

Buzzing with disclosure of social shopping rewards

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Abstract

Purpose – The purpose of this paper is to examine the dilemma that is based on a decision to disclose or not to disclose social shopping rewards (SSRs), in an effort to enhance the effectiveness of social shopping. To protect consumers and guide marketers, emergent forms of online commerce on social media platforms warrant closer examination. One such form is social shopping, which combines social media and online shopping. To motivate word of mouth (WOM) through social signs of approval or endorsement of brands, marketers have typically relied on social shopping rewards (SSRs). It is not typical, however, for the reason behind the social endorsement to be disclosed, leaving the branded message open to multiple interpretations.

Design/methodology/approach – The dilemma of SSR disclosures is presented in a marketing and public policy analysis, drawing from findings from the WOM literature on disclosure, incentives, source credibility and on social media Disclosure Guidelines by the Federal Trade Commission (FTC) and Word of Mouth Marketing Association (WOMMA). Based on this analysis and on an extension of the Dual Credibility Model, a conceptual model is proposed that shows how disclosure works through source credibility to produce positive social shopping outcomes.

Findings – In addition to the conceptual model, recommendations are made for marketing research, practice and public policy. Of significance are proposed SSR Disclosure Guidelines that extend FTC and WOMMA guidelines for best practices in disclosures in social media.

Originality/value – This paper represents pioneering research on the disclosure of SSRs.

Keywords Social media marketing, Online consumer behavior, Marketing communications, Word-of-mouth marketing, Marketing ethics, Retailing online

Paper type Conceptual paper

Introduction

Word of mouth (WOM) has evolved from organic inter-consumer influence (naturally occurring, unprompted by marketers) to linear marketing influence (through opinion leaders) and now to a network co-production model where WOM spreads from one consumer to a network of consumers (Kozinets *et al.*, 2010). Today, WOM takes various forms: organic WOM, which is “natural, everyday, or endogenous”; seemingly organic WOM, which is “stealth or undercover WOM that consumers do not know is incited”; and incentivized WOM which is “exogenous, institutional, sponsored, or amplified WOM” or “buzz” (Abendroth and Heyman, 2013, p. 246). Seemingly, organic WOM presents issues as it may be considered deceptive and unfair to other consumers, who may assume the WOM was unprompted (Abendroth and Heyman, 2013). The



overriding issue is whether or not the nature of the WOM message (e.g. organic or incentivized) should be disclosed to other consumers. This paper addresses the main dilemma that marketers face using social shopping for WOM and any kind of buzz marketing, that is to disclose or not to disclose incentives (Tuk *et al.*, 2009).

While some consumers may indicate their unprompted affinity for a brand, other consumers may be motivated to share branded messages to obtain an incentive. Social signs of approval or endorsements are traditionally perceived by other consumers as “unpaid” or “earned” impressions, generated from the consumer’s active engagement with the brand (Lipsman *et al.*, 2012). These endorsements act as WOM because consumers use them to “share their interest or convey their attitude about various content” (Swani *et al.*, 2013, p. 271). However, in some cases, these social communications are incentivized WOM with social shopping rewards (SSRs) that may or may not be disclosed. Non-disclosure may occur when a consumer openly communicates positive information about a brand in exchange for a coupon (Appendix 1). Other consumers viewing this social communication may not know that the consumer endorsed the brand merely to get a coupon or to earn some other type of reward and may trust that the consumer truly endorses the brand. Other consumers may eventually use this information in the purchase decision and may buy the product based on the implied endorsement of the brand.

As the preceding discussion shows, social endorsements may be subject to multiple interpretations and disclosure of the reason behind the social endorsement may differentially impact consumer decision-making. Consistent with the goal of the Federal Trade Commission (FTC) and Word of Mouth Marketing Association (WOMMA), the goal of this paper is to encourage transparency in communications through disclosure of SSRs. This conceptual paper contributes to the growing social shopping literature by presenting a marketing and public policy analysis of the disclosure dilemma. Recommendations for marketing research, marketing practice and public policy for consumer protection in the online social shopping world are discussed. As part of public policy recommendations, this paper presents best practices in SSR Disclosure Guidelines that extend those currently provided by the FTC and WOMMA. In doing so, this paper answers the call in the WOM literature to further explore the effects of the knowledge of incentives on consumer response (Abendroth and Heyman, 2013) and refocuses scholarly research on the effectiveness of communication strategies based on social media (Pomirleanu *et al.*, 2013).

Social shopping and rewards

Centered on WOM (Stephen and Toubia, 2010), social shopping reflects a combination of social media and online shopping to facilitate consumer swapping of ideas (Tedeschi, 2006). Social shopping (also referred to as social commerce) moves beyond idea/opinion swapping to include social activities that facilitate actual purchase behavior (Wang and Zhang, 2012). As per Coker *et al.* (2014), social shopping occurs in other ways: synchronous online shopping with other consumers on brand-supported social platforms, such as Macy’s Shop with Friends; social shopping Web sites (such as Polyvore.com) that allow users to share their purchases with others in the social network; and endorsements of a brand on social networking sites (e.g. likes on Facebook, tweets on Twitter or pins on Pinterest).

