

Influencer Marketing on Instagram: Examining issues of disclosure and regulation for Malaysia

Nor Fadzlina Nawi, Nur Amalina Faizol

Faculty of Law, Universiti Teknologi MARA, Malaysia

nfadz644@uitm.edu.my Tel: +6013838485

Abstract

Social media influencers have now become the foundation of the digital marketing landscape. This paper discusses the different types of 'influencers' and examines influencer marketing practices in Malaysia based on selected post content on Instagram, and explored Malaysia's need to review its regulation, especially when it comes to disclosure. The study's findings give an overview of the marketing practices undertaken by these influencers and the lack of disclosure of 'material connection' between the business or brand and the influencers. Finally, it is acknowledged that Malaysia needs to welcome changes in the laws dealing with influencer marketing.

Keywords: disclosure; influencer marketing; social media; regulation

eISSN 2514-7528 ©2021 The Authors. Published for AMER ABRA cE-Bs by e-International Publishing House, Ltd., UK. This is an open access article under the CC BY-NC-ND license (http://creativecommons.org/licenses/by-nc-nd/4.0/). Peer–review under responsibility of AMER (Association of Malaysian Environment-Behaviour Researchers), ABRA (Association of Behavioural Researchers on Asians, Africans, Arabians) and cE-Bs (Centre for Environment-Behaviour Studies), Faculty of Architecture, Planning & Surveying, Universiti Teknologi MARA, Malaysia.

DOI: https://doi.org/10.21834/jabs.v6i20.399

1.0 Introduction

In this age, social media is a communication channel and has become a much savvier marketing avenue of the digital landscape (Tuten & Solomon, 2017; Lipschultz, 2018). The growth of social media and its users has opened a new wave of marketing trends, known as influencer marketing.

Influencer marketing in this digital age may be a new form of marketing tool in Malaysia, but it is thriving. This form of marketing, also known as 'the digital version of mouth marketing' (Sinkwitz, 2016), engages a category of people termed as 'social media influencer' for marketing products or services through the myriad of social media channels, often in exchange for money, or free or discounted products, or services. These so-called 'influencers' are those individuals having a significant number of following on social media platforms, including Twitter, Instagram and Facebook (Smith et al., 2018). Several studies have shown that social media influencers play an important role as a reference group in consumers' purchase behaviour these days due to their popularity or relationship with their followers, which in turn makes marketing through these influencers a success (Barker, 2017; Barker, 2018; Berger, 2012; Clark et al., 2017; Ewers, 2017; Khatib, 2016; Linh, 2018; Low & Lim, 2012; Smith et al., 2018; Wiley, 2017; Woods, 2016).

With the percentage of Internet users in 2019 that stood at 88.7% based on the Internet Users Survey 2020 conducted by the Malaysian Communications and Multimedia Commission (MCMC), marketing through social media influencers could certainly reach a wide range of Malaysian users. These users' top online activities include text communication (98.1%), browsing social media (93.3%) and information access (74.3%). Out of those who visit social media sites, the survey reported that 91.7% have Facebook accounts, and 63.1% have accounts on Instagram. Garry Chua, the President of the Malaysia Retail Chain Association, has some time back acknowledged that social media influencers are valuable for businesses today, and many of them have included these influencers in their marketing strategies (Yuen, 2018).

Although this marketing trend is a recent phenomenon in the marketing field in Malaysia, marketing agencies have been reported by the media to be regularly engaged in such marketing strategies (Dhesi, 2020). In addition, local media have also interviewed a couple of influencers who admitted to having turned to social media 'influencing' as a career. These influencers reported regularly being approached to promote products and services in the beauty, sports and lifestyle categories (A Malek, 2018). In fact, a recent court case in 2020 involving Malaysian actress, Fazura has shown the prevalence of this marketing strategy. In the suit, it was reported that the actress was required to be featured in photographs and videos for use by one Narhamdan Abd Malek, the owner of Maydan Trading, in marketing his product over a six-month period on the artiste's Instagram.

This phenomenon, however, raises certain legal concerns. Faizol & Nawi (2018), for example, highlighted a common legal issue in the usage of social media influencers in marketing in Malaysia that is the lack of disclosure of endorsement practices under marketing laws. The issue of disclosure has been extensively touched upon in the media abroad. It has garnered the attention of regulatory agencies such as the U.S. Federal Trade

Commission (FTC) and the Italian Competition Authority, which have been very concerned with these influencers' practice of hidden advertising. In 2018, the FTC started sending reminders to 90 influencers that full disclosure of any 'material connection' with advertised consumer goods or services is a duty, emphasising that truth in advertising and marketing also applies to social media.

