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THE IMPLEMENTATION OF AN AUTHENTICITY CLAUSE IN SOCIAL MEDIA  
INFLUENCERS' CONTRACTS

by  
Sarah Saliba Tonos

A thesis submitted to the faculty of The University of Mississippi in partial fulfillment of  
the requirements of the Sally McDonnell Barksdale Honors College

Oxford  
April 2022

Approved by

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Advisor: Dr. William Berry III

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Reader: Professor Charles Mitchell

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Reader: Dr. Jason Cain

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**ABSTRACT**  
THE IMPLEMENTATION OF AN AUTHENTICITY CLAUSE IN SOCIAL MEDIA  
INFLUENCERS' CONTRACTS  
(Under the direction of Professor William Berry)

In the age of social media influencers turning social media platforms into jobs—monetizing pictures of their cats, dancing for dollars, or even making a mockery of themselves for fame and money, the question of whom to trust or distrust has become increasingly important among consumers. As more brands are starting to collaborate with influencers, it is essential to acknowledge the current relationship among all parties involved, including the Federal Trade Commission. There is currently a blurred line among trust, distrust, authenticity, and reliability during sponsorships. The common question among consumers is whether social media influencers believe in the brand or whether they just want the benefit of the sponsorship. This thesis aims to explore the current relationship that consumers have with social media influencers regarding trust and, more specifically, what factors influence trust versus distrust. Another area of research for this thesis involves investigating the Federal Trade Commission (FTC) regulations. Findings challenge the current FTC protocols because regulations were found to be hard to enforce and leave a gap for interpretation. In addition, the purpose is to introduce a new method of tracking sponsorships through an Authenticity Clause that can be added to influencer contracts to stimulate a stronger relationship among consumers and influencers, penetrate market purchases for the brands, and allow advertisers to regain their title of “attention merchants.”

## TABLE OF CONTENTS

<b>INTRODUCTION.....</b>	<b>1</b>
<b>PART ONE: HISTORY OF ADVERTISING, A CHANGING LANDSCAPE AND SOCIAL MEDIA INFLUENCERS.....</b>	<b>3</b>
Advertising: Penetrating the Mind of the Consumer.....	3
The Shift: A Changing Landscape from Traditional Marketing to Digital Marketing.....	6
Social Media Influencers: Who are they.....	9
Types of Influencers.....	12
<b>PART TWO: AUTHENTICITY.....</b>	<b>16</b>
<i>The effects of sponsored posts on the consumer and FTC's restrictions</i>	
How the Consumer Consumes Social Media Influencing.....	16
How the Influencer Combats Credibility.....	18
Indirect Versus Direct Brand Mentions.....	23
FTC Regulations.....	24
Are FTC Regulations Enough.....	27
<b>PART THREE: TWO CASE STUDIES.....</b>	<b>29</b>
Introduction.....	29
What Does the Consumer Expect.....	29
Charli D'Amelio + Dunkin Donuts Team Up.....	30
Kyle Scheele + Kum & Go Team Up.....	32
<b>PART FOUR: The Solution.....</b>	<b>37</b>
<i>The Implementation of the Authenticity Clause</i>	
The Current System and the Issues.....	37
The Authenticity Clause.....	39
How it Affects the Consumer, Influencer and Brand Relationships.....	42
<b>CONCLUSION.....</b>	<b>44</b>
<b>LIST OF REFERENCES.....</b>	<b>46</b>

## INTRODUCTION

Social media marketing has disrupted traditional marketing tactics. In our now digital world, consumers engage in online conversations, socializing, shopping, and learning similar to their offline activities. Social media influencers are at the forefront of this marketing tactic. Within the realm of research conducted for this thesis, social media influencers are ordinary internet users with one addition: they monetize their following by integrating advertising into their social media feeds. Most of the individuals who fall into this category have an above-average following (high reach) and the potential to “move the needle” for a company, brand, or product, thus exerting influence over potential buyers.

Social media influencers are constantly paving the way for trends. Their actions influence the masses with the click of a button, “post.” For example, influencers express their opinions numerous times a day in product reviews, offering tips to their followers and posting pictures and videos of them using the products. Because of this, many marketers have switched over from the traditional word of mouth marketing, which is held highly credible, to electronic word of mouth marketing through online personalities—both concepts being centered on trust.