Providing full information to consumers becomes relevant as consumers in a social network may not be able to judge the credibility of other social shoppers. In other words, social shopping networks may not necessarily comprise close friends. For example, users are not required to follow someone else's Pinterest board but can use the information provided on that social network in making purchase decisions. One study of typical social media users who were college students showed that "close contacts and maintained contacts are in the minority among Facebook friends", (39 per cent of the social network) and these type of contacts shrink with increases in "superficial connections" or "activity and acquaintance contacts" (Manago *et al.*, 2012, p. 374).

Though social shopping behaviors may be consumer-initiated, such behaviors largely evolved from marketing-initiated efforts that reward consumers (Savitz and Kowal, 2012). Many consumers "like" brands to receive discounts and show brand support (Harris and Dennis, 2011); promotions and incentives ranked fourth in ten reasons for consumer-brand interactions on social media (Rohm *et al.*, 2013). The SSR may be provided in exchange for the consumer showing a social sign of approval or endorsing a brand and can be categorized into what Coker *et al.* (2014) called:

- economic rewards, such as coupons and discounts that are monetary/extrinsic and may produce utilitarian value for the consumer; and
- social rewards, such as social badges and other social-status/self-esteem boosters, that may produce hedonic value and long-term consumer behaviors that keep consumers engaged with the brand beyond the initial economic reward exchange.

The marketing case for disclosure of SSRs

Many marketers are aware that likes, tweets, pins and others social signs of approval and endorsement may serve as keys for brand-consumer engagement. However, some marketers may consider disclosure to be adversarial and may not want to engage in such practices due to the potential impact on the consumer attribution process. According to Kelley's (1973, p. 113) discounting principle, in line with attribution theory, "the role of a given cause in producing a given effect is discounted if other possible causes are also present". When applied to consumer research on communicator credibility, Kelley's (1973) discounting principle translates to discounting a communicator's recommendation in the presence or inference of incentives (Folkes, 1988). Using the Persuasion Knowledge Model (Friestad and Wright, 1994), it can also be argued that disclosure of SSRs may activate the consumer's persuasion knowledge or schemer schema.

Though there are arguments against disclosure of incentives surrounding WOM, a compelling case can also be made for disclosing SSRs based on source credibility. The case for SSR disclosure incorporates what Quinton and Harridge-March (2010, p. 63) referred to as "the trust building approach to consumer marketing relationships" in social networks, of which source credibility is the key. Source credibility is defined as "a communicator's positive characteristics that affect the receiver's acceptance of a message" (Ohanian, 1990, p. 41). Marketing research has suggested that disclosure in WOM communications can be beneficial in this regard (Forehand and Grier, 2003). Industry regulatory bodies concur: according to WOMMA, the most effective WOM is considered to be credible, i.e., "honest and authentic messages from brands to consumers and from person to person" (www.wommapedia.org).

Though prior research has suggested effects of non-disclosure and disclosure before the WOM interaction, it is proposed that any disclosure of SSRs will enhance source credibility. The argument posited for disclosure of SSRs is similar to that provided for other incentivized WOM. That is, whereas non-disclosure introduces “suspicion and questioning the real intentions”, resulting in reduced sincerity evaluations (Tuk *et al.*, 2009, p. 41), disclosure introduces honesty, openness and sincerity evaluations. In this case, we assume that consumers in a social shopping network may suspect multiple motivations surrounding the brand endorsement. Given past research on other types of WOM, it is proposed that it is in the marketer’s best interest to disclose SSRs to enhance evaluations of source credibility and desirable social shopping behaviors.

The public policy case for disclosure of SSRs

From a public policy standpoint, disclosure is aligned with actions taken by the FTC and WOMMA to guide marketers in the use of disclosures for online advertising and social media marketing. Enforcement of disclosure is not the primary objective of the actions by these regulatory bodies; rather, the examination of disclosure is from a “best practices” suggestion for marketers. This best practices approach is also adopted in this paper, which seeks to guide marketers’ actions in the evolving world of social media for the greatest good of the public at large. In the following sections, the guiding efforts of these regulatory bodies regarding disclosures and social media marketing are discussed. These efforts further support the impetus for disclosure of SSRs, as it relates to enhancing source credibility.

FTC guides

In many respects, social signs of approval in social shopping can be considered brand endorsements and testimonials. The FTC defines endorsement as:

[...] any advertising message [...] that consumers are likely to believe reflects the opinions, beliefs, findings, or experiences of a party other than the sponsoring advertiser, even if the views are identical to those of the sponsoring advertiser (Guides, 2014).

The endorsement must reflect the opinion of the endorser (Guides, C.F.R. § 255.2, 2014) and any “material connections” between the endorser and the seller of the advertised product must be disclosed (Guides, C.F.R. § 255.5, 2014).

The FTC has tried to keep current with the dynamic changes to marketing communications. The original FTC Endorsement Guides, published in 1980 (Guide, C.F.R. § 255.0, 2014), were revised in 2009 to “Guides Concerning Use of Endorsements and Testimonials in Advertising” (Guides, 2014). While the tone of 2009 FTC publication was “friendly”, it contained little substantive guidance, with the exception of suggested phrasing for hashtags for sponsored “tweets”. In light of advancements in online advertising, the FTC (2010) updated its recommendations. Then in March 2013, in response to questions by advertisers, bloggers and others, the FTC published “.com Disclosures”. The goal of this publication was to give additional guidance on how FTC regulations would apply to online advertising, focusing on factors to consider in making “clear and conspicuous” disclosures. While “.com Disclosures” does not explicitly define the term “material connections”, the FTC emphasized a common thread: “the same consumer protection laws that apply to commercial activities in other media apply online” (FTC, 2013, p. i). In other words, ads must be truthful and not misleading; there must be evidence to back up claims, and they cannot be unfair. If a disclosure is required

to keep an ad from being deceptive, it must be “clear and conspicuous” from the consumer’s viewpoint.