Thus far, the lack of full disclosure in influencer marketing practices has become one of the most common violations under marketing laws that has been widely discussed. Studies have shown that influencers' credibility and lack of disclosure in their endorsement practices on their social media accounts have now become rife (Abidin & Ots. 2016; Gürkaynak et al., 2018). In Malaysia, marketing agencies have also started to acknowledge how consumers are now wary of the authenticity and credibility of recommendations made by social media influencers (Dhesi, 2020). However, local lawmakers are slow to keep pace with technological change, including the evolving social media landscape. Inquiries made to the Malaysian Communications and Multimedia Commission (MCMC) in April 2019 revealed that Malaysia has yet to have any specific guidelines or regulations for social media influencers. The much-needed regulation ensures that sponsored or advertisementbased posts on social media accounts are clearly labelled and identified. A legislation review regarding disclosure in Malaysia also shows that the Malaysian marketing industry has been silent on the matter. Although available for regulating traditional marketing and advertisement, current laws in Malaysia are limited in scope and lack detailed guidelines for influencer marketing. As a result, the regulatory framework for Malaysia still lags for as long as the significant impact of influencers' marketing activities remains ignored.

This study provides an overview of influencer marketing practices in Malaysia and assesses whether such practices warrant a specific regulation, especially when it comes to disclosure. The study reviews postings on the social media platform, focusing on Instagram, categorised as endorsements by selected local social media influencers and assessing signs of disclosure in any of these postings. The findings of this study are preliminary and not extensive. However, they would provide an understanding of the subject matter at hand, at least when regulating disclosure in influencer marketing.

For the study, considering the advancement of the USA in dealing with endorsements and disclosures in influencer marketing, the 2018 FTC's 'Endorsements Guides' (Federal Trade Commission, 2018) is referred to in assessing whether a disclosure is necessary for the reviewed postings. The FTC Guides provide 35 examples of various endorsement scenarios as a point of reference, especially for the social media influencer deciding whether to disclose the material connection with the brand, even if businesses gave free products to an influencer in hopes for a positive review from the influencer. If such a connection is not disclosed, the influencer can be liable for deceptive social media endorsement. The study focuses its assessment on Instagram, for it is currently one of the most popular platforms for influencer marketing in Malaysia (Anymind Group Inc. 2020). Instagram is acknowledged as a popular influencer marketing platform due to its high levels of user engagement generated from its visual content interface (Evans et al., 2017; Jaakonmäki et al., 2017).

In the next section, the concept of digital age influencer marketing and the different marketing practices possible on social media is summarised, followed by a discussion on the importance of disclosure in influencer marketing. The paper further detailed the methodology adopted for the study and a review of the findings and recommendations.

2.0 Disclosure in Influencer Marketing

Traditionally, celebrities have performed endorsement using channels in the mass media since the late nineteenth century (Brassington & Pettitt, 2005; Erdogan, 1999). For decades, businesses have been hiring individuals with a significant social impact, such as celebrities, athletes, and motivators, to advertise or endorse products or services through traditional media. However, the emergence of social media networks has now changed the way marketing works profoundly. Millennial's dependence on social media means that they are no longer regularly exposed to conventional media, therefore getting less influenced by traditional marketing strategy. This situation does not necessarily mean endorsement practices are no longer relevant. It may not be the most effective in the traditional sense, but it has somehow found a better fit in the realms of social networking through these social media influencers.

Modern influencer marketing relies on social media influencers, individuals with a significant social media following, to boost online engagement for the business or brand's endorsed product or service (Barker, 2017; Ewers, 2017; Khatib, 2016; Linh, 2018; Low & Lim, 2012; Samat et al. 2014; Smith et al., 2018; Wiley, 2017; Woods, 2016). These so-called 'influencers' are a new type of 'third parties that the marketers engage with for products or services endorsements through the myriad of social media channels, often in exchange for money or free or discounted products or services. They are a select few people who have the power to affect a purchase decision of others because of their authority, popularity or relationship with their followers (Smith et al., 2018).

These social media influencers employed endorsement practices for marketeers in various ways. They may review certain products or services by posting selected images or videos on their social media accounts in exchange for money or free or discounted products or services. They may also be employed to set off certain contests or giveaways by marketeers for certain products or services. They may be invited to attend certain products or services launch events sponsored by marketeers and expected to share images or videos of the event which, inevitably create brand awareness.