Marketers see the value that working with these online personalities brings to their businesses. In fact, 93% of marketers surveyed by Influencer Marketing Hub admitted to having used some form of influencer marketing at some point. Although the

market is growing, consumers are becoming more skeptical of these tactics. Authenticity behind the screen is under threat.

The threat becomes an issue for both parties, the brand and the influencer. Social media influencers can find themselves distracted by commercial opportunities rather than staying focused on their original desire to create content about their personal passions. Collaborations with brands that do not align with their lifestyle call their authenticity into question.

Part One of this thesis lays the foundation for what advertising is and how marketers penetrate the consumer's mind. It explores the idea of being an attention merchant and how advertising has changed based on the ever-changing human needs and desires. It then examines social media influencer marketing, including what it is, how it is done, who it is done by, and an in-depth breakdown of the tiers of social media influencers.

Part Two examines how the consumer consumes social media, what type of relationships form between users and influencers, and the tactics influencers use to combat their credibility. It explores many other elements that influence the consumer's perspective. In addition, the Federal Trade Regulations are examined.

Part Three reviews two different social media campaigns put on by brand-influencer partnerships. Each campaign is examined to determine what went wrong and how authenticity and/or inauthenticity can affect how the consumer views the influencer and the brand.

Part Four introduces the implementation of a new practice, the Authenticity Clause, that will likely stimulate trust from the consumer in the influencer-brand partnership. It explains how it can be implemented and some of its practical implications.

## **PART ONE: THE HISTORY OF ADVERTISING, A CHANGING LANDSCAPE, AND SOCIAL MEDIA INFLUENCERS**

The purpose of this chapter is to lay the foundation for what advertising is and how marketers penetrate the consumer's mind. It explores the changing landscape from traditional advertising methods to the digital marketing platforms that are widely used today. It then examines the multifaceted industry of social media influencer marketing, including what it is, how it is done, who it is done by, and an in-depth breakdown of the tiers of social media influencers.

### **Advertising: Penetrating the Mind of the Consumer**

Penetrating the mind of the consumer starts with the “attention merchant” who is at the long-established industry's center. Tim Wu, the author of *The Attention Merchants*, defines the term as “an industrial-scale harvester of human attention” (Wu, 2017). In the advertising world, the idea of the attention merchant is relatively new. Still, researchers can trace its lineage back to the first newspapers or commercial art that captured the eyes of anyone on the street. The main focus of Wu's research explores how advertising, past and present, has changed to adapt and capture the consumer's attention.

For centuries, buyers and sellers have needed to find each other in order to exchange goods and services. This concept is similar to that of a game; a game of harvesting human attention. The game entails capturing human attention and reselling it to advertisers. The result has become a major player in our economy. The winning

strategy from the beginning, Wu explains, has been to “seek out time and spaces previously walled off from commercial exploitation, gathering up chunks and then slivers of the un-harvested awareness.”

The idea of harvesting attention on a mass scale began in the 1890s with the first newspaper, *the New York Sun*, published by Benjamin Day. Day was one of the first “attention merchants” who took the initiative by demonstrating that a business could be founded on the resale of human attention. This was the beginning of what is now considered “modern advertising,” turning the cash crop of attention into an industrial commodity (Wu, 2017).

Modern advertising is a research-driven enterprise and can be defined by four basic attributes, according to Lingwall and Kuehn (2016).

1. It is paid for by the message sponsor.
2. It clearly identifies the sponsor.
3. Traditionally, it utilizes mass media to reach a broad audience of potential consumers. However, the landscape of interactive media is changing this dynamic.
4. It always informs and often tries to influence or persuade consumers to take a specific action.

Humans always seem to be paying attention to something, whether it be a message notification, an Instagram Ad, or the E! News alert of Kylie Jenner’s baby’s name change. What is more interesting is that humans are also able to “tune in” and “tune out.” If humans were to absorb everything presented to them, it would lead to an overload of information, and thus nothing would resonate with them. Neuroscientists and

psychologists have referred to the ability to block out almost everything and focus on certain things as “paying attention.” Due to the ability of humans to “tune in” and “tune out,” advertisers' first goal is to figure out what they are “paying attention” to.

The key to successful advertising is understanding human needs and desires. As a result, advertising is ever-changing due to the constant shift of human needs and desires. Therefore, the first step in creating an effective advertising strategy is to understand how the message and medium will affect and reach the consumer and how what is presented will set off neural responses that will cause them to engage.