Some legal scholars have proposed a *de minimus* sponsorship threshold test for determining when bloggers, in particular, should disclose a relationship with marketers; for example, the receipt of products worth less than \$250 per year and not more than 15 per cent of the sponsor’s marketing budget (Sprague and Wells, 2010, p. 452). However, in the research conducted for the inquiry at hand, it is proposed that *any* benefit, regardless of amount, be disclosed in social shopping for honesty and transparency in communications.

Self-regulation through WOMMA

As the “official trade association dedicated to word of mouth and social media marketing”, WOMMA is committed to a leadership role in ethical WOM marketing practices (www.womma.org). As a condition of WOMMA membership, applicants and members agree to share the values expressed in the organization’s Code of Ethics and to comply with the Standards of Conduct (WOMMA, 2009). Three of WOMMA’s Standards address disclosures – of relationships between the representative and the member, of compensation or other consideration received from the member in exchange for reviews or endorsements and of other “material aspects” of a commercial relationship with a marketer (WOMMA, 2009). The fourth standard requires compliance with FTC Guides, while the fifth standard requires “genuine honesty in communication” (WOMMA, 2009).

WOMMA (2012) published its “Social Media Marketing Disclosure Guide”. In this guide, WOMMA (2012, p. 6) described “social incentives and signs of approval” as “tools [that] present unique challenges to disclosure [...] for use by advocates”. Though the FTC (2013) did not explicitly define “material connection”, WOMMA (2012, p. 2) defined the term as “any connection between an advocate and a marketer that could affect the credibility consumers give to that advocate’s statements”. In response to the “.com Disclosures”, WOMMA updated its guide to provide practical tips for its members to “ethically, accurately, and consistently make disclosures” (p. 1), defining material connections as “monetary payment, free product, discounts, gifts, sweepstakes entries or other incentives and any employer/employee or other business relationship”. The overarching theme of both guides is transparency – the practice of disclosing any material connection between a speaker and a marketer.

It is noteworthy that both the FTC (2013) and WOMMA (2012) consider disclosures to be the responsibility of the source. While the FTC assigns responsibility to marketers, WOMMA (2012, p. 1) views both marketers and advocates as sharing the responsibility of disclosing material connections. Though WOMMA deferred these challenges to a social media policy or guideline, it is proposed that disclosure of all benefits would enhance source credibility. As with the marketing case for disclosure, the public policy case suggests the integral role of the both the marketer and the consumers in making disclosures of material connections for maintaining transparency in communications.

Conceptual model

Based on the marketing and public policy analysis of the disclosure dilemma, a conceptual model on the disclosure of SSRs is proposed. The model places source credibility at the heart of disclosure effects, with source credibility as a duality (Figure 1). The model is built on the extant body of work on disclosure of WOM

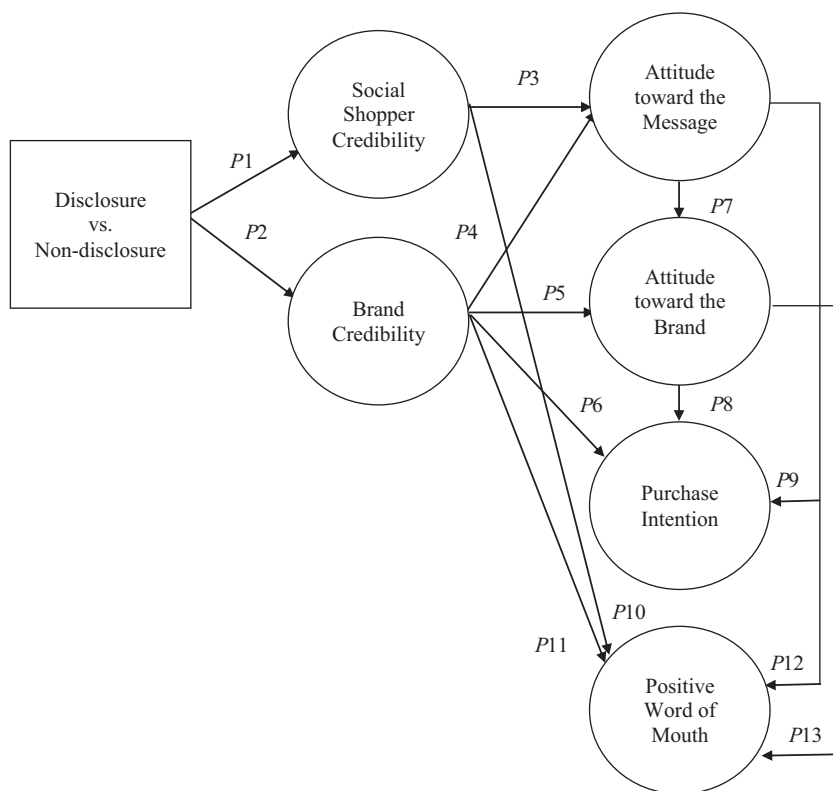


Figure 1.
Conceptual
framework for
disclosing social
shopping rewards

incentives in the online context and source credibility (see Table I for a summary of findings from literature). The model extends the Dual Credibility Model (DCM) (Lafferty *et al.*, 2002) to include effects on positive WOM. As this is a conceptual piece, its truth content can only be determined through empirical testing in future research (Hunt, 2002). Therefore, model effects are stated as “propositions” rather than hypotheses (see Table II for a summary of propositions).