According to Khamis et al. (2017), social media influencers can currently be categorised into a few groups of people with influence, including celebrities, industry experts, bloggers and micro-influencers. However, determining whether these so-called influencers are genuinely 'influential' is often problematic. However, Goanta and Ranchordás (2019) opined that an individual can be considered as an influencer based on several elements; including the type of industry these influencers operate, the source of their social media popularity, the number of followers and content engagement, and the existence of a business underlying the influencer's operation. Regardless, the most important factor in

influencer marketing rests on the ability of these influencers to monetise content on social media.

Paid endorsements and sponsorships are, therefore, a regular occurrence in influencer marketing. Marketeers, either brands or sole proprietors, are now spending more money to pay the influencers to endorse their products or services on social media (Bloglovin', 2017). According to a study by Bloglovin', about 63 per cent of brands have increased their budget for influencer marketing in 2017. That study also found that 71 per cent of marketers said influencer marketing raised significant awareness towards their brands through social media (Bloglovin', 2017). The rise of influencer marketing also helps the brand connect directly with the consumers and is the most effective way to attract their targeted audience (Glucksman, 2017; Hudson et al., 2016). There are claims that these social media influencers have now become more powerful than traditional celebrities (Khamis et al., 2017).

Although specific regulations may vary, several studies have pointed out that social media influencers engaged in such marketing activities have to disclose their advertising relationships with the businesses, including when the influencer receives a free product and/or compensation in exchange for his or her endorsement, testimonial or review (Boerman et al., 2017; Khamis et al., 2017; Smink et al., 2017). Disclosure becomes even more necessary because, unlike the traditional marketing method, in which we recognise that celebrities are paid to promote certain products or services, similar recognisance is often undetectable in influencer marketing. Considering the extent of influence these social media influencers have on at least a majority of their followers, sufficiently disclosing the partnerships between marketers and influencers is vital to increasing transparency. It will also prevent their followers and consumers from feeling deceived about a product or service endorsed by the influencer.

Legally, Malaysia's legislators are yet to attend to this concern. In this country, marketing is self-regulatory. The protection provided by the Consumer Protection Act 1999 (CPA) for e-consumers against misleading and deceptive conduct, false representation, and unfair practices does not cover goods or services marketed on social media platforms. Full disclosure of advertising and marketing relationships is imperative under consumer protection laws to avoid misleading and confusing consumers in their purchase decision. This study next explores the marketing practices currently employed by social media influencers in Malaysia, especially on the Instagram platform, and examines whether disclosure is evident in their marketing practices.

3.0 Methodology

In fulfilling the research aims, the paper assesses the different social media endorsement practices on the Instagram platform and the associated legal concerns. Instagram is chosen for it is acknowledged to be a popular influencer marketing platform due to its high levels of user engagement (Evans et al., 2017; Jaakonmäki et al., 2017). Therefore, data were collected, coded and qualitatively analysed from the contents of postings published

by selected social media influencers in Malaysia on the Instagram platform from January 2019 to April 2019. For the record, Instagram is a social media platform based on sharing photos and videos, allowing for captions and emojis. The accounts where these photos and videos are posted can be followed. The followers can like, comment, share and save the posts on the accounts, referred to as engagement in its context (Hu et al., 2014).

This study is a preliminary one, aiming to provide an overview of social media influencers' marketing practices in Malaysia, limits the content analysis of the Instagram postings to only ten selected accounts. The ten social media influencers were shortlisted based on initial search protocols and outcomes via a Google search using the terms 'top influencers & Malaysia & 2019'. Notably, the sample is relatively small. Nevertheless, it grants an opportunity for an in-depth analysis of the postings. The search results were reviewed, and the top ten influencers with the highest number of followers on their respective accounts were chosen to be reviewed. Information regarding the name of the influencers and number of followers were compiled and corroborated by examining their Instagram accounts respectively before a final list is presented here in Table 1. Notably, these influencers mostly hailed from a similar type of industry: entertainment and are considered show-business professionals in Malaysia.

Due to the sheer number of posts on the accounts of these top influencers, the investigation is limited to contents posted from January to April of 2019. A total of 2398 posts from the ten accounts were retrieved and analysed. The postings were browsed and sorted into five categories - personal matters, career-related, products, services, events.

For this study, the 2018 FTC's 'Endorsements Guides' (Federal Trade Commission, 2018) is heavily referred to in assessing whether disclosure is necessary for the reviewed postings. Each post is sampled against the 35 examples of various endorsement scenarios suggested by the USA's FTC's 'Endorsements Guides'. The Guides provide examples of various endorsement scenarios guidance for the social media influencer in deciding whether to disclose the material connection with the brand, including if businesses gave free products to an influencer in hopes for a positive review from the influencer.

