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Engage with your marketing team to avoid influencer marketing risks

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With the increasing threats of banner blindness and ad blockers, influencer marketing has been constantly on the rise and has established itself across all industries. This marketing technique enables companies to collaborate with individuals with specialized knowledge, expertise, authority, and/or reach on social media by leveraging their unique voice and message-delivery styles. These individuals—called influencers—insert brands or products in their social media posts to initiate electronic word-of-mouth engagement with a tuned-in audience—their followers.

Harvard Business School predicts marketers to spend \$15 billion on this method by 2022,^[1] which means that influencer marketing commences to preempt traditional advertising budgets. However, influencer marketing poses regulatory and reputational risks and has the potential to hurt the core values of your organization. It is therefore time for the compliance profession to help our organizations navigate through the ethics and compliance risks. In this article, I will walk through the differences between influencer marketing and more traditional techniques while focusing on content management, remunerations, disclosure requirements, and crisis management.

But first...what is so special about influencer marketing?

The concept of leveraging someone outside a company or a fictional character to endorse a brand is nothing new. Back in the 20th century, Coca-Cola used Santa Claus to endorse its drinks; Tony the Tiger endorsed Kellogg's cereals. Later on, brands leveraged celebrities. For example, Pepsi partnered with Michael Jackson. While these characters might not have been called influencers at the time, their use had and still has the same objective: emotionally drive the buying decision process through the buyer's connection with the influencer.

Influencer marketing on social media, however, has different characteristics. The striking difference is that influencers established themselves on social media thanks to their content. They created their own "brand" via their posts, and companies need to find a way to organically and authentically fit into their feed. In addition, most influencers reserve the right to post in their own words and tone about brands or products, commonly referred to as their "voice." This involves the creation of a great deal of intellectual property, such as posts, pictures, images, words, and influencers' name and image to name a few. This specific aspect of influencer marketing calls for tailored contracts or terms of service agreements.

In addition to the posts, influencers have a constant and real-time dialogue or "engagement" with their followers via comments on posts and direct messages. Capturing engagement becomes crucial to understand customers and even follow up directly with them. Many companies push, for example, paid ads on the social

media accounts of individuals who like or comment on influencers' posts related to their campaigns. However, capturing engagement raises many questions: Does the influencer or the marketer own the data related to the campaign? Given privacy laws, can the data be shared freely with marketers? Does the European Union's General Data Protection Regulation, the California Consumer Privacy Act, and other privacy laws apply? Does it depend on the country of the company or the country of the influencer? How about of the country of the follower?

To address these questions, we need to lead ethical and compliance discussions with our marketers to understand their campaigns and establish processes and controls. How these elements are set up and negotiated could ultimately affect the value of campaigns. All that said, it is impossible to understand the value of such campaigns without speaking about the costs associated.

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