Dual source credibility

According to the DCM, source credibility is a duality based on consumer perception of two communicators: the endorser and the corporation (Lafferty *et al.*, 2002). The DCM considers endorser credibility to be reflective of Ohanian’s (1990) tri-component Celebrity Endorser-Credibility Scale, comprising dimensions of attractiveness, trustworthiness and expertise. Corporate credibility is viewed as a two-dimensional construct measuring the perceived expertise and trustworthiness of a firm (Newell and Goldsmith, 2001).

In the conceptual model, source credibility is also considered a duality, comprising social shopper credibility (endorser) and brand (corporate) credibility. Social shopper credibility is defined as the credibility of the social shopper who socially approves or endorses the brand. By endorsing the brand, the consumer adopts the role of the

Author(s) (year)	Topic	Findings
Abendroth and Heyman (2013)	Disclosure of an agent–brand relationship	While disclosure during WOM among friends did not impair feelings of deception, later disclosure increased feelings of deception and reduced agent perceived credibility. Where disclosure was made, tie strength or the nature of the relationship between consumers (friend vs stranger) did not affect purchase intent, product attitude and attitude toward the agent
Carl (2008)	Disclosure of agent's corporate affiliation and WOM	Disclosure increased trustworthiness and goodwill, thereby enhancing agent source credibility. Awareness of an agent's corporate affiliation prompted conversation partners to relay information to a greater number of people. Compared to weak ties, strong ties were more likely to know of the agent–brand affiliation and provided higher ratings of goodwill and trustworthiness. There was no difference between strong and weak ties in their feelings toward the product, WOM, agent and company; and in purchase and other outcome metrics
Chiu <i>et al.</i> (2007)	Consumer credibility	When the source was close and interpersonal, consumers were more willing to forward emails with marketing messages than when the source was unfamiliar and interpersonal or commercial
Forehand and Grier (2003)	Disclosure of high-benefit salient firm motives	Disclosures made prior to causal attribution resulted in an inhibition effect which reduced perceived deception and enhanced consumer evaluations of the firm. Disclosures made after causal attribution reduced consumer evaluations of the firm
Hennig-Thurau <i>et al.</i> (2004)	Economic incentives	Economic incentives increased eWOM as measured by frequency of visits to and number of comments written on consumer opinion platforms
Nekmat and Gower (2012)	Levels of disclosure of incentivized blog	From highest to lowest mean values of perceived source credibility associated with disclosure levels: On blogger credibility: non-disclosure, disclosure on blog, disclosure after blog On perceived organizational credibility: disclosure on blog, non-disclosure, disclosure after blog Perceived organization credibility positively impacted product attitude and purchase intentions

(continued)

Table I.
Findings from the
WOM literature on
disclosure, incentives
and source credibility

Author(s) (year)	Topic	Findings
Reichelt <i>et al.</i> (2014)	Consumer credibility	The trustworthiness dimension of consumer credibility “emerged as predominant” and had a greater impact on the utility and hedonic functions of eWOM, which in turn significantly impacted eWOM reading attitude and subsequent eWOM reading intentions (p. 74)
Sweeney and Swait (2008)	Brand credibility	Brand credibility enhanced WOM through building satisfaction and loyalty commitment
Taylor and Strutton (2010)	Meta-analytic framework on post-adoption Internet consumer behaviors	Pre-purchase user attitudes (including trust in the marketer’s Web site) positively impacted behavioral intentions (including purchases and positive WOM)
Tuk <i>et al.</i> (2009)	Disclosure of financial rewards	When target consumers could discover financial motives surrounding referral WOM and had sufficient processing ability to consider this information, disclosure increased perceived source sincerity and positive agent evaluations
Wirtz and Chew (2002)	Economic incentives	The larger the economic incentive, the greater three WOM constructs: likelihood to generate WOM, favorability of WOM and likelihood to make a purchase recommendation

Table I.

- P1* Compared with a non-disclosure condition, disclosure of the SSR will increase social shopper credibility
- P2* Compared with a non-disclosure condition, disclosure of the SSR will increase brand credibility
- P3* In disclosure condition(s), ratings of social shopper credibility will increase attitude toward the message
- P4* In disclosure condition(s), ratings of brand credibility will increase attitude toward the message
- P5* Given disclosure of SSRs, brand credibility will be positively related to attitude toward the brand
- P6* Given disclosure of SSRs, brand credibility will be positively related to purchase intention
- P7* Given disclosure of SSRs, attitude toward the message will be positively related to attitude toward the brand
- P8* Given disclosure of SSRs, attitude toward the brand will be positively related to purchase intention
- P9* Given disclosure of SSRs, attitude toward the message will be positively related to purchase intention
- P10* Given disclosure of SSRs, social shopper credibility will increase positive WOM
- P11* Given disclosure of SSRs, brand credibility will increase positive WOM
- P12* Given disclosure of SSRs, consumer attitude toward the message will be positively related to positive WOM
- P13* Given disclosure of SSRs, consumer attitude toward the brand will be positively related to positive WOM

Table II.
Propositions on
disclosure of SSRs

marketer through the social sharing of branded messages (Swani *et al.*, 2013). In other words, the social sign of approval (e.g. like, tweet, pin or share) is equivalent to an implicit endorsement of the brand. Brand credibility is considered to be the credibility of the marketer who is providing the SSR to motivate consumers to endorse the brand. Because social media facilitates consumer–brand engagement (Schultz and Peltier, 2013, p. 89) and “liking” a brand is essentially the co-creation of value (Swani *et al.*, 2013), the conceptualization of dual message sources in social shopping is deemed appropriate.

