

# MISQ Archivist

## Prominence and Interpretation of Online Conflict of Interest Disclosures

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### Abstract

Online product reviews are influential sources of information that some companies attempt to manipulate by compensating reviewers for favorable comments. The U.S. Federal Trade Commission has mandated disclosure of reviewer compensation to address this potential conflict of interest, but the effect of such disclosures on consumer attitudes is unknown. By extending prominence–Interpretation theory, this work reconciles conflicting empirical results by introducing two novel elements of prominence (i.e., proximity and embedding) and demonstrating the effect disclosures have on reviewer credibility through two experiments (N = 750). The effects of social consensus and prior warnings on how consumers interpret disclosures are also studied. Using a general population sample (N = 346), Experiment 1 demonstrated that proximity to review increased disclosure prominence while embedding the disclosure in the review decreased disclosure prominence. More prominent disclosures reduced reviewer credibility, but less prominent disclosures had no effect. Using a student sample (N = 404), Experiment 2 demonstrated that disclosure interpretation is affected by prior warnings about conflicts of interest and the consensus of other reviews. When there was disagreement between reviews and prior warnings were provided, disclosures reduced reviewer credibility. But when there was a consensus of positive reviews or no consensus information was provided, disclosures had no effect. Our studies show that both prominence and interpretation are important to consider in understanding the effects of disclosure statements. However, variables associated with prominence produced the most robust results. The theoretical implications of these results and the practical implications for consumers, companies, and policymakers are discussed.

**Keywords:** Prominence–interpretation theory, disclosure, online reviews, electronic word of mouth, conflict of interest, astroturfing, credibility, attribution, social consensus, public awareness warnings, reviewer compensation