

FTC Updates FAQs for Endorsement Guides, Offers More Guidance on Social Media and Video Endorsements

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The FTC recently revised its "What People are Asking" page, a source of informal guidance relating to the FTC's Endorsement Guides. The Endorsement Guides were last revised in 2009. The FAQ revisions are intended to address current advertising and marketing trends, such as the use of Twitter endorsements, "like" buttons, and uploaded videos.

The revisions do not change any underlying principles or policies relating to endorsements. Endorsements still must be truthful and not misleading. If there's a connection between an endorser and the marketer of the product that would affect how people evaluate the endorsement, that connection must be clearly and conspicuously disclosed. And if the advertiser doesn't have proof that an endorser's experience is typical, it must clearly and conspicuously disclose the generally expected results.

To help advertisers navigate their specific obligations under the Endorsement Guides, the new FAQs offer expanded guidance on the following topics:

- 1. **Disclosure Language.** The FTC requires that a connection between the endorser and marketer should be disclosed if that connection would be relevant for consumers evaluating the endorsement. The FTC does not mandate specific language for disclosing a paid endorsement or an endorsement where the endorser was given the product for free. But the revised FAQs do suggest that a simple disclosure, such as "Company X gave me this product to try . . ." will usually be effective. The revised guidance also states that a disclosure such as "Company X gave me a sneak peek of its new product" is insufficient to disclose a paid relationship.
- 2. Twitter and Social Media Disclosures. In the revised guidance, consistent with its Dot Com Disclosures guidance, the FTC indicates that starting a tweet with "Ad:" or "#ad" would likely be an effective disclosure. The FTC also suggests the terms "Sponsored," "Promotion," or "Paid ad" to disclose a sponsorship on social media. In addition, businesses holding contests or sweepstakes on social media must clearly disclose that the post is being made as part of a contest or sweepstakes. Encouraging consumers to participate in the contest by using a general hashtag ("#XYZ_Rocks") is insufficient, but making the word "contest" or "sweepstakes" part of the hashtag should be enough under the revised guidance.
- 3. Affiliate Marketing. Affiliate marketers who are paid a commission for purchases made

through their links must clearly and conspicuously disclose their relationship with retailers. Under the updated guidance, using the term "affiliate link" or "buy now" is not sufficient to explain the relationship.

- 4. **Employee Endorsements.** When an employee endorses his or her employer's products on social media, the employee should also disclose the relationship with the employer. The guidance is clear that "[I]isting your employer on your profile page isn't enough." Companies should periodically remind their employees not to post positive reviews online without disclosing the relationship between the employee and employer. If a company learns that an employee has made a post in conflict with that policy, the company should ask the employee to remove the review or disclose the relationship.
- 5. **"Like" Buttons.** The FTC understands that sites such as Facebook and Instagram do not allow users to disclose a relationship with advertisers when they "like" a company or a social media post by the company. And the FTC isn't sure at this time how much weight consumers put into "likes" when deciding to patronize the business. However, the FTC draws a distinction between an advertiser that buys fake "likes" and an advertiser offering incentives for "likes" from actual consumers. The former, according to the FTC, is "clearly deceptive," and both the purchaser and seller of the fake "likes" could face enforcement action.
- 6. Uploaded Videos. The FTC's guidance explains that disclosing a relationship only in the description of a YouTube video is not sufficient to meet the FTC's standards. Rather, the disclosure "has the most chance of being effective" if it is made clearly and prominently in the video itself. Disclosures may be made in both the video and the description. In the case of a short video, a brief disclosure at the outset of the video that some of the products were provided by the manufacturer may be sufficient. For a longer video, multiple disclosures during the video may be appropriate. The FAQs caution against promoting a link to a video that bypasses the beginning of the video and thus skips over the disclosure. If YouTube has been enabled to run ads during the video, a disclosure that is obscured by ads is not clear and conspicuous.

Although not entirely comprehensive, the FTC has provided helpful insight on endorsements and related disclosures through its Endorsement Guides and Dot Com Disclosures guidance. Informal guidance, such as the What People are Asking FAQs discussed here, is also an important resource for understanding the FTC's views on new marketing tools and trends. We will continue to monitor such guidance from the FTC and provide updates.