



IMPACT OF ETHICAL DISCLOSURE AND INFLUENCER CREDIBILITY ON CONSUMER TRUST AND PURCHASE INTENTION

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ABSTRACT

Influencer marketing emerged as a powerful digital strategy influencing consumer behaviour, raising important concerns regarding ethical practices such as disclosure and transparency. This study examines the impact of ethical disclosure, transparency, and influencer credibility on consumer trust and purchase intention among consumers in Bangalore. A quantitative cross-sectional research design was adopted and primary data were collected from 403 respondents using a structured questionnaire based on a five-point Likert scale. The data were analysed using statistical techniques including reliability analysis, descriptive statistics, correlation, and regression analysis. The results indicate that disclosure practices ($\beta = 0.634$, $p < 0.001$) and transparency ($\beta = 0.752$, $p < 0.001$) have a significant positive impact on consumer trust, with transparency showing a stronger influence. Influencer credibility has a significant positive effect on purchase intention ($\beta = 0.730$, $p < 0.001$). Correlation analysis reveals strong positive relationships among all variables, particularly between trust and purchase intention ($r = 0.83$). The findings highlight the importance of ethical and transparent influencer practices in building consumer trust and enhancing purchase decisions. The study contributes to the limited empirical research on influencer marketing in the Indian context and provides practical insights for marketers and influencers to adopt transparent and credible communication strategies to build long-term consumer relationships.

KEYWORDS: Influencer Marketing, Ethical Disclosure, Transparency, Influencer Credibility, Consumer Trust, , Social Media Marketing, Sponsored Content, Digital Marketing, Consumer Behaviour

1. INTRODUCTION

Influencer marketing is now a major digital strategy where social media creators act as opinion leaders, often trusted more than traditional advertising, especially in rapidly growing markets like India (Pathak, 2024; Lou & Yuan, 2019). Their perceived authenticity and closeness to followers help shape attitudes and purchase decisions across sectors such as fashion, beauty, tourism, and lifestyle (Abidin, 2016; Ribeiro et al., 2020).

This influence also creates ethical problems around unclear sponsorship disclosure, misleading or exaggerated claims, and pressure on vulnerable groups, particularly in sensitive areas like travel promotion and aesthetic surgery (Hansen, 2023; Kauffmann & Vainaitė, 2024). Research shows followers often cannot easily distinguish genuine opinions from paid endorsements when labels like “#ad” are hidden, vague, or missing (Michaelsen et al., 2022; Wellman et al., 2020).

Regulators and industry bodies have responded with stricter rules on transparency, endorsement guidelines, and due diligence obligations for influencers and brands, but monitoring and enforcement still lag behind practice (Pathak, 2024; Muhammad, 2025). At the same time, the rise of AI-based virtual influencers and the growing role of influencer agencies as ethical gatekeepers highlight the need for clearer, context-specific ethical standards that go beyond basic legal compliance (Kim & Wang, 2023; Muhammad, 2025).

2. LITERATURE REVIEW

Influencer marketing has gained academic attention due to its strong influence on consumer trust and purchasing

behaviour. Early empirical research has focused on the role of authenticity and trust in shaping consumer responses to influencer content. Bruns (2018) examined young consumers in Ireland and found that perceived authenticity directly increases purchase intention and indirectly strengthens it through enhanced trust. This study established authenticity as a basic element of effective influencer marketing, highlighting the various psychological mechanisms through which influencers shape consumer decisions.

As influencer marketing expanded, scholars began examining consumer experiences and challenges. Aguilar (2023) studied young consumers in Mexico and found that while many consumers purchase products based on influencer recommendations, they also express concern about deceptive and undisclosed advertisements. The study highlighted growing consumer awareness and support for stricter regulations, indicating that trust can be undermined when disclosure practices are unclear or absent.

Regulatory responses to influencer marketing have also been critically examined. Asquith and Fraser (2020) analysed policy documents, regulatory frameworks and argued that most regulatory efforts focus narrowly on disclosure as a solution to individual deception. They contended that this approach overlooks broader societal, cultural, and democratic implications of influencer marketing, suggesting that ethical issues extend beyond simple labelling requirements.

Building on these concerns, Grey (2025) empirically assessed disclosure practices among nano and micro influencers on TikTok. The findings revealed that disclosures are often inconsistent, poorly positioned, and only partially



compliant with regulatory guidelines. The study further identified differences across content niches and gender, demonstrating that disclosure effectiveness varies significantly across influencer categories.

