

FTC Settlement Addresses Influencers and Native Ads

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Two companies and their principals have agreed to settle FTC allegations that they misled consumers by presenting paid endorsements as independent consumer reviews and ads as independent news stories.

Creaxion, a PR agency, was tasked with creating a campaign to promote a client's new mosquito repellent product around the time the press was reporting about the mosquito-borne Zika virus during the 2016 Summer Olympics. As part of the campaign, the agency partnered with the publisher of *Inside Gymnastics* magazine to secure athlete endorsers and run stories about the product.

Together, the companies paid two gold medalists to promote the product, and the athletes posted endorsements on social media, without disclosing that they had been paid. The publisher re-posted those endorsements in its magazine, again without a disclosure. *Inside Gymnastics* also ran paid ads for the product that, in the eyes of the FTC, were made to look like independent news stories.

As part of the settlements, the companies are prohibited from misrepresenting that influencers are independent consumers. Any connections between an influencer and the companies whose products they endorse must be clearly disclosed. To that end, the companies agreed to institute procedures designed to ensure that influencers make these disclosures, including notifying influencers of their responsibilities, monitoring compliance, and terminating influencers who fail to comply.

The companies are also prohibited from expressly or implicitly misrepresenting that paid ads reflect the opinions of an independent or objective publisher or source. Although the settlement doesn't go into details on this point, this requirement likely means that ads that appear near new stories need to be clearly labeled as ads, as the FTC has advised in its native advertising guidance.

Getting Rio Ready! Not worried about Zika. Fit Organic has my back and body covered. Love the Fit mosquito repellent