Leo Burnett, a pioneer American advertising executive, once said, “Good advertising does not circulate information. Instead, it penetrates the public mind with desires and belief.”

Ideally, all consumer decisions could be made with an informed choice. The trouble with this is that most companies do not care as much about market efficiency but rather maximizing their own profits. Therefore, advertising rarely stops at presenting objective information but rather persuades the consumer to think they need the product or service being sold. Advertising, a strategy once meant to aid the competitive process, is now and has been for many years, creating a lack of objectivity. Thus, it shapes the consumer’s mind by creating a need that would not otherwise exist. Wu explains, “When advertising is deceptive as such, it does not aid the market process but instead defeats it.” Effective advertising and the strongest campaigns do not convince the consumer to make a choice but rather convince the consumer that there is no choice.

## **The Shift - A Changing Landscape from Traditional Marketing to Digital**

### **Marketing:**

Over the last century, humans have hardly ever been unreachable, especially with technological advances. As a result, advertisers have taken advantage of the common person and are constantly selling to and soliciting them. The advertising industry sees no limits and continuously enters into new markets while finding ways to exploit the old ones.

With the shift of advertising from traditional methods, including newspapers, television, and radio ads, to digital advertising, including email and social media ads, it has become crucial for brands' advertisements to penetrate the minds of the consumers within a split second. Information cannot be acted upon without attention, and thus, attention capture and information are essential to a functioning market economy.

Within the past two decades, technology has made its way to the forefront of most consumers' day-to-day life. Thus, advertisers have jumped ship and created an entire new way to reach consumers. One study explains, "overall, 85% of Americans say they go online on a daily basis. That figure includes thirty-one percent who report going online almost constantly" (Miller and Washington, 2021).

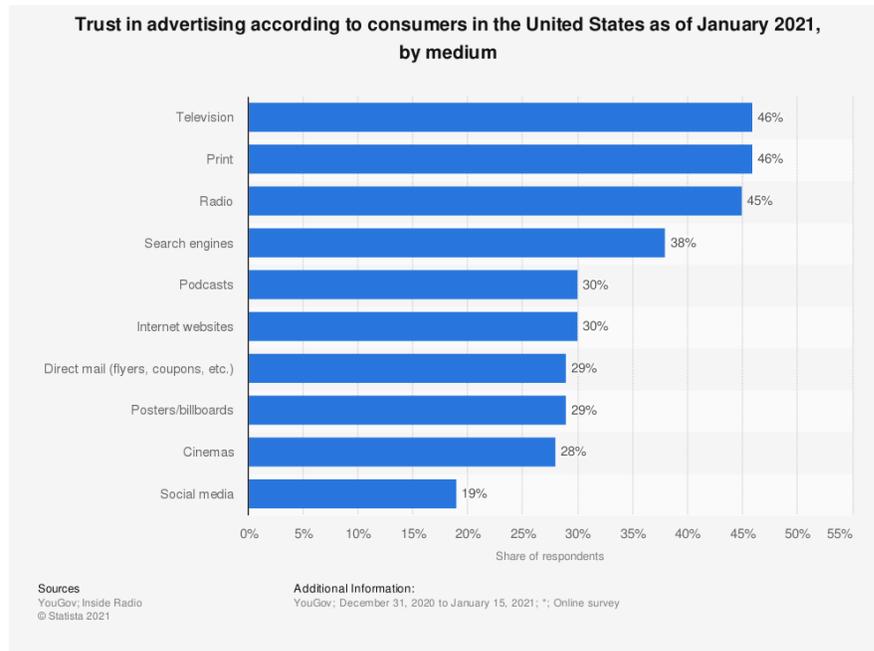
According to the same research, adults have spent more time using their mobile devices than watching television since 2019. In addition, millennials spend almost fifteen hours per day interacting with various media and communications technologies (Miller and Washington, 2021).