Posts likely to be endorsements or reviews are identified and flagged based on terms or scenarios used in the postings and the FTC Guides. The terms or scenarios include:

- thanking a brand or business and tagging them in posts,
- posts of products or certain events or places which consists of a 'hashtag' of a certain brand or business or place,
- promoting certain contests of any brand or business,
- reviewing a particular business or brand, including food and beverage and hospitality services.

Posts likely to be endorsements or reviews identified and disclosed by these influencers are also noted. In clarifying the assumption of whether these influencers are involved in endorsement and/or review of product or services, the influencers are also approached in private to probe on their terms and conditions for prospective product and/or service endorsement or review.

4.0 Results

The findings of the analysis show that in the four months (January to April) of 2019, several contents posted on the Instagram accounts of the ten chosen Malaysia-based influencers examined (see Table 1) are likely to be some form of product or service endorsements or reviews. However, none of the posts indicated that they are paid or sponsored endorsements, except by three influencers. Furthermore, an examination of their accounts revealed that most of the posts which contained contents of possible product endorsements or reviews do not carry further information suggesting the paid or sponsorship relationship with the business that engage their services. The summary of the overall findings is tabulated in the following table.

Table 1. Review of Posts by Malaysia-based Top Influencers on Instagram (Jan – Apr 2019)

#	@username	Name	Profession/ Speciality	IG Followers #	Latest Number of Followers (April 2019)	Number of Posts Since Jan 2019	Number of Posts Likely to be an Endorsement/ Review in 2019 (April 2019)	Number of Posts Likely to be an Endorsement/ Review in 2019 which are disclosed as advertisement/ review
1	@ctdk	Siti Nurhaliza	Singer	6.2M	6.3M	537	101	none
2	@neelofa	Neelofa	Host, Actress	6.1M	6.2M	151	67	none
3	@noradanish	Nora Danish	Actress	5.8M	5.9M	394	60	none
4	@zizanrazak869	Zizan Razak	Comedia n/ Actor	5.7M	5.9M	153	26	None
5	@schaalyahya	Scha Alyahya	Model/ Actress	4.7M	4.8M	358	124	3
6	@haniszalikha	Hanis Zalikha	Blogger/ Actress	4.7M	4.8M	92	30	none
7	@missfazura	Nur Fazura	Actress	4.5M	4.6M	147	51	none
8	@jannanick	Janna Nick	Actress	4.4M	4.6M	167	81	33
9	@elfiraloy	Elfira Roy	Actress	4.4M	4.4M	145	72	none

10	@mfmirafilzah	Mira Filzah	Host/ Actress/ Model	4.3M	4.4M	254	97	6	
----	---------------	----------------	----------------------------	------	------	-----	----	---	--

(Source: Instagram)

These influencers are active on the platform, regularly posting content ranging from personal matters, career-related products, services, and personal or career-related events. In addition, they posted content related to products or services observed to be akin to product or service endorsement. Some of these influencers even welcome future negotiation for advertisements (also commonly known as 'paid reviews' amongst Instagram users) from those who visit their accounts (see example Figure 1). As shown on the Instagram account shown in Figure 1, the account holder with 6.7 million followers has left an email address (ads@xx) on her account profile understood to be for inquiries on advertisements. However, none of the postings reviewed from the account that is likely to be considered an endorsement or paid review was declared as such.

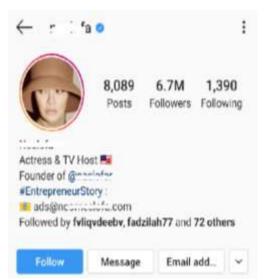


Figure 1: Sample Profile & Posts on Instagram (Jan – Apr 2019) (Source: Instagram)

The review also shows that most of these influencers do not disclose if any of their posts are sponsored or compensated, even when it is the case. This situation can be seen when the influencers are well-known to be the product ambassador of a certain brand (see sample posts in Figure 2). For example, the celebrity shown in Figure 2 is the brand ambassador for the product posted in the particular post. However, no mention was made in the post that it is part of an advertising campaign.



Figure 2: Sample of Posts on Instagram (Jan – Apr 2019) (Source: Instagram)

Only in some rare postings will some influencers highlight that they have been appointed as ambassadors for certain products. An example of one of them can be seen in Figure 3. However, even in those instances, there is no clear information suggesting that they are in a paid or sponsorship relationship with the business.



