

Should social influencer marketing sponsorships always be disclosed?

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INTRODUCTION

Just simply visiting your favorite website provided companies with the opportunity to trace our cookies and bombard us with advertisements; so, we downloaded Ad Blocker. Watching television used to be our favorite pastime until our favorite shows continued to be interrupted with laundry detergent ads, or cat food jingles. So, we stopped watching traditional television, and downloaded Netflix to be completely free from ads. So now, as we continue to block marketers out, what's the best way for them to grab our attention? Social media; where approximately 3.028 billion users can currently be reached ("There Are Now over 3 Billion Social Media Users in the World", 2017). If you thought placing your social media pages on 'private' was the key to keeping out advertisements and sponsored content, think again.

As the decline of traditional media platforms continues, platforms like social media and influencer marketing are on the uptick. Marketers are keeping a watchful eye on what garners the most attention from consumers, and pursuing influencers to work with who can tap into their desired markets and promote their goods or services. These days, we are seeing more of influencer marketing. Some might even argue that it's difficult to differentiate between a regular post or a sponsored post when it comes from someone you already follow. With the increased usage of celebrities, public figures and peer influencers who partner with companies, how do consumers navigate this new landscape? Are paid sponsorships explicitly shown? How do disclosed sponsorships affect how social users interact with the content? Will the current FTC guidelines protect consumers from ad deception? *Should social influencer marketing sponsorships always be disclosed?*

BACKGROUND

Social media influencer marketing is an evolutionary tactic that began with the rise of the internet. It is one of the hottest trends used to market to consumers. It was only a matter of time before marketers found a way to infiltrate the marketplace; and they found that individuals listen more when it's coming from people within their peer group, who they admire, or aspire to be. Social influencers, or social media users with an established credibility in a specific industry, are individuals who help to drive the marketers mission: to sell. These influencers have access to a large audience and can persuade followers by virtue of their authenticity and reach ("Definition: What Is a Social Media Influencer?", 2017). It is certainly no secret that social influencers are a very powerful marketing tool. Depending on the type of audience marketers want to reach, they hone in on an influencer that will best represent their key audience. Within the scope of social influencers, there are two types: micro-influencers and macro-influencers. Micro-influencers are usually considered 'normal' people, with around 10,000 followers. Micro-influencers often have a follower base that trusts them enough to value their opinions ("Micro-Influencers vs Macro-Influencers", 2018). Marketers understand the relationship micro-influencers hold with their audience and utilize their position to promote and share their content. In contrast, macro-influencers, are household names with a huge following. Think of the Kardashians or LeBron James. Brands and marketers often reach out to macro-influencers and request for them to feature their products. Most commonly, if you want the highest visibility and awareness for your brand, you reach out to macro-influencers.

As the popularity of social influencer marketing continues to rise, so do the regulations preventing illicit marketing. The Federal Trade Commission (FTC) is a U.S. government agency that works to protect consumers by stopping unfair, deceptive or fraudulent practices in the marketplace. This commission was established in 1914, long before the internet was even

thought of. Throughout the years, the FTC has issued updates to help address problems related to influencer marketing and illicit practices. These updates often address best practices and answer questions that may be relevant to consumers or marketers. The FTC has stated that they are keeping a watchful eye on all social media platforms to ensure that marketers and influencers are not partaking in deceptive tactics. Some of the latest suggestions that FTC recommends include: clearly disclosing when you have a financial or family relationship with a brand by using a hashtag like #ad or #sponsored, ensuring sponsorship disclosure is hard to miss, including tags in pictures, and superimposing disclosures on images for image-only platforms like Snapchat. (“Three FTC Actions of Interest to Influencers”, 2017) While the FTC tries to stay on top of the social scene, most of the updates addressing deceptive practices aren’t released until after poor behavior warranted them.

In April 2017, the FTC sent 90 celebrities, athletes, and other macro-influencers letters to remind them that their relationships with brands should be clearly stated when promoting or endorsing on social media platforms. Currently, FTC guidelines state, “if there is a ‘material connection’ between an endorser and an advertiser – in other words, a connection that might affect the weight or credibility that consumers give the endorsement – that connection should be clearly and conspicuously disclosed, unless it is already clear from the context of the communication,” (“FTC Staff Reminds Influencers and Brands to Clearly Disclose Relationship”, 2017). The FTC describes a material connection as one pertaining to business or familial relationships, monetary payment, or the gift of a free product. Many macro-influencers have faced much scrutiny for failure to disclose their brand collaborations with their followers, but micro-influencers are a bit harder to crack down.