Disclosure effects

As per Reichelt *et al.* (2014), enhancing source credibility requires marketers to increase transparency of electronic WOM (eWOM) sources. Transparency in communications through disclosure in other types of WOM has been shown to enhance source credibility (Carl, 2008) as well as source sincerity and agent evaluations (Tuk *et al.*, 2009). Early disclosure of motives may increase consumer evaluations of the firm (Forehand and Grier, 2003) and perceived blogger and organizational credibility (Nekmat and Gower, 2012). However, later disclosure may reduce consumer evaluations of the firm (Forehand and Grier, 2003) and perceived blogger and organizational credibility (Nekmat and Gower, 2012), as well as agent credibility (Abendroth and Heyman, 2013). Applying these findings to social shopping, by disclosing the SSR at the time the social endorsement is made may increase transparency and clarify the social shopper’s motives. Such actions are expected to enhance the credibility of both the social shopper sharing the message and the marketer incentivizing the WOM. Therefore, it is proposed that:

- P1. Compared with a non-disclosure condition, disclosure of the SSR will increase social shopper credibility.
- P2. Compared with a non-disclosure condition, disclosure of the SSR will increase brand credibility.

DCM effects in social shopping

The DCM shows how source credibility affects advertising effectiveness, with endorser credibility and corporate credibility positively affecting attitude toward the ad (Lafferty *et al.*, 2002). Lafferty *et al.* (2002) noted the effect of credibility on message claim acceptance as the central process involved in impacting attitude toward the ad. Because the social endorsement is similar to an ad message, it can be proposed that social shopper credibility and brand credibility may also affect attitude toward the message in a social shopping context. If the social shopper is viewed as credible, then other consumers may have positive feelings toward the message (i.e. the social sign of approval or endorsement) emanating from that social shopper. A similar effect is proposed for the effect of brand credibility on attitude toward the message; if the brand associated with the message is viewed as being credible, then other consumers may show more positive attitudes toward the branded message. Thus:

- P3. In disclosure condition(s), ratings of social shopper credibility will increase attitude toward the message.
- P4. In disclosure condition(s), ratings of brand credibility will increase attitude toward the message.

Research based on the DCM has shown that corporate credibility positively affects attitude toward the brand and purchase intent (Lafferty *et al.*, 2002). The explanation provided for these relationships rests on the assumption that corporate credibility serves as a central processing cue used by consumers in their brand assessments and in the purchase decision-making process (Lafferty *et al.*, 2002). Lafferty *et al.*'s (2002) findings are supported by Nekmat and Gower (2012), who found that perceived organization credibility positively impacted bloggers' product attitude and purchase intentions. Applying this finding to the social shopping context, if a brand is viewed as being more credible, then social shoppers may show positive attitudes toward that brand. It can be also proposed that a brand that appears credible to a social shopper may be considered more desirable for purchase. Using the example in Appendix 1, a consumer interested in shopping for handbags may generate a positive attitude toward the brand and may consider the brand for purchase if the brand appears to be credible. Therefore, it is proposed:

- P5. Given disclosure of SSRs, brand credibility will be positively related to attitude toward the brand.
- P6. Given disclosure of SSRs, brand credibility will be positively related to purchase intention.

The DCM also showed an order of effects: attitude toward the ad positively predicts attitude toward the brand which in turn predicts purchase intention. Lafferty *et al.* (2002) have found this order of effects to be robust in the literature. Because attitude toward the message (toward the social sign of approval or endorsement) is conceptually similar to attitude toward the ad, it is proposed that attitude toward the message will also be positively related to the attitude toward the brand in social shopping. That is, if social shoppers are receptive to the claims about the brand through the social endorsement (e.g. the like, tweet or pin), then they may develop more favorable attitudes toward the brand associated with the message. In turn, social shoppers may consider their attitudes toward the brand when making the purchase decision. Thus:

- P7. Given disclosure of SSRs, attitude toward the message will be positively related to attitude toward the brand.
- P8. Given disclosure of SSRs, attitude toward the brand will be positively related to purchase intention.

According to the DCM, an additional, albeit weak, effect of attitude toward the ad on purchase intention emerges when the ad contains "few and weak" arguments (Lafferty *et al.*, 2002, p. 4). When the ad contains limited information, consumers may use primarily affective or emotional evaluations (attitude toward the ad) rather than more analytical information in making the purchase decision (Lafferty *et al.*, 2002). It can be argued that social signs of approval or endorsements serve as limited information about the brand and, in the absence of additional information, social shoppers may rely on their opinions or attitudes toward the message in deciding to purchase the mentioned brand. Hence:

- P9. Given disclosure of SSRs, attitude toward the message will be positively related to purchase intention.

