

Written evidence submitted by IAB UK

IAB UK submission to DCMS Committee Call for Evidence on Influencer Culture

7 May 2021

About the IAB

IAB UK is the trade association for digital advertising, made up of over 1,200 of the UK's leading media owners, advertising technology providers, agencies and brands. We have a [Board](#) comprised of 25 leading businesses in the sector. Our purpose is to build a sustainable future for digital advertising, a market that was worth £16.47bn in the UK in 2020.

The IAB is actively engaged in working towards the optimal policy and regulatory environment to support a sustainable future for digital advertising. We also develop and promote good practice to ensure a responsible medium.

Context

IAB UK is providing the following information following conversations with some of its members that work with influencer marketing campaigns, including advertisers, agencies, intermediary or ad tech companies, and digital media owners. If, in conducting its inquiry into the subject, the Committee would find it useful to speak directly with some of these companies the IAB would be happy to put the Committee in contact with them.

Definition of 'influencers' and influencer marketing

1. 'Influencer' is a broad, umbrella term often given to numerous types of online content creators that have the ability to influence the opinions or behaviour of a particular audience. Influencers come in all sorts of types, subject areas and scales (from micro to 'celebrity') and create their content for many different purposes, from awareness-raising and social activism to – in some cases – marketing and advertising.
2. Many influencers have developed their audiences organically through creating content that interests them, and as such it is often not solely a financial endeavour. Additionally, sponsorships or 'influencer marketing' are only one option of monetisation available to them. Typically, someone creates content which they and their audience are interested in and, if this content resonates with people, the audience consuming it grows. The content creator then has a number of options if they decide to monetise their content, including:

- **On-platform monetisation:** the platform hosting the content remunerates the influencer, typically as a share of the revenue from ads surrounding their content or based on the volume of audience traffic or engagement their content attracts.
 - **Off-platform monetisation:** the influencer's audience pays them directly, whether through a financial support system like Patreon¹, or through purchasing the influencer's own brand merchandise, or any number of other ways.
 - **Influencer marketing:** brands pay the influencer to promote their brand, product or service within their content.
3. In regard to online advertising specifically, 'influencer marketing' is the term given to those online content creators using their content to promote a brands' products or services, but there are as many forms of this 'influencer marketing' as there are types of influencing. These could include but are not limited to influencers mentioning brands in their social media, creating sponsored posts or blogs, unboxing or reviewing products, providing discount codes for a products or services, becoming long term brand ambassadors, or numerous other forms of promotion.
 4. It would be beneficial for the Committee to ensure that its inquiry recognises and, where appropriate, distinguishes between the variety of relationships and content types that can fall within the broad scope of the term 'influencer', both in its evidence-gathering and its recommendations.

Regulation of influencer marketing

5. Influencer marketing is regulated by the Advertising Standards Authority (ASA), which enforces the rules set out in the UK Code of Non-broadcast Advertising and Direct & Promotional Marketing (CAP Code). The CAP Code's scope covers advertising in all non-broadcast media including digital advertising in paid-for space or non-paid for space under a marketer's control. This includes influencer marketing as well as social media.
6. This Code is written and maintained by the Committee of Advertising Practice (CAP) which is made up of representatives of advertisers, agencies, media owners and other industry groups. IAB UK is a member of CAP, representing the digital advertising industry.
7. The CAP Code covers what can (or cannot) be advertised, to whom, where and how. It includes general rules that require advertising to be responsible and not cause offence or fear, mislead or exploit a consumer, as well as specific rules for certain products and services. There are also strict rules covering advertising to children. One of the key rules in the CAP Code, which reflects consumer protection legislation, relates to '**Recognition of marketing communications**' and requirements all adverts to be 'obviously identifiable' as marketing. In practice, in relation to influencer marketing, this means ensuring that the nature of the content (i.e. that it is marketing) is clearly and transparently disclosed to consumers.
8. Influencer marketing is also regulated by the Competition and Markets Authority (CMA), where it falls within the scope of the consumer protection regulations (**Consumer Protection from Unfair Trading Regulations 2008**) but outside the scope of the CAP Code.

¹ Patreon is a popular membership platform that enables content creators to run a subscription service, helping them to earn money by providing rewards and perks to their subscribers.