As the popularity of influencer marketing continues to grow, so does the number of users who enter the landscape and try their luck in this form of marketing. According to Entrepreneur, over 30,000 different micro-influencers, or users with less than 100,000 followers, run disclosed sponsored posts. In addition, at least 30,000 more run undisclosed posts, which comprises well over 90 percent of sponsored promotions. (“Why the FTC's Influencer Disclosure Policy Is Completely Off Target”, 2017). This is possible due to the fact that most of the rules and regulations from the FTC focus more on macro-influencers. Micro-influencers are infiltrating their way through social media and making it tough for organizations like the FTC to determine who can be considered an influencer or what their impact might be on users.

RESEARCH METHODS

In order to obtain a better scope of social media users and their interactions with social influencers, a multiple choice 5-question survey was distributed. This survey was shared with 11 males and females between the ages of 18-25. The survey asked the following questions:

1. Which of the following social networks/community sites do you use and how often do you use them? (Facebook, Twitter, Instagram, Pinterest, Blog, Other)
2. Which of the following platforms do you follow/subscribe to influencers? (Facebook, Twitter, Instagram, Pinterest, Blog, Other). Why?
3. What kind of content do you gravitate towards when following an online personality?
4. How likely are you to try a brand if your favorite blogger/online personality recommends it?
5. How can a social influencer’s disclosure of a sponsorship affect their credibility to you?

These questions aimed to determine which platforms users hold the most interactions with social influencers, what drives their motivations to follow influencers, and how disclosure of sponsorship might affect influencer’s credibility. One might hypothesize that sharing or disclosing a sponsored ad might tarnish the credibility of both an influencer as well as the product or good they are promoting.

RESEARCH FINDINGS

Results found from the survey provided very interesting results that held more context to the key issues at hand. When asked which social media platforms were used on a regular basis, all 11 participants answered Instagram, and more than half answered Twitter and Facebook equally. These results provide a better scope of where individuals might be most likely to interact with social influencers or view social ads. In addition, 9 out of 11 of participants stated they follow a social influencer on Instagram, and 6 out of 11 follow an influencer on Twitter. Results also found that social media users are most likely to gravitate toward content that focuses on fashion, sports, fitness and lifestyle, and comedy, and note those as driving factors that would peak their interest in following an online personality. When surveyors were asked how likely it would be for them to recommend a brand to someone they know if an online personality recommends, more than 6 participants said it would be 'very likely'. However, when an online personality discloses their sponsorship 4 of the surveyors say it is 'somewhat likely' to influence the online personality's credibility. These responses were very interesting to see because they almost mirror data from marketers who've tried to get a better scope of how sponsorship disclosures might affect their business. Prior data shows that while negative sentiments for sponsored content are shared by some, overall, sponsored content is interacted with equally in comparison to non-sponsored content when done the right way. ("Sponsored Content Gets Equal Like Rate to Non-Sponsored Content on Instagram", 2017) These results show that if marketers create content that resonates with the influencer's social media profiles, their followers are likely to get engage with it just as much as they would with a regular post from that same user. This data highlights the importance of creating genuine content that helps promote the product, while allowing social media influencers to keep their credibility intact.

C O N C L U S I O N

Social media influencer marketing is one of the biggest trends currently. This marketing tactic has found its way into our most-used social media platforms, tapped our favorite influencers, and helped marketers promote products to their intended audiences. We've seen a gradual increase in the usage of influencers and the rules and regulations set in place to ensure sponsored content is not deceptive. This new trend has left us questioning if sponsorships should always be disclosed to the consumer, and whether disclosures affect us or not.

Based on results found in conducting secondary research and a 11-participant survey, sponsorships should always be disclosed. If sponsored content resonates with influencers' social pages and executed in an authentic way, content is likely to be well-received by the audience and not considered deceptive. This means that marketers should consider placing more importance on finding influencer collaborations that best represent their brand and fit naturally. Majority of survey participants stated they would be 'very likely' to try brands recommended by their favorite influencers, which highlights that disclosed sponsorships don't affect much if executed effectively and both parties are aware. Prior to secondary research, my hypothesis was that when posts explicitly said they were sponsored, they'd receive less interaction from users and even lose their credibility. Results showed that this is most definitely not the case.

Marketers are infiltrating our social spaces and finding new, effective and inventive ways to reach us. Through social influencer marketing they are able to escape barriers, branch out from the norm and experience more. Marketers can take the following insights for future endeavors with social influencers: find partnerships that are natural and match the tone of your brand and the influencer, always remember credibility is key, and don't be deceptive in your practices.

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