Extending the DCM to positive WOM

Past research has suggested that awareness of WOM incentives facilitate positive WOM about the brand (Carl, 2008; Hennig-Thurau *et al.*, 2004; Wirtz and Chew, 2002). Although research has suggested the role of incentives in generating WOM, the proposed model presents a mediating role of source credibility in the relationship between disclosure of SSRs and social shopping outcomes.

Research has shown that source credibility is positively related to WOM. This finding relates to the source as both the consumer (Chiu *et al.*, 2007; Reichelt *et al.*, 2014) and the brand (Sweeney and Swait, 2008; Taylor and Strutton, 2010). Such research lends support to proposed effects of both types of source credibility (i.e. social shopper credibility and brand credibility) on positive WOM. Such WOM may take the form of buzz, social chatter or other social signs of approval on social shopping Web sites following the disclosure of SSRs. Where an SSR disclosure has been made, other consumers may view both the social shopper and the brand as more credible. Based on a positive credibility assessment, other consumers may be motivated to talk positively about that brand (and possibly, about the company's SSR program) to other consumers in the social shopping network, especially if the consumer believes that others may benefit from such information. Thus:

P10. Given disclosure of SSRs, social shopper credibility will increase positive WOM.

P11. Given disclosure of SSRs, brand credibility will increase positive WOM.

Research has also shown that how people feel about a message that influences their WOM behaviors, for example people will not pass along email messages that they "judge irrelevant or uninteresting" (Phelps *et al.*, 2004, p. 345). Applying Taylor and Strutton's (2010) framework, the conceptual model treats attitude toward the message as a pre-acceptance attitude which affects positive WOM. If social shoppers accept the message (the social sign of approval or endorsement) and have a positive attitude toward that message, then they are likely to share the information with others in the social shopping community. Therefore:

P12. Given disclosure of SSRs, consumer attitude toward the message will be positively related to positive WOM.

Per Taylor and Strutton's (2010) framework, it can be argued that pre-purchase attitudes toward the brand can impact positive WOM. Applying Coker *et al.*'s (2014) proposed conceptual model, a positive relationship between attitude toward the brand and positive WOM may be viewed as outcomes of SSRs. In keeping with the swapping-of-ideas philosophy that drives social shopping, it can be assumed that, following disclosure of SSRs, consumers with favorable feelings toward a brand may be willing to share positive information about that brand to other social shoppers. Thus:

P13. Given disclosure of SSRs, consumer attitude toward the brand will be positively related to positive WOM.

Recommendations

Given the proposed conceptual model on SSR disclosures, the following sections present recommendations for marketing research, marketing practice and public policy. Of

significance to public policy-makers and marketers is the proposed SSR Disclosure Guidelines (Appendix 2), which extend guidelines provided by the FTC (2013) and WOMMA (2012, 2013) to the realm of social shopping. In proposing these guidelines, this work makes a significant contribution toward the best practices that are needed in social media marketing regarding “social incentives and signs of approval” (WOMMA, 2012).

Marketing research agenda

Though social media research is expected to continue to grow, a 20-year review of the literature on Internet marketing revealed that “the marketing research field is reactive to what is going on in the marketplace” (Pomirleanu *et al.*, 2013, p. 177). It is recommended that research on disclosure of SSRs be proactive rather than reactive to advance the body of knowledge on this real-world phenomenon. The proposed model in this paper can be considered as the starting point for theoretical development and for testing disclosure effects in the social shopping literature.

Implicit in a research agenda on SSR disclosure is an important component of social networks that researchers (Pomirleanu *et al.*, 2013; Quinton and Harridge-March, 2010) have highlighted: trust linked to source credibility. The conceptual model extends the DCM to social shopping research by focusing on dual source credibility (social shopper and brand) in predicting effects on attitudes (toward the message and the brand) and behaviors (purchase intention and positive WOM). The extension of the DCM to include WOM is viewed as a necessary step toward the study of source credibility in social shopping research.

To assess the truth content of the model, it is recommended that the propositions associated with the model be used to direct empirical research on disclosure of SSRs. Such empirical research may use research in a mixed-method approach similar to that used by Rohm *et al.* (2013), including quantitative (e.g. survey research and Web analytics) and qualitative (e.g. netnographies and focus groups) analyses. An experimental design with two or more conditions may be used: one condition with participants exposed to WOM with a SSR disclosure and another condition in which WOM is generated without the disclosure. Additional experimental conditions may be examined along the lines of what Nekmat and Gower (2012) call “levels of disclosure” – non-disclosure, disclosure that occurs simultaneously with the social endorsement and disclosure that occurs after the endorsement – perhaps through a scenario that features a news story or blog post on the SSR campaign. Finally, empirical research may also explore potential moderators (e.g. age, gender, product type, brand reputation, consumer type, tie strength, etc.) in extending the model in future research.

Marketing practice

From this conceptual piece, several recommendations emerge for marketing managers. First, marketers are advised to acquaint themselves with and contribute to the evolving guidelines on disclosures specified by the FTC and WOMMA. Disclosure is recommended to help fulfill the ethical responsibility of the social shopper and the brand to deliver effective WOM that is “honest and authentic” (www.wommapedia.org) for “transparency in communications” (WOMMA, 2013). The disclosure dilemma may be resolved when marketers realize the ethical duty that both the social shopper and the brand as sources fulfill by disclosing SSRs for transparency in communications. Such

disclosures may serve to reduce potential miscommunication and deception in consumer decision-making while preserving the sanctity of the social shopping community.