The relationship between disclosure, authenticity, and audience engagement has been quantitatively examined by Bairathi and Lambrecht (2023). Their large-scale Instagram study found that sponsored posts generally receive lower engagement than organic content. However, when disclosures are clear and content aligns authentically with the influencer's identity, the negative effects of sponsorship can be reduced or even reversed.

Consumer-centric qualitative studies provide further insight into how audiences interpret influencer transparency. Fadhila (2021) found that Indonesian consumers view influencer marketing as highly commercialised, prioritising authenticity and influencer-brand fit over formal disclosure labels. This suggests that cultural context plays a significant role in how ethical transparency is perceived and valued.

Legal and ethical challenges in digital advertising have been highlighted by Antolović, Fraculj and Dugonji (2023). Their review revealed persistent gaps between rapidly evolving influencer marketing practices and slower regulatory development, alongside emerging risks from AI-driven advertising. The authors emphasised the urgent need for clearer labelling, accountability, and ethical responsibility standards.

These studies demonstrate that while authenticity, disclosure, and credibility are critical to influencer marketing effectiveness, significant ethical, regulatory, and contextual gaps remain. This literature highlights the need for empirical, consumer-focused research examining how ethical disclosure and influencer credibility jointly influence consumer trust, and purchase intention—particularly within emerging markets such as India.

3. RESEARCH GAP

Research on ethical disclosure, influencer credibility, and consumer trust in influencer marketing is concentrated in Western contexts, with limited focus on Indian consumers, particularly in Karnataka and Bengaluru. Prior studies largely emphasize regulatory frameworks and influencer strategies, with less attention to consumer trust and behavioural responses. Additionally, much of the literature is conceptual or based on secondary data, with limited use of primary data for statistical analysis. While disclosure practices such as #ad and #sponsored are widely discussed, their actual impact on trust and purchase intention remains underexplored. Moreover, the combined influence of ethical disclosure and influencer credibility on consumer trust and purchase intention has received limited empirical attention, highlighting a clear research gap.

4. OBJECTIVE OF THE STUDY

- To study the level of consumer awareness regarding influencer marketing and sponsored content among consumers in Bangalore.
- To examine how disclosure practices and transparency influence consumer trust in influencer marketing.
- To assess the impact of influencer credibility on consumer purchase intention.

5. HYPOTHESES OF THE STUDY

H₀₁: Disclosure practices have no significant impact on consumer trust.

H₁₁: Disclosure practices significantly influence consumer trust.

H₀₂: Ethical transparency has no significant impact on consumer trust

H₁₂: Ethical transparency significantly influences consumer trust

H₀₃: Influencer credibility has no significant impact on purchase intention.

H₁₃: Influencer credibility significantly influences purchase intention.

6. RESEARCH METHODOLOGY

6.1 Research Design

A quantitative cross-sectional survey design was adopted to examine the influence of ethical disclosure practices and influencer credibility on consumer trust and purchase intention in influencer marketing. This approach is appropriate as it enables the measurement of consumer responses and the analysis of relationships between defined variables using statistical techniques. The cross-sectional design allows data to be collected at a single point in time, capturing current consumer attitudes toward influencer marketing.

6.2 Population of the Study

The population of the study consists of social media users in Bangalore who follow influencers and are exposed to sponsored influencer content.

6.3 Sampling Design and Sample Size

Convenience sampling was employed to select respondents who meet the study criteria, along with snowball sampling to expand participation through respondent networks. The questionnaire was distributed via WhatsApp and social media platforms such as Instagram and LinkedIn.

Given the large and undefined population size, Bangalore's population was considered, with approximately 46% falling within the relevant age group. Using Slovin's formula ($n = N / (1 + Ne^2)$) with a margin of error of 5%, the required sample size was calculated to be approximately 400. Accordingly, a target of 400 valid responses was set for the study.

6.4 Sampling Unit

The sampling unit consists of individual consumers residing in Bangalore who follow influencers and are exposed to sponsored content on social media platforms.

6.5 Data Collection

Primary data were collected using a structured, self-administered online questionnaire. The questionnaire was designed using a five-point Likert scale ranging from 1 (Strongly Disagree) to 5 (Strongly Agree) to measure the study constructs. It captured information related to consumer perceptions of ethical disclosure, transparency, influencer credibility, trust, and purchase intention.



6.6 Statistical Tools: Data were analysed using Python (pandas, scipy, statsmodels). The following techniques were employed:

Test	Purpose
Cronbach's Alpha	To assess internal consistency of constructs
Descriptive Statistics (Mean, SD)	To summarize responses at construct level
Pearson Correlation	To examine relationships between variables
OLS Regression	To analyse the impact of disclosure, transparency, and credibility on trust and purchase intention

7. RELIABILITY ANALYSIS

Cronbach's alpha was computed for the full scale and returned a value of **0.906**, which falls well above the acceptable

threshold (> 0.70) widely used in social science research. This indicates a high level of internal consistency across the constructs.

