberate evaluation of the characteristics and quality of a product or service and make rational choices about them [7]. Although different scholars have different interpretations of consumer intention, scholars generally agree that consumer intention is linked to consumer psychology and can be used to predict consumers' consumption behavior.

In addition, consumers' willingness to consume is influenced by multiple factors. Two pivotal categories are internal and external factors. Internal factors include consumers' perceived value, relevant consumption experience. In his study, scholar Zeithaml found that consumers' willingness to buy is directly proportional to their perceived value, and that the higher the value of a product consumers access, the stronger the consumer's consumption willingness [8]. In consumer behavior, experience is both a direct determinant of familiarity and a strong predictor of expertise. Familiarity and expertise directly determine the consumer's ability to make decisions in a given situation. Thus, direct experience is an important variable influencing consumer decision making, as confirmed in Kim.J.S, Lennon J's study [9].

External factors such as the society, politics, and culture in which consumers live also influence consumer behavior; Woodruff concluded that purchase risk directly affects consumers' willingness to buy after incorporating the monetary cost of the transaction, perceived risk, and overall assessment into the model [10]. Convenience and viability of website access, reliability and safety of the network, and corporate image are all factors that influence online consumer purchase behavior [11]. Differences in the direction of word-of-mouth communication, the type of information, and the level of involvement can make significant differences in the influence of IWOM on consumers' purchase decisions, and there is also an interaction effect between these three, which also affects consumers' purchase decisions [12].

2.3. Theoretical Basis of Advertising Information Disclosure

2.3.1. Persuasion Knowledge Model (PKM)

Persuasion knowledge, first proposed by Friestad and Wright in 1994, refers to the ability of people to cope with persuasion attempts. Rozendaal divided persuasion knowledge into conceptual and attitudinal dimensions, corresponding to both cognitive and attitudinal aspects, respectively [13]. Measures of persuasive knowledge typically focus on two sub-dimensions: users' perceived persuasive and deceptive intent. Perceived persuasive intent implies that users have an impression that the information attempts to affect their attitudes, perceptions, and behavior toward the subject [14]. Perceived deceptive intent implies that users perceive that the advertiser deliberately deceived them by making the advertisement of the article more difficult to identify in a direct or indirect way [15]. Perceived intent to persuade responds to the conceptual element of persuasive knowledge, whereas perceived purpose to deceive reflects the attitudinal element of persuasive knowledge [16]. Advertisements intending to persuade consumers to buy can attract their attention and finely process

the message, which contributes to the formation of advertising attitudes and makes the existing brand image work, thus increasing the likelihood of brand marketing success.

2.3.2. Two-step Flow of Communication

Celebrity assumes the role of opinion leaders in celebrity marketing. The term “opinion leader” first appeared in Elihu Katz’s Two-step flow of communication and is a group of people who are known and trusted to be more knowledgeable about certain issues or to have certain expertise [17]. Expertise and trusted party are two vital factors in the prestige of opinion leaders. When consumers know less about a product or brand, they tend to trust online celebrities who know the relevant aspects [18].

3. Case Analysis of Advertising Disclosure

In August 2020, Youtuber Mun Gi-yeon of the famous mukbang (a Korean term for a live-streaming or video platform where users engage with their viewers while consuming large amounts of food. In recent years, mukbang videos have become increasingly popular, particularly in South Korea and other regions of Asia.) “Eat with Boki” channel publicly apologized, admitting that she had accepted promotions in some of her previous videos and did not inform the channel’s subscribers that they showed her tasting food. At the time of the incident, “Eat with Boki” had 4.6 million subscribers and was one of Korea’s top 5 food bloggers.

After the incident became public, “Eat with Boki’s” subscriber count did not significantly decline, but Mun Gi-yeon’s standing and popularity among the channel’s viewers did change due to the incident. Her dishonesty and trickery left several viewers disillusioned; some even withdrew their support and attention from her. One fan left a message in the comments section saying, “I feel deceived that you have been lying to your fans. This shows that Boki’s trust and influence have been greatly affected. After the incident, Mun Gi-yeon suspended her updates for three months. According to Celebrity Economic Information, the reason why audiences are becoming more cautious about Celebrity content is that their trust in Celebrity is declining. When the trust level decreases to a certain level, the act of hiding ads will have irreversible negative effects on their career and personal image.