Marketers have taken advantage of advertising through the digital medium because of constant media consumption. Wu explains, "Digital media is now the clearest

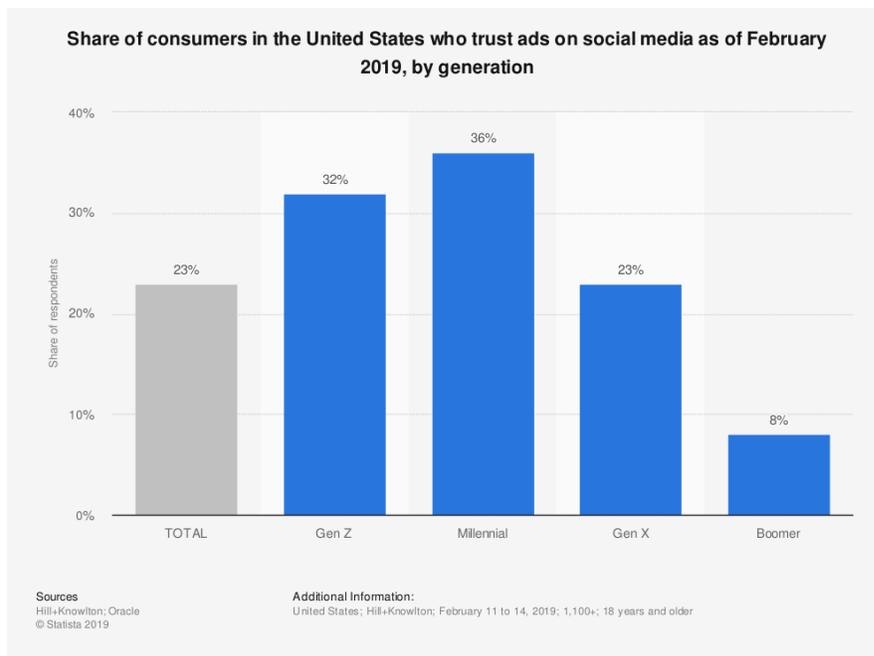
and most engaging access to the public mind that can exercise the greatest influence and thus increases advertising revenue” (Wu, 2017). Forty-eight percent of Generation Z agree that advertising helps them learn about new products, forty-seven percent appreciate relevant ads, and forty-four percent expect ads to be relevant to them (Miller and Washington, 2021).

Despite the fact that people are relying on online advertisements, an online survey conducted in 2021 by YouGov identifies that social media falls at the bottom of the list of “Trustworthy Mediums of Advertising,” with only nineteen percent of the consumer vote. For comparison, in the same survey, forty-six percent said that they trust advertisements promoted on television. Furthermore, Millennials trust social media ads more than Generation Z.

**Figure 1.** *Trust in advertising according to consumers in the United States as of January 2021, by medium. Statista, 2021*



**Figure 2.** *Share of consumers in the United States who trust ads on social media as of February 2019, by generation, Statista 2021*



### **Social Media Influencers: Who are they?**

Social media use has become habitual among some age groups, especially Millennials and younger generations. As a result, social media marketing has come to the forefront of the marketing world. This new frontier has not only allowed advertisers to have a further and more targeted reach, but it has also offered new ways to engage with consumers.

Multiple factors contribute to the success of social media marketing. “First, the sheer numbers of social media users offers advertisers the opportunity to reach millions of people without spending money on distribution,” says Vanessa Chan. To paint the picture clearly, in 2021 Facebook had 2.91 billion active monthly users, towering over the largest American consumer magazine, AARP, which only had a circulation of 22.89 million in the same year, according to Statista. The number of social media users is not only consistent, but it continues to grow daily. “Attributing to the popularity of social media is the omnipresence of the smartphone, which allows consumers to take their social media wherever they go,” says Chan. With 85% of the American population owning a smartphone, according to Pew Research, marketers are making the switch from traditional to digital. Still, they need a way to actually catch the attention and penetrate the minds of the consumers.

Social media marketing is a more organic form of marketing. Influencer marketing is a subset of social media marketing that involves product placements and endorsements by online social personalities. The organic nature of social media influencer marketing stems from companies piggybacking off of previously existing

relationships between social media influencers and their followers. “The marketing fits relatively seamlessly into an influencer’s content as influencers get to choose which brands to work with,” says Chan. Influencers typically choose brands that align with their values and interests. The brand benefits include exposure and an organic advertisement appearance.

A social media influencer (SMI) is thought to have an above-average following (high reach) and the potential to “move the needle” for a company, brand, or product (Guest Author, 2018). SMI’s can range from friends of celebrities or fashion gurus to musicians or fitness fanatics. There is not one specific definition to define this category of people. But, influencers are, in fact, real-life people, albeit considered experts in their field, constituting a relevant and authentic bridge between brands and consumers. The common factor relating the friend of a celebrity to the fitness fanatic is that they build and maintain relationships with their following base, creating a sense of trust between the two parties.

