

FTC Announces Settlement Over Influencer Campaign for Xbox One

Gonzalo E. Mon

September 4, 2015

In January 2014, *AdAge* [interviewed me](#) about news reports that Machinima had hired influencers to create videos promoting Microsoft's Xbox One gaming console and games. In a native advertising campaign, the influencers posted positive reviews, but didn't disclose that they had been paid to do so. During the interview, we speculated about whether the FTC might take action against the campaign and what the result might be. Now, almost 20 months later, we have the answer. This week, the FTC announced a settlement with Machinima.

According to the FTC, Machinima, the operator of a popular YouTube network, paid two influential gaming bloggers to create videos promoting the new Xbox One console and three new games, but didn't require the bloggers to disclose that they were paid for the reviews. The bloggers posted four videos that had more than 1.6 million views. To capitalize on this success, Machinima later recruited and paid more people to upload positive reviews, again without requiring a disclosure. This generated another 300 videos and 30 million views in a five-week period.



**Earn an additional \$3 CPM bonus
for promoting the Xbox One!**
IT'S THAT EASY.

If you follow our blog, you can already guess the problem. As Jessica Rich, Director of the FTC's Bureau of Consumer Protection, said: "When people see a product touted online, they have a right to know whether they're looking at an authentic opinion or a paid marketing pitch. That's true whether the endorsement appears in a video or any other media." Under the proposed settlement, Machinima is required to ensure its influencers clearly disclose when they have been compensated in exchange for their endorsements.

Whether you refer to this as an "influencer" campaign or "native advertising," the answer is always the same. If your company pays people to review or promote your products in a way that could confuse viewers into thinking the reviews come from independent consumers, you need to take steps to ensure that the reviewers clearly disclose that they have some connection to your company.

Make sure you educate reviewers about their responsibilities and take steps to monitor their compliance. If you don't, you could end up as one of future blog posts.