9. The ASA/CAP system of self-regulation, funded by industry and recognised as effective by government, has a strong history of developing and adapting quickly to new challenges created by emerging technologies and advertising formats. Online regulation is already a key focus for the ASA. In its 2019-2023 strategy, 'More Impact Online', the ASA commits to:
 - improve its regulation of online advertising, working more closely with the large online platforms and addressing any gaps in online advertising regulation;
 - improve how it monitors compliance and proactively identifies and removes irresponsible ads (particularly online) and its sanctioning of non-compliant advertisers;
 - develop its thought leadership in online advertising regulation, including on advertising content and targeting issues;
 - raise awareness of its online regulation, to the public, the advertising industry and micro and SME businesses (where it will seek the help of the large online platforms and ad intermediaries to communicate with advertisers); and
 - explore opportunities to engage the wider digital ecosystem to identify opportunities to support and improve advertiser compliance.

10. As part of this, CAP has for several years been carrying out proactive education about the requirements that apply to influencer marketing, producing **resources** to aid marketers and influencers in their awareness of and compliance with the rules. This has included guidance on ad labelling and disclosure, written in collaboration with the CMA. UK has previously produced its own **disclosure guidelines** for all content-based and native advertising.

11. The CAP Code is clear that, as the 'marketers', advertisers are ultimately responsible for their advertising being fully compliant with the Code, regardless of what form that advertising takes. Indeed, advertisers ultimately control strong financial incentives that can drive the adoption of best practice among influencers.

12. The ASA has carried out proactive enforcement via monitoring sweeps of influencer posts to gauge whether influencers are complying with the rules requiring them to clearly signpost when their content is marketing, often through the use of adding #ad to a post (though other clear methods of disclosure can be used). While the ASA **makes it clear** that more education is needed amongst some influencers to ensure they are aware of what is required of them, the self-regulatory system to hold both influencers and the brands they are advertising to account holds a track record of keeping pace with and applying the advertising Codes to new advertising formats.

Transparency and disclosure

13. Not only is transparency required by the existing regulations, but influencers are also incentivised to demonstrate it, due to the emphasis they place on maintaining authenticity.

14. Celebrity endorsements of products or services have existed for as long as advertising has and, to an extent, online influencers simply represent the digitisation of this. However, influencers often have particularly close or direct relationships with their audiences, and accordingly have a

strong desire to maintain an impression of authenticity and truthfulness in the content they create.

15. Audience trust in the influencer's own personal brand is viewed as critical. In some cases, influencers represent an entirely 'opt-in' medium, where consumers choose to follow or view their content, and influencers are alive to the risk that their audiences may choose to stop consuming their content if it, or they, are perceived to be untrustworthy or inauthentic. Attempts to disguise marketing or advertising that features in their content will often risk causing discontent among their audiences, and many content creators are acutely aware of how this would negatively impact their influence and value.
16. Influencers are therefore not only required by the CAP Code to be completely transparent with their audiences about the paid-for nature of any promotional content they create, but their own desire for authenticity means it is also in their own interest to do so.
17. In addition, a number of social media platforms are working to help influencers and the brands they are advertising to accurately label their posts as ads, by creating settings within the platform that allow them to do so when posting content. Instagram's 'paid partnership' label is one example of this.

Policy context

18. There are currently multiple regulators exploring various possible changes to the regulatory landscape of the digital advertising industry, which is creating significant uncertainty for businesses operating in the sector. In addition to numerous other policies being proposed by Government that will impact the industry, the DCMS is currently conducting a review of regulation of digital advertising, known as its 'Online Advertising Programme'. DCMS issued a [call for evidence](#) on one of the three areas² that are the focus of this Programme in early 2020, to be followed by a formal consultation, which the Government has indicated is expected later this year. The Committee should, as far as possible, work to coordinate with and complement this review, so as to ensure all relevant recommendations are considered in the round, as part of this wider work, in order to avoid conflicting recommendations or timings that could cause confusion and uncertainty for the market.

² 'Ensure standards about the placement and content of advertising can be effectively applied and enforced online so that consumers have limited exposure to harmful or misleading advertising'