SMI are ordinary internet users with one addition: they monetize their following by integrating advertising into their social media feeds. Influencer marketing is the new “word-of-mouth” advertising—both being centered on trust. Just as “word of mouth” advertising involves active engagement and personalization, influencers also add personalization to the brand’s message, thus producing a less forced form of advertisement.

*“A social media influencer is first and foremost a content generator: one who has a status of expertise in a specific area, who has cultivated a sizable number of captive followers- who are of marketing value to brands- by regularly producing content via social media” (Journal of Interactive Advertising).*

In the fourth quarter of 2021, influencer marketing was deemed one of the most popular and effective forms of online marketing according to the Statista Research Department. While on social platforms, consumers looking for entertainment and inspiration are being marketed to without even recognizing whether or not the content they are viewing is an advertisement. This concept relies on sliding in-between content that consumers would not expect to be advertising. Adults have been surveyed regarding this matter, and the majority of those surveyed did not interpret the social media ads as a form of advertisement (Chan, 2019). Brands are eager to collaborate with social media influencers with millions of internet users, as the right partnership could lead to large potential audiences.

According to the Statista Research Department, “The global influencer marketing market value has more than doubled since 2019, standing at around \$13.8 billion as of 2021. As influencer endorsement continues to mature as an industry, the size and value of influencer marketing platforms also continue to expand every year, making collaborations between brands and creators more profitable than ever.”

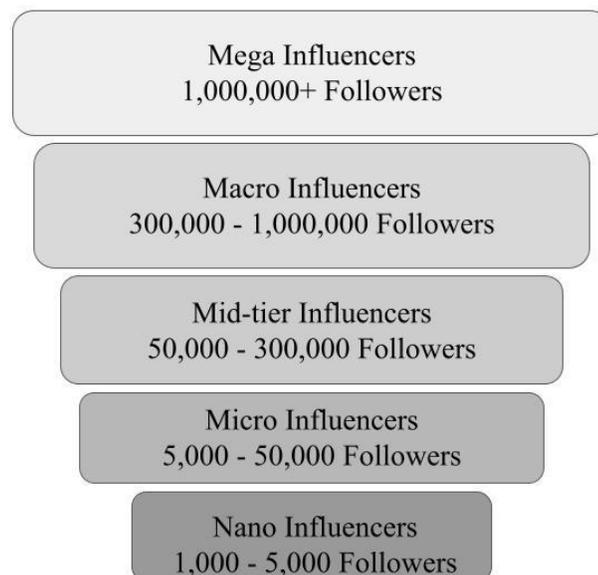
The partnerships of brands and influencers have one significant purpose: to promote their branded content to both the influencers’ followers and the brands’ target consumers. Compared to traditional advertising as well as other digital promotions, influencer-produced branded content is considered to be more organic, authentic, and

have direct contact with potential consumers (Lou and Yuan, 2019). Overall, social media platforms allow advertisers to have a further and more targeted reach and offer new ways to engage with consumers through SMI.

### **Types of Influencers:**

The social media industry categorizes influencers under five different tiers depending on their number of followers. The numbers can change depending upon which social media platform is used but are overall relatively consistent. The five tiers include mega, macro, mid-tier, micro, and nano influencers. The category breakdown was established for brands to easily differentiate which type of influencer would work best for their budget, as more followers equals more money per branded post in the influencer world.

**Figure 3.** *Breakdown of Social Media Influencers based on Number of Followers*



### *Mega Influencers:*

Mega influencers have more than 1,000,000 followers on a single platform. The category consists of celebrities such as Kim Kardashian, who “made it” offline and brought her fame online. It also includes influencers such as Tik Tok celebrity Charlie D’Amelio who found her fame online and contracted a large following base. Mega-Influencers typically command six to seven figures for sponsored content. “The benefit of creating sponsored content with mega-influencers is that they offer the largest impact, highest brand lift, and greatest possible reach from a single sponsored post” (Media Mix, 2022).

### *Macro Influencers:*

Macro influencers have anywhere from 300,000 followers to 1,000,000 followers on a single platform. Most of the influencers in this category have earned their fame online through consistent content creation. They generally have a broader, more diverse audience and focus on engagement with their followers and the brands’ consumers. One campaign from a macro-influencer can lead to a significant increase in brand awareness and engagement, but it does come at quite a cost.