Demographic Profile of Respondents

Category	Frequency	Percentage (%)
18–24	195	48.39
25–34	167	41.44
35–44	39	9.68
45 and above	2	0.50

Table 1: Demographic Profile of Respondents

7.1 Descriptive Statistics

The descriptive statistics indicate that all constructs have high mean values ranging from 4.21 to 4.35, reflecting a strong level of agreement among respondents. Ethical disclosure records the highest mean, followed closely by transparency and credibility, suggesting positive perceptions toward influencer practices.

The standard deviation values indicate moderate consistency in responses, while the minimum and maximum values confirm that the full scale was utilized. All the findings suggest that respondents hold positive attitudes toward ethical influencer marketing.

Statistic	Disclosure	Transparency	Credibility	Trust	Purchase Intention
Mean	4.35	4.31	4.31	4.23	4.21
Std. Dev	0.67	0.68	0.74	0.65	0.68
Min	1.00	1.00	1.00	1.50	1.00
Max	5.00	5.00	5.00	5.00	5.00

Table 2: Construct-Level Descriptive Statistics

7.2 Correlation Analysis

Pearson correlation was computed to examine the relationships among ethical disclosure, transparency, influencer credibility, consumer trust, and purchase intention. The results show strong positive correlations among all constructs. Credibility and trust ($r = 0.83$), as well as trust and purchase intention ($r = 0.83$),

exhibit the highest relationships. Transparency is also strongly correlated with credibility ($r = 0.82$). Ethical disclosure shows a positive relationship with trust ($r = 0.66$). Overall, the results indicate significant positive associations, providing preliminary support for the proposed hypotheses.

Variables	Disclosure	Transparency	Credibility	Trust	Purchase Intention
Disclosure	1.00	0.76	0.78	0.66	0.73
Transparency	0.76	1.00	0.82	0.80	0.77
Credibility	0.78	0.82	1.00	0.83	0.80
Trust	0.66	0.80	0.83	1.00	0.83
Purchase Intention	0.73	0.77	0.80	0.83	1.00

Table 3: Pearson Correlation Matrix

7.3 Regression Analysis

i. The regression analysis indicates that disclosure has a significant positive impact on consumer trust ($\beta = 0.634$, $p < 0.001$). The model is statistically significant ($F = 310.00$, $p <$

0.001) and explains 43.6% of the variance in trust ($R^2 = 0.436$). This suggests that higher levels of disclosure lead to increased consumer trust. Therefore, the null hypothesis is rejected and the alternative hypothesis is accepted.

Variable	Coefficient (β)	Std. Error	t-value	p-value
Constant	1.475	0.159	9.302	0.000
Disclosure	0.634	0.036	17.607	0.000

Table 4: OLS Regression Results



ii. The regression analysis indicates that transparency has a significant positive impact on consumer trust ($\beta = 0.752$, $p < 0.001$). The model is statistically significant ($F = 701.00$, $p < 0.001$) and explains 63.6% of the variance in trust ($R^2 =$

0.636). This suggests that higher transparency leads to increased consumer trust. Therefore, the null hypothesis is rejected and the alternative hypothesis is accepted.

Variable	Coefficient (β)	Std. Error	t-value	p-value
Constant	0.992	0.124	7.999	0.000
Transparency	0.752	0.028	26.477	0.000

Table 5: OLS Regression Results

iii. The regression analysis shows that credibility has a significant positive impact on purchase intention ($\beta = 0.730$, $p < 0.001$). The model is statistically significant ($F = 698.00$, $p < 0.001$) and explains 63.5% of the variance in purchase intention

($R^2 = 0.635$). This indicates that higher influencer credibility leads to increased consumer purchase intention. Therefore, the null hypothesis is rejected and the alternative hypothesis is accepted.

Variable	Coefficient (β)	Std. Error	t-value	p-value
Constant	1.065	0.121	8.818	0.000
Credibility	0.730	0.028	26.420	0.000

Table 6 : OLS Regression Result

Hypothesis Summary

Hypothesis	Decision
H1: Disclosure practices positively and significantly influences consumer trust.	Supported
H2: Ethical transparency positively and significantly influences consumer trust.	Supported
H3: Influencer credibility positively and significantly influences purchase intention.	Supported

Table 7 : Hypothesis Testing Summary

DISCUSSION

The findings of this study provide strong evidence that ethical practices in influencer marketing significantly influence consumer trust and purchase intention. The regression results show that disclosure practices ($\beta = 0.634$, $p < 0.001$) and transparency ($\beta = 0.752$, $p < 0.001$) have a significant positive impact on consumer trust, with transparency demonstrating a stronger effect. This indicates that consumers place greater importance on honesty and openness in influencer communication. These findings are consistent with Bairathi and Lambrecht (2023), who emphasized that clear and authentic disclosures can enhance trust and engagement in sponsored content.