Second, this work suggests that message sources stand to gain credibility through disclosure of SSRs. When the social shopper and marketer appear credible, other consumers may become more receptive to the message shared on the social shopping network. The credibility factor weighs heavily when one considers that, per [Granovetter \(1983\)](#), social networks comprise not only strong ties (close friends) but also weak ties (acquaintances). Strong ties may be seen as more credible than weak ties and serve as trusted sources for information ([Brown and Reingen, 1987](#)). However, weak ties are also valuable, as they enhance the diffusion of information in social networks ([Granovetter, 1983](#)). By disclosing SSRs, not only can marketers enhance the credibility of strong ties but also weak ties in the consumer's social shopping network.

Third, strategically, marketers are encouraged to consider disclosure as a way to build awareness of SSR programs for increased consumer engagement. If consumers are made aware of SSRs, then they may decide on whether they also want to further explore the brand and what it has to offer by participating in SSR programs themselves. Thus, disclosures may make consumers aware of SSRs offered by the brand and may motivate them to "get in on the action". Through disclosure of the SSR, consumers may also become better informed about rewards that could facilitate purchasing. In this regard, awareness of the SSRs may motivate the consumer to use SSRs to gain utilitarian and hedonic value from the social shopping experience in ways that also benefit marketers ([Coker et al., 2014](#)).

Finally, marketers are advised that likes, tweets, pins and other social signs of approval and endorsements may serve as entry ways to the brand supported by social shopping. In line with [Schultz and Peltier \(2013\)](#), marketers are advised to remember that engagement goes beyond a short-term exchange and should consider the use of SSRs to build long-term brand-consumer engagement ([Coker et al., 2014](#)). A SSR framework that builds utilitarian and hedonic value ([Coker et al., 2014](#)) should also be supplemented with relevant content for desirable consumer attitudes and behaviors ([Rohm et al., 2013](#)).

Public policy

A self-regulatory model, focused on best practices rather than enforcement, would be preferable to one that entails an increase in government regulation. The governmental regulatory process is time-consuming, requiring a lengthy period of research, publication and public comment. For example, new FTC regulations were published in 2009, while ".com Disclosures" was not issued until March 2013. In the meantime, the social media marketing industry had continued to evolve. As a voluntary trade association, WOMMA remains nimble in responding to technology changes; thus, WOMMA is encouraged to continue its efforts to develop and maintain current guidelines so that there will be no perceived need for the FTC to impose further regulations on social media marketing. In supporting self-regulation (rather than enforcement of laws), this paper extends FTC and WOMMA guides in recommending specific SSR Disclosure Guidelines ([Appendix 2](#)). These proposed guidelines are "best practices" that promote transparency and enhance brand credibility in the evolving world of social shopping. The best practices are aligned with the development of a

common code of conduct among businesses that can define good practice and set standards of behavior within an industry (Maitland, 1985).

Our recommended guidelines are specific to dialogues on social shopping sites that entail social signs of approval or endorsement of a brand. Because SSR disclosures are made through what the FTC deems “space-constrained ads”, status updates, hyperlinks and hashtags may be used in disclosure of SSRs (R1e), with hashtags for repetition of the message (R4) and for multimedia messages (R5). To overcome issues identified by the FTC (2013) surrounding the use of abbreviations (e.g. #Spon), a link to a hashtag glossary may be used to explain hashtags (WOMMA, 2013) and to clarify the meanings of abbreviations for consumers.

It is also recommended that SSR disclosures be placed in message status updates (R1a). Appropriately labeled hyperlinks to disclosures may be used to convey detailed information on the SSR program (e.g. eligibility, earning rewards, rewards redemption and nature of relationship between the social shopper and the marketer) (R1b). To ensure consistency in the presentation of the disclosure, the marketer is advised to work with the developers of social shopping sites (e.g. Facebook, Pinterest, Polyvore) to ensure that the disclosure is adequately displayed across various technology platforms (R1c). The guidelines also suggest that disclosures be prominently placed (R2), with no distracting information (R3), and in clear terms (R6).

Because social shopping presents a unique case of online shopping, it may not be required that the disclosure of the SSR be made prior to purchase (R1d). A consumer may have purchased the brand prior to seeing the SSR disclosure. Though the consumer may initially socially approve or endorse the brand to earn an SSR, the consumer may eventually fall in “love” with the brand and may wish to convey this increase in affinity to the brand beyond the simple social sign of approval or endorsement. Thus, given SSRs, the marketer may work with social shopping platforms to develop means through which social shoppers can convey “true love” for the brand. This feature may resemble Facebook’s “relationship status” in which users can indicate the intensity of the relationships with other Facebook users (“single”, “engaged”, “in a relationship” and “married”) (Facebook Desktop Help, 2013). Because it may symbolically indicate the change in the nature of the relationship to the brand, a social approval or endorsement rating system may enhance transparency in communications by further clarifying the message.