Figure 3: Sample of Posts on Instagram (Jan – Apr 2019) (Source: Instagram)

A cursory review of several other accounts on Instagram has also shown that this concern of a failure to disclose is not only exclusive to Malaysia-based top influencers in the study. Several other lesser-known celebrities (also identified as micro-celebrities), as displayed in Figure 4, have shown similar tendencies. Communications observed on this influencer's account proved that her followers (of 277k), being the consumers are not aware that some of the posts were endorsements and not from the influencers' review. A commentary left by one commentator, identified as 'Kambing' in Figure 3, gives an overview of the situation. In this instance, had *Kambing* knew that the influencer's post wearing the 'Surihati Telekung' was a paid review or advertisement, he or she would not be leaving comments – advising the influencer to hide her religious rituals activities. In subsequent replies, *Kambing* was somehow ridiculed with statements indicating that the original post reviewed the product. A click to a link left on the original posting of the influencer would lead consumers to the link of the product store. However, full disclosure of whether the post may be paid reviews or advertisements is almost non-existence.



Figure 3: Sample of Posts Correspondences on Instagram (Jan – Apr 2019) (Source: Instagram)

5.0 Discussion

Broadly, the findings indicate that most of the local social media influencers reviewed in the study are not shown to have realised the need to disclose their relationship with the brand or marketers when making any endorsement or paid review. However, when these influencers are approached personally through their account, enquiring if they carry any terms and conditions for a possible endorsement or review of product or service on their social media account, almost all of them responded in the affirmative. However, some are nonchalant in immediately exposing the cost of their services. At the same time, some other top celebrities prefer to review the business' account and product before giving their agreement and charges (for privacy and confidentiality reasons, these correspondences are not attached in this paper).

Some of these influencers may even appear to their followers as genuine or regular users of certain products or services. This lack of disclosure may project authenticity and credibility in product or services review to their followers. However, in reality, they were merely endorsing them for businesses and getting compensated for it. Therefore, the lack of disclosure on these postings leads to deceit and misleading followers and consumers when making their purchase decisions. Several commentators have stressed that as more consumers nowadays rely on these influencers for their purchase decisions, disclosing ties between the influencer and marketeers has become a duty (eMarketer, 2018; Faizol & Nawi, 2018; Ray, 2017).

These influencers may also be reviewing, promoting, or endorsing products or services they are not an expert of or have never really used, most times failing to disclose these facts. Unlike traditional marketing methods, such as advertisements slots on television, commonly recognised as paid celebrities promoting certain products or services, such disclosure is almost absent in influencer marketing, as can be observed in the example of accounts reflected in Table 1. Although the findings are limited and solely based on these selected Instagram accounts and not purported to represent all influencer marketing practices in Malaysia, they gave a disconcerting overview of the situation in Malaysia as similarly raised by Faizol and Nawi (2018).

Under Malaysia's current marketing laws, those involved in marketing and advertising must disclose all the relevant information that consumers should know before buying the products or engaging any services to avoid any confusion and ensure that their marketing activities should not be false, misleading, deceptive. Unfortunately, most posts by these social media influencers are devoid of such disclosure. Full disclosures are meant to provide transparency and honesty for all viewers of the sponsored post (Abidin & Ots, 2016; Boerman et al., 2017; Ewers, 2017; Federal Trade Commission, 2018). In other words, a material connection between the brands and the influencers need to be disclosed clearly, conspicuously, and broadly to be easily understood in the post. Influencers must let the consumers know that they are being paid to post about a brand or product on their social media accounts. Without full disclosure, the post might appear as if the influencers are posting their honest opinion or recommendation of the products/services, which can be misleading (Samat et al., 2014; Sterling, 2017; Sinkwitz, 2016). Consumers have a right to

know if it is an advertisement and not be misled into believing that the posts come from the influencers' genuine opinions. Knowing the influencers are paid or being compensated to promote the products will shape how the consumers value the posts and how much weight would be given to the post in making their purchase decision. The influencers reviewed for the study also do not realise that they have certain responsibilities to be honest to their followers when endorsing businesses. This situation is alarming considering that they are the most well-known show-business professionals in Malaysia and should be well-informed of their role as public figures.

In Malaysia, there are currently no specific regulations that cover influencer marketing on social media. Generally, consumerism matters and its protection in the country are dealt with by the Consumer Protection Act 1999 (CPA). In 2007, an amendment widened the scope of the CPA to include electronic commerce transactions. The CPA protects econsumers against misleading and deceptive conduct, false representation and unfair practices. The protection of e-consumers has also been further strengthened by the passing of the Consumer Protection (Electronic Trade Transaction) Regulation 2012, which impose on online business suppliers and online marketplace operators to take certain steps to protect the interests of consumers. The regulation states that all e-marketers must disclose all the relevant information that the e-consumers should know before buying the products. The 2012 Regulations apply to any person who operates a business through a website or an online marketplace for supplying goods or services (Online Business Supplier) and any person who provides an online marketplace (Online Marketplace Operator). Under the regulation, an 'online marketplace' refers to a website where third parties market goods or services for trade. However, this definition does not cover goods or services marketed on social media channels.