The study also reveals that influencer credibility has a strong positive influence on purchase intention ($\beta = 0.730$, $p < 0.001$), suggesting that consumers are more likely to purchase products recommended by credible and authentic influencers. This supports the findings of Bruns (2018) and Fadhila (2021), who highlight the importance of authenticity and trust in influencing consumer decisions.

Furthermore, the correlation results indicate strong positive relationships among all constructs, particularly between credibility and trust ($r = 0.83$) and between trust and purchase intention ($r = 0.83$). This suggests that trust plays a crucial role in linking ethical practices and consumer decision-making. Overall, the results confirm that ethical disclosure, transparency, and credibility are key determinants of trust and purchase intention in influencer marketing.

CONCLUSION

The present study examined the impact of ethical disclosure, transparency, and influencer credibility on consumer trust and purchase intention in influencer marketing

among consumers in Bangalore. The findings indicate that ethical practices play a crucial role in shaping consumer perceptions and behavioural outcomes.

The results show that both disclosure practices and transparency have a significant positive influence on consumer trust, with transparency emerging as the stronger predictor. Additionally, influencer credibility was found to significantly impact purchase intention, highlighting the importance of authenticity and trustworthiness in influencer endorsements. The strong relationships observed among trust and purchase intention further emphasize the role of trust as a key driver of consumer decision-making.

Overall, the study concludes that ethical and transparent influencer marketing practices enhance consumer trust, which in turn positively influences purchase intention. These findings underline the need for influencers and brands to adopt clear disclosure practices and maintain credibility to build long-term consumer relationships. The study also contributes to the limited empirical research on influencer marketing in the Indian context, particularly in Bangalore, and provides a foundation for future research in this area.

LIMITATIONS

The study has certain limitations that should be considered while interpreting the findings. First, the research is limited to consumers in Bangalore, which may restrict the generalizability of the results to other regions. Second, the study adopts convenience and snowball sampling techniques, which may introduce sampling bias. Third, the data are collected using self-reported questionnaires, which may be subject to response bias.

Additionally, the study focuses only on selected variables such as ethical disclosure, transparency, and



influencer credibility, while other factors like brand image, social influence, and personal preferences were not considered. Finally, the cross-sectional design captures data at a single point in time and does not account for changes over time.

Implication of the study

The findings of this study have important implications for marketers, influencers, and policymakers in the domain of influencer marketing.

For marketers and brands, the results highlight the importance of adopting ethical disclosure and transparent communication strategies in influencer campaigns. Clear disclosure practices and honest content presentation significantly enhance consumer trust, which in turn positively influences purchase intention. Firms should collaborate with credible influencers who maintain authenticity and transparency to build long-term consumer relationships and improve campaign effectiveness.

For influencers, the study emphasizes the need to maintain credibility, authenticity, and ethical responsibility while promoting products. Influencers who clearly disclose sponsored content and communicate honestly are more likely to gain consumer trust and influence purchasing decisions. This suggests that ethical behaviour is not only a regulatory requirement but also a strategic advantage in building a loyal audience base.

For policymakers and regulatory bodies, the findings underline the importance of strengthening guidelines related to disclosure practices such as #ad and #sponsored content. Ensuring clear and consistent implementation of such guidelines can enhance transparency in influencer marketing and protect consumer interests. Regulatory frameworks should focus on improving awareness and compliance among influencers and brands.

The study is limited to consumers in Bangalore and focuses on selected variables such as disclosure, transparency, and credibility. Future research can extend the study to other regions and include additional factors such as brand image, social influence, and consumer demographics to gain deeper insights into influencer marketing effectiveness.

Future scope of the study

The present study offers several opportunities for future research. Similar studies may be conducted in other cities and regions to compare consumer behaviour across different geographical areas. Future researchers may include larger and more diverse samples to improve the generalizability of findings. Additional variables such as brand image, social influence, product type, and consumer demographics can also be incorporated for deeper analysis.

Further studies may examine the role of trust as a mediating variable between ethical disclosure, credibility, and purchase intention. Longitudinal studies can also be undertaken to analyse changes in consumer behaviour over time as influencer marketing continues to evolve.

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