### *Mid-tier Influencers:*

Mid-tier influencers have between 50,000 to 300,000 followers on a single platform. They have a considerable number of followers, yet their audiences are considered engaged with their content. These influencers are considered to be more authentic than others, which creates an overall impactful reach with the target consumers.

Depending on their reach and industry category, partnering with mid-tier influencers can cost anywhere from hundreds to thousands of dollars per post.

*Micro Influencers:*

Micro-influencers have a smaller reach ranging between 5,000 to 50,000 followers on a single platform. They possess strong engagement rates and effectively raise awareness about new products across a variety of communities. In addition, they generally have niche-specific audiences. Therefore, sponsored content by micro-influencers can increase brand sales by 300%, according to The Shelf. Partnering with micro-influencers can cost anywhere from fifty to several hundred dollars depending on various factors, including their performance on previous campaigns.

*Nano Influencers:*

Nano-influencers have a small following base between 1,000 and 5,000 followers on a single platform. Therefore, they have to make an effort to “influence” by creating content regularly and connecting with brands to differentiate themselves from non-influencing accounts. Despite their smaller following base, they have high engagement rates, are cost-effective and are generally seen as trustworthy by their followers. In addition, they tend to stay authentic in what they promote, as most of them have real-life relationships with the majority of their followers.

*Takeaways:*

The key takeaways from the distinction between the different types of social media influencers are the number of followers and the cost of a sponsored post from the

respective categories. In addition, the trust, or lack thereof, a consumer places in each category. For example, when celebrities or mega-influencers use their social media channels to endorse products publicly, even in the absence of disclosure cues, consumers might be more likely to be skeptical about the sincerity of the endorsement. On the contrary, micro-influencers are often identified as being more authentic and trustworthy because the consumers are less likely to recognize their posts as advertisements.

## **PART TWO: AUTHENTICITY**

### *The effects of sponsored posts on the consumer and FTC's restrictions*

#### **How the Consumer Consumes Social Media Influencing**

Marketing research has recognized the high importance of authenticity as an attribute regarding social media influence. Consumers increasingly desire authenticity from their products and brands. Authenticity improves message receptivity, enhances perceived quality, and increases purchase intentions (Audrezet, Kerviler & Moulard, 2020).

Consumers hold high expectations for influencers within the vast and complicated world of social media influencing. Expectations include but are not limited to sharing information, defining what is in style, offering emotional support, creating intimacy, helping the consumer feel connected and boosting the consumer's self-worth. In addition, influencers transfer meanings to brands because consumers view them as everyday consumers themselves. Therefore, the perception of influencers is thought of as more authentic than traditional advertisements that feature models and well-known celebrities. Because of this outlook from the consumer, influencers are outperforming traditional media because of the close connection and sense of trust from the consumer.

Researchers often refer to the relationship between the consumer and the influencer as a para-social relationship (Audrezet, Kerviler & Moulard, 2020). A para-social relationship is defined as a one-sided relationship where the consumer feels connected while the influencer is unaware of any relationship existing. In simpler terms,

the influencer is viewed as a friend or a peer. With that comes a certain degree of trust and can sometimes even give the influencer the same amount of high-level trust as the follower would give an actual friend. Therefore, the para-social relationship leads followers to be willing to replicate the behaviors and adopt the choices of their most trusted influencers.

A recent study found that influencer-generated posts' informative value and some components of their credibility can positively affect trust in the branded post, affecting brand awareness and purchase intentions. Furthermore, the study found that followers tend to follow influencers with whom they identify closely, which increases the credibility they project onto the influencer (Lou & Yuan, 2019).

By contrast, the same study found that influencer trustworthiness can negatively affect how consumers perceive the brand, affecting brand awareness and purchase intention. Whether the influencer is generating informative content, there is always the possibility that the follower may hold an ambivalent or skeptical viewpoint on the motive behind a branded post. Thus, this can discredit the belief the consumer perceived at one point (Lou & Yuan, 2019). Today, with more and more influencers on the rise and skepticism becoming a more significant issue, consumers take charge of their influencer experience by screening accounts for brand introduced biases.

Social media users also often rely heavily on the public reputation of a social media influencer to screen for biases. The influencer's reputation plays an important role in constructing trust from the user. It is common among social media users to lack experience in determining whether or not an influencer can be trusted. Therefore, the general public comes into play when a user tries to evaluate trustworthiness.