In terms of marketing, legislations are mostly self-regulatory and introduced by the Advertising Standards Authority Malaysia (ASA). As an independent body, the ASA was established in 1977 to provide independent security, self-regulatory system set up by the industry with a vision to create Malaysian advertising-free from any fraudulent conduct. The ASA administers the Malaysian Code of Advertising Practice (hereinafter the Code) to regulate its activities, which includes investigating complaints and copy advice, a service designed to help create an advertising campaign following the Code's requirements for advertising and marketing communication. Responsibility for observing the Code rests with the advertiser and applies to any advertising agency or medium involved in publishing the advertiser's message to the public. However, the Code is only applicable to "marketing communication or advertising wherever it may appear in the printed form." This scenario meant that the Code does not apply to goods or services marketed on social media channels.

However, matters relating to content over the electronic networked in Malaysia are administered by the Communication and Multimedia Content Forum of Malaysia (CMCF). The CMCF was introduced in compliance with the Communications and Multimedia Act 1998 in 2001 by the Malaysian Communications and Multimedia Content Code (MCMC). The MCMC is empowered by the Communications and Multimedia Act 1998 to establish an

industry body responsible for preparing a Content Code facilitating industry self-regulation, the CMCF. It acts as a Society, with representation from all relevant parties, to govern the content and address content-related issues disseminated through a networked electronic medium. In addition, the CMCF operates a Complaints Bureau that addresses grievances from consumers and industry members on matters relating to content over the networked electronic medium. Part 3 of the Code provides a guideline that applies to advertisements communicated electronically, including testimonials and endorsements. However, the Code itself only applies to all content made available in the content industry by the "Application Service Providers". The Code defines 'Applications Service Provider' as a person who provides applications service and provides functions such as voice services, data services, content-based services, electronic commerce, and other transmission services. The Licensing Regulations 2001 provide a detailed list of those considered as Application Service Providers, but they do not include services provided through or by the social media channels.

The absence of specific legislation on influencer marketing on social media in Malaysia does not mean that traditional laws on marketing should not apply to marketing in social media, as in the case of duty to disclose mentioned earlier. However, the reviewed legislation has limited their scope and coverage of protection and lacks detailed guidelines in dealing with social media influencers. Therefore, it is high time for Malaysia to acknowledge this growing concern in influencer marketing and its role in social media and welcome changes in the laws dealing with them. Lessons in doing so can be learnt from other jurisdictions

6.0 Conclusion

This study has examined a segmented part of influencer marketing practices in Malaysia on the social media platform Instagram. Notably, the study has its limitations. It is a relatively small-scale pilot, qualitative research, and the findings are preliminary. However, its findings provide initial insights into the marketing practices currently employed by social media influencers in Malaysia and the frequent lack of disclosure of 'material connection' between the business or brands and the influencers. This situation occurs even when postings of contents are likely categorised as an endorsement of a product or service.

Admittedly, influencer marketing in Malaysia is still considered a new phenomenon. Many Malaysians, including some businesses and influencers, may still not grasp its whole concept and the legal issues. Furthermore, there is yet to be a specific regulation requiring social media influencers to disclose their sponsored/material connection with any business on social media in Malaysia. The lack of regulation for full disclosure in influencer marketing in Malaysia means influencers are not necessarily bound to show they have fulfilled such duty. Nevertheless, as this method in marketing is fast becoming a trend, there is a need to re-examine the adequacy of the regulatory framework in Malaysia applicable to this new development, especially when it comes to disclosure. MCMC acknowledge that Malaysian laws, including the Communications and Multimedia Act 1998, Consumer Protection Act

1998, and Medicine (Advertisement & Sale) Act 1956, have limited scope and protection for consumers. They lack detailed guidelines in dealing with social media influencers. However, these influencers are still subject to these laws. While the duty of disclosure may be present under traditional marketing laws and can be extended to these influencers, but when it comes to enforcement, the lack of specified regulation may prove to be a challenge in ensuring influencers comply with such duty.

Further research will also need to be conducted to widen the scope of the data examined and assess the extent to which these non-disclosures affect consumers' purchase decision-making in Malaysia. Meanwhile, violation of general laws on marketing continues to be common when these Malaysian-based social media influencers engage in their marketing activities. Malaysia needs to acknowledge this growing concern in influencer marketing and its role in social media and welcome new laws in dealing with them. Future research should also consider best practices and policies from several jurisdictions that have recently tackled influencer marketing, including the USA and UAE, to develop the relevant law for Malaysia.