Conclusion

This paper serves as the starting point for what can be deemed a lucrative research agenda based on disclosure of SSRs. This effort is aligned with those of the FTC and WOMMA in preserving the integrity of social media marketing. Because social shopping is expected to continue to grow, the issue of enhancing effectiveness of messages within social shopping contexts is expected to become a reality for marketers. From a marketing and public policy standpoint, the inherent contribution of this work can be found in the proposed conceptual model and recommendations for marketing research, marketing practice and public policy. It is expected that extensions of this work, including empirical testing of the model and of potential moderators, would yield benefits to enhance the knowledge of the best ways to utilize social shopping in generating WOM for the brand.

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Further reading

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Appendix 1. Non-disclosure of social shopping reward

Disclosure
of social
shopping
rewards

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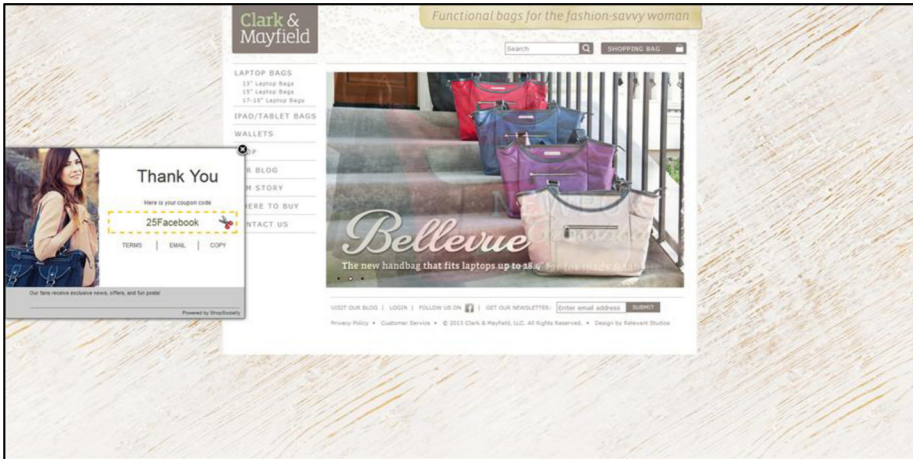


Figure A1.
Social shopper likes
the brand to receive
coupon

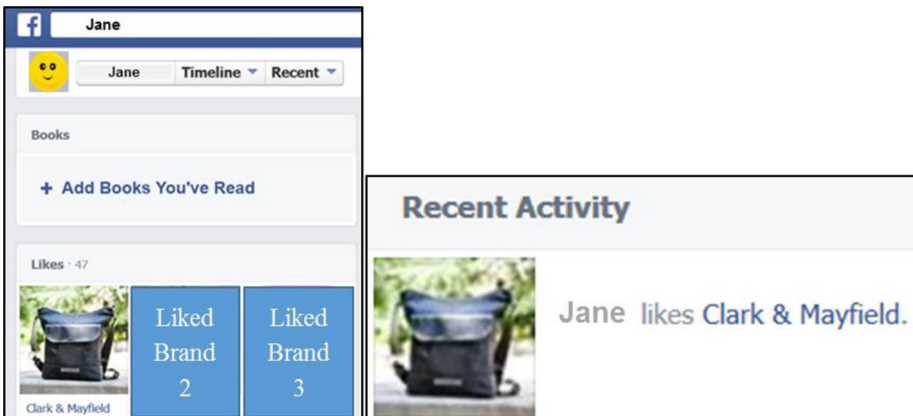


Figure A2.
Like appears on
social shopper's
Newsfeed

Table A1.
Social shopping
rewards disclosure
guidelines

Factors ^a	FTC ^b guidelines	WOMMA guidelines	Best practices
1. Proximity and placement Evaluating proximity	Place disclosure near to claim	Place disclosure in message body, near statement ^c	Place disclosure in status update
Hyperlinks	Make hyperlinks obvious, consistent and related to message	Link to Disclosure and Relationships Statement ^c	Use appropriately labeled hyperlinks to information on SSR program
High tech methods	Make disclosure compatible across multiple technology devices	Consistently communicate disclosure across platforms ^c	Conduct technical tests to ensure compatibility across platforms
Purchase disclosures	Make disclosure prior to purchase	Not addressed	Not required
Space-constrained ads (SCA)	Place disclosure in each SCA. Use abbreviations (e.g. #Spon) wisely	Disclose with notations, hyperlinks or standard/explanatory hashtags ^d	Use status updates, hyperlinks or hashtags with glossary
2. Prominence	Disclose using appropriate size, color and graphics	Readable and clear font size and color ^c ; prominent hashtags ^d	Prominently place disclosure in status update
3. Distracting factors	Ensure other ad elements do not get in the way	Not addressed	Place disclosure in status update, with no distracting information
4. Repetition	Repeat disclosure, as needed, to avoid deception	Not addressed	Use hashtags for repetition
5. Multimedia messages/campaigns	Use disclosures that match message modality (audio, written and visual)	Not addressed	Use hyperlinks or hashtags with any multimedia in the status update
6. Understandable language	Make disclosure simple and straightforward	State disclosure in plain language ^d	State the disclosure in clear terms, for example "I just earned a 20 per cent off coupon by liking Brand X"

Notes: ^a Factors identified by FTC (2013, com Disclosure Guidelines); ^b FTC (2013, com Disclosure Guidelines); ^c WOMMA (2012 Social Media Marketing Disclosure Guide); ^d WOMMA (2013 Guide to Best Practices for Transparency and Disclosure in Digital, Social and Mobile Marketing)

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