Emma Chamberlain, an American YouTuber, once Tik Toker, and now podcast host, is a great example of how the public's eye and perception influence the masses. Chamberlain has 15.4 million followers on Instagram alone, with an eleven percent engagement rate (average activity on posts). She is known for her genuine personality, and despite her fame and brand sponsorships, she has remained consistent in her authenticity and creativity. These two factors have gained her a large following base that continuously grows while also gaining her respect among the masses. As social platforms continue to grow, Chamberlain's following base does too. In fact, in 2019 Time Magazine named her among the *Top 25 Most Influential People On the Internet* (Medium, 2020).

On the opposite side of the spectrum, when an influencer loses credibility in a public scandal, the authenticity of the influencer becomes a threat. The loss of authenticity can "lead engaged consumers to scorn the messages and products the endorser represents" (Kapitan and Silvera 2015). An example of a widely spread scandal is "fishgate." The incident involved a social media influencer who branded herself as a raw vegan but appeared in a YouTube video eating fish. The influencer was then seen by her audience and the public as a liar, and in result, they felt misled. The influencer tried to recover by explaining the situation but ultimately lost tons of followers due to the perception of inauthenticity that she portrayed.

### **How the Influencer Combats Credibility**

Collaborations with brands can essentially jeopardize the authenticity of an influencer, so they use a few common techniques to create authentic personas. They use tactics such as selfies (filtered and unfiltered), original and creative content, and

especially interacting with their followers. These tactics are implemented to collapse the distance between the two distinct groups. Furthermore, through these illustrations, they reinforce authority, credibility, trust, and reliability through the eyes of the consumer. Almerri (2017) argues that there are certain criteria for trust: elegance, competence, being unbiased, being spontaneous, being sincere and being honest. Through the tactics listed above, influencers are achieving some level of trust from the consumer. They exemplify elegance through filters, spontaneity through original content, and honesty through their engagements with their followers.

The consumer expects authentic content and promotions. The definition of authenticity is an intrinsically motivated action by personal desires and engaging with things that one finds interesting (Audrezet, Kerviler & Moulard, 2020). Influencers, however, can get caught up in commercial opportunities and thus decide to promote products they ordinarily would not be interested in, thus potentially coming off as inauthentic. The definition of inauthenticity is an extrinsically motivated action by an outside source; in regards to marketing, to increase profits, prestige, and sales (Audrezet, Kerviler & Moulard, 2020).