Article Contribution to Related Field of Study

This article has contributed to the dearth of literature regarding the issue of disclosure in influencer marketing in Malaysia's context. The findings raise relevant concerns affecting consumerism rights in this digital age and the need to respond to them.

References

Abidin, C., & Ots, M. (2016). Influencers Tell All? Unravelling Authenticity and Credibility in a Brand Scandal. In Blurring the lines: Market-driven and democracy-driven freedom of expression (p. 153). Nordicom.

A Malek, N.H. (2018, July 15). Influencing as a career. The Star. https://www.thestar.com.my/news/nation/2018/07/15/influencing-as-a-career

AnyMind Group Inc. (2020). State of Influencer Marketing in Asia 2020. https://anymindgroup.com/news/announcement/7784/

Azman, A. (2019, December 30). Khainina Khalil. STAIL.MY. https://stail.my/v2/fresh-face/fresh-face-2018-khainina-khalil/

Barker, S. (2017). Retrieved November 30, 2019, from Influencer Marketing Statistics that will surprise you in 2018: https://medium.com/@shane_barker/75-influencer-marketing-statistics-that-will-surprise-you-in-2018-b11c39a92b36

Barker, S. (2018) Retrieved July 7, 2019, from 5 Ways Instagram Influencers Can Help Grow Your Brand. Retrieved from www.socialmediatoday.com/: www.socialmediatoday.com/news/5-ways-instagram-influencers-can-help-grow-your-brand/516034/

Berger Paul, D., Pooja, M., Black Jennifer, E., & Jiangmei, C. (2012). The impact of social media usage on consumer buying behaviour. *Advances in management*.

Bloglovin'. (2017). We Asked, They Answered: How Marketers Are Leveraging Influencer Marketing. Bloglovin' Marketers Survey. Retrieved from https://www.activate.social/docs/whitepaper/bloglovin_marketers_survey_report.pdf

Boerman, S. C., Willemsen, L. M., & Van Der Aa, E. P. (2017). "This Post Is Sponsored": Effects of Sponsorship Disclosure on Persuasion Knowledge and Electronic Word of Mouth in the Context of Facebook. *Journal of Interactive Marketing*, 38, 82-92.

Brassington, F., & Pettitt, S. (2005). Principles of Marketing. London: NY: FT Prentice Hall.

Clark, M., Black, H. G., & Judson, K. (2017). Brand Community Integration and Satisfaction with Social Media Sites: A Comparative Study. *Journal of Research in Interactive Marketing*, 11(1), 39-55.

Dhesi, D. (2020, Jan 13). How effective is influencer marketing? The Star. https://www.thestar.com.my/business/business-news/2020/01/13/how-effective-is-influencer-marketing

eMarketer. (2018, February 14). Retrieved from Why Disclosure Is Essential When It Comes to Influencer Marketing: https://www.emarketer.com/content/why-disclosure-is-essential-when-it-comes-to-influencer-marketing

Erdogan, Z. B. (1999). Celebrity Endorsement: A Literature Review. *Journal of Marketing Management*, 15(4), 291-314.

Evans, N.J., Phua, J., Lim, J. and Jun, H. (2017). Disclosing Instagram influencer advertising: The effects of disclosure language on advertising recognition, attitudes, and behavioural intent. Journal of Interactive Advertising, 17(2),138-149.

Ewers, N. L. (2017). #sponsored –Influencer Marketing on Instagram: An Analysis of the Effects of Sponsorship Disclosure, Product Placement, Type of Influencer, and their Interplay on Consumer Responses. Master thesis.

Faizol, N.A & Nawi, N.F (2018). Arising Legal Concern in Endorsement Practices by Social Media Influencers in Malaysia: A Comparative Perspective. Proceedings of the International Law Conference (iN-LAC 2018) - Law, Technology and the Imperative of Change in the 21st Century, Malaysia, 372-378. https://doi.org/10.5220/0010051903720378

Federal Trade Commission. (2018). Guides Concerning the Use of Endorsements and Testimonials in Advertising. https://www.ftc.gov/sites/default/files/attachments/press-releases/ftc-publishes-final-guides-governing-endorsements-testimonials/091005revisedendorsementauides.pdf

Goanta, C., & Ranchordás, S. (2020). The regulation of social media influencers: an introduction. In The Regulation of Social Media Influencers. Edward Elgar Publishing.