Moreover, the incident sparked extensive internet and social media discussion. Many criticized Mun Gi-yeon’s conduct, calling it dishonest and against the idea of fair competition. Her reputation and potential economic chances may suffer as a result of these remarks and conversations. As goods with a large number of substitutes, the image and credibility of these brands are massively reduced after this negative event. When the premise of the existence of sponsored disclosure holds, users’ willingness to adopt messages is significantly higher in high-level self-disclosure condition than in low-level self-disclosure condition. Consumers will trust the messages provided by celebrities more, which will influence users’ willingness to adopt information [3]. Therefore, when celebrities conceal the commercial nature of their videos, this will affect consumers’ trust and loyalty to the brand, consumers’ willingness to consume will be significantly reduced, and the image and credibility of the brand will be lowered, which will have an impact on the brand’s sales and market share. In addition, the incident may also cause consumers to question and concern about the brand’s industry, further affecting the image and reputation of the industry as a whole. After the incident, when the video clearly indicates the presence of an advertisement, viewers tend to show positive attitudes, such as leaving comments in the comment section, “I would like to give it a try.

4. Discussion

This study finds some noteworthy results and insights by exploring the influence of advertising information disclosure on consumers’ consumption intention in online marketing.

First, the results show that advertisement disclosure considerably positively affects consumers’

consumption intentions. This is evidenced by consumers' preference for fuller and more truthful product information before purchasing. Through advertising information disclosure, consumers can understand the real situation of the products more clearly, and their trust in them will increase. Therefore, brands should fully consider the importance of advertising information disclosure and improve the transparency and credibility of information to enhance consumers' trust and loyalty to brands and products. At the same time, from the consumers' perspective, advertising disclosure brings more comprehensive information, which is more conducive to consumers' comprehensive judgment and eventual consumption behavior. The research results also found that consumers are more receptive to native advertising in online marketing. Consumers more easily accept native advertisements because the format is more integrated with the content and more aligned with users' habits of accessing the information on social media platforms. Therefore, brands can adopt more native ad formats for their advertising strategies to improve the efficacy of their advertisement.

Second, for the brand side, sponsorship disclosure is also an essential component of brand image and trust. Through information disclosure, brand parties are able to build a better reputation and image, which helps to enhance customer loyalty and achieve long-term brand development.

In addition, sponsorship disclosure is a legal obligation that needs to be strictly observed. This can also urge the brands to conduct more stringent quality control on their merchandise.

In summary, the findings of this study provide important references for brands to develop more effective Celebrity marketing strategies. Future research can further explore in depth the mechanisms of advertising disclosure on consumers and Celebrity marketing strategies for different product categories and consumer groups.

5. Conclusion

In today's society, celebrity marketing has become an effective marketing tool. However, advertising information disclosure in celebrity marketing has been in the center of controversy. This study investigates the impact of advertising information disclosure on consumers' consumption intention and explores this in depth through the literature research method. It offers a reference value for a comprehensive understanding of the influence of advertising information disclosure on consumers' consumption intention in celebrity marketing and provides new ideas and directions for future research in related fields. Through a comprehensive analysis of the existing literature, this study finds that advertising information disclosure can significantly influence consumers' consumption intention. Specifically, adequate advertising information disclosure and the model of native advertising can improve consumers' trust and awareness level, thus enhancing their purchase intention.

Although this study has made some findings, there are still some research shortcomings. First, this study was mainly summarized from existing literature, and the sample size and the breadth of sample sources need to be further improved. In addition, the literature research method also fails to identify new phenomena or trends that have not been studied or reported, which may lead to inadequate or incomplete research findings. Therefore, future studies can try to use multiple research methods to corroborate each other to improve the viability and applicability of the results. Finally, the study only explored the influence of advertising information disclosure on consumption intention and did not address the influence of other related factors, such as brand image and product quality, which need further research.

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