Glucksman, M. (2017). The Rise of Social Media Influencer Marketing on Lifestyle Branding: A Case Study of Lucie Fink. Retrieved from https://www.elon.edu/u/academics/communications/journal/wp-content/uploads/sites/153/2017/12/08_Lifestyle_Branding_Glucksman.pdf

Gürkaynak, B., Kama, C., & Ergün, B. (2018). Navigating the Uncharted Risks of Covert Advertising in Influencer Marketing. Business Law Review, 17-19.

Hudson, S., Li Huang, Roth, M. S., & Madden, T. J. (2016). The Influence of Social Media Interactions on Consumer–brand Relationships: A Three-country Study of Brand Perceptions and Marketing Behaviors. *International Journal of Research in Marketing*, 33(1), 27-41.

Jaakonmäki, R., Müller, O., & Vom Brocke, J. (2017, January). The impact of content, context, and creator on user engagement in social media marketing. In Proceedings of the 50th Hawaii international conference on system sciences.

Khamis, S., Ang, L., & Welling, R. (2017). Self-branding, 'micro-celebrity and the rise of Social Media Influencers. Celebrity Studies, 8(2), 191-208.

Khatib, F. (2016). The impact of social media characteristics on purchase decision empirical study of Saudi customers in Aseer Region. International Journal of Business and Social Science, 7(4), 41-50.

Linh, T. H. M. (2018). The impact of social media marketing on brand equity and purchase intention in the case of Samsung smartphone brand Vietnam (Doctoral dissertation, International University-HCMC).

Lipschultz, J. H. (2018). Social Media Communication Concepts, Practices, Data, Law and Ethics (Second ed.). New York: Routledge.

Low, S. F., & Lim, S. W. (2012). Impacts of celebrity endorser on Malaysian young consumers: an empirical study in the sports industry. SEGi Review, 5(1), 95-114.

Malaysian Communications and Multimedia Commission. (2020). *Internet Users Survey 2020*. https://www.mcmc.gov.my/skmmgovmy/media/General/pdf/IUS-2020-Report.pdf

Ray, R. (2017). Small Business Trend. Retrieved November 3, 2018, from: https://smallbiztrends.com/2017/10/importance-of-disclosure-in-influencer-marketing.html.

Samat, M. F., Hashim, H., & Yusoff, R. N. R. (2014). Endorser credibility and its influence on the attitude toward social media advertisement in Malaysia. Review of Integrative Business & Economics, 4(1), 144-159.

Sinkwitz, J. (2016). Ethical and Legal Considerations of Influencer Marketing. Retrieved January 30, 2018, from https://www.linkedin.com/pulse/ethical-legal-considerations-

Sinkwitz, J. (2016). What Is Influencer Marketing?, Retrieved November 30, 2019, from: https://intellifluence.com/blog/what-is-influencer-marketing

Smink, A. R., van Reijmersdal, E. A., & Boerman, S. C. (2017). Effects of brand placement disclosures: An eye-tracking study into the effects of disclosures and the moderating role of brand familiarity. In Advances in advertising research VIII (pp. 85-96). Springer Gabler, Wiesbaden.

Smith, B. G., Kendall, M. C., Knighton, D., & Wright, T. (2018). Rise of the brand ambassador: Social stake, corporate social responsibility, and influence among the social media influencers. Communication Management Review, 3(01), 6-29

Sterling, G. (2017), Survey: Most consumers unaware that paid influencer posts are #ads. Retrieved February 26, 2019, from: https://marketingland.com/survey-consumers-unaware-paid-influencer-posts-ads-227021

The Malaysian Communications and Multimedia Content Code (2014).

The Malaysian Reserve. Social media influencers remain digital marketing choice for local brands. Retrieved March 14, 2019, from: https://themalaysianreserve.com/2019/03/14/social-media-influencers-remain-digital-marketing-choice-for-local-brands/

Tuten, T. L., & Solomon, M. R. (2017). Tuten, Tracy L., and Michael R. Solomon. Social Media Marketing. Sage.

Wiley, D. (2017). Turning Millennial Prospects Into Customers. Retrieved May 30, 2019, from: https://www.business2community.com/online-marketing/turning-millennial-prospects-customers-01852954#DIdMi2GuoP3Wsfju.97

Woods, S. (2016). # Sponsored: The emergence of influencer marketing.

Yuen, M. (2018, 15 July). Liked by Many. The Star online. Retrieved October 20, 2019, from: https://www.thestar.com.my/news/nation/2018/07/15/liked-by-many-social-media-influencers-are-a-force-to-be-reckoned-with-in-promoting-businesses-today

Zack, J. (2021, September 7). High Court's dismissal of suit against Nur Fazura, Universal Music upheld. The Star. https://www.thestar.com.my/news/nation/2021/09/07/high-courts-dismissal-of-suit-against-nur-fazura-universal-music-upheld