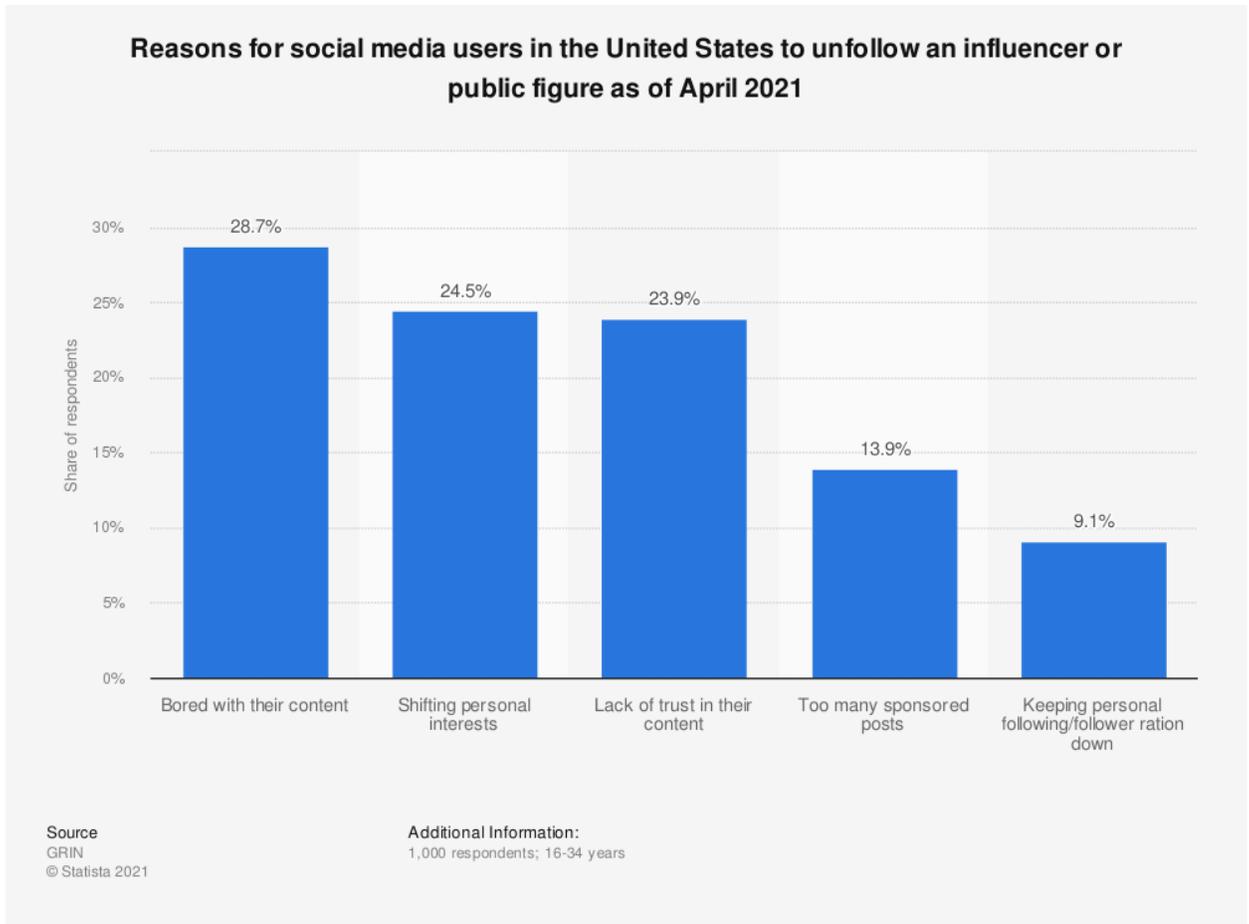
Social media influencers can find it challenging to find the balance in creating content that satisfies their personal needs while simultaneously creating content that satisfies the branded partnership's needs.

In a previous survey conducted by Reed Ashton Kevin, social media influencers expressed an inner struggle between wanting to remain true to their creative desires and giving their followers what they want to see. Hayley, one of the influencers surveyed, is a twenty-two-year-old world-traveling college student who has been an influencer since the

Instagram app first launched. She explained her struggle to reach a happy medium in the following way:

*I think it's part of why people follow people on social media, I think it has a lot to do with being real and being vulnerable. I know that just from personal experience. I have unfollowed so many accounts on Instagram that are very typical or surface level people who put on a face for Instagram. And I think that even more so now, it's so easy to tell when someone's just posting to make money or posting to look a certain way. And that's when I realized I don't really want to be a part of that. That's the biggest toss up with Instagram. You're showcasing your life, and it has to be interesting enough for people to follow you. It's just not very genuine from certain people. So, this past year, I have worked to be more vulnerable and real in posts. I want to post what I care about and not necessarily what my followers might want. But I've seen a lot of backlash from that. I've lost a lot of followers. I definitely have lost business deals with companies because my engagement isn't as high. I've tried to post the content I want instead of living my life for other people because that's really dis-in-genuine. But, unfortunately a lot of influencers fall into that trap.*

**Figure 5.** *Reasons for social media users in the United States to unfollow an influencer or public figure as of April 2021*



**Figure 5** illustrates that the combination of “consumers lack of trust” in influencer content and “too many sponsored posts” totals thirty-eight percent of the reasons for unfollowing an influencer.

Brands and influencers work together in three ways to combat the struggle of remaining true to their identity: minimal encroachment, maximum encroachment, or product placement. Minimal encroachment includes marketers sending free products to the influencer in hopes that they will communicate information to their followers about the product. Maximum encroachment offers monetary payment with an in-depth contract

between that influencer and the brand detailing specifics about what kind of posts need to be made. Finally, product placement allows the product to be featured in a less forthcoming way. In simple terms, the product may be featured in the background of a video or photo, implying that the influencer uses it, but it is not the content's main focus (Audrezet, Kerviler & Moulard, 2020).

Social Media Influencers like Charli D'Amelio, Emma Chamberlain and David Dobrik value their authenticity, as a study by Terakeet showed that making money was ranked fourth in motivations behind becoming an influencer. To protect their credibility, influencers have laid a foundation for how they agree to work with brands. A recent study determined that authenticity revolves around two main factors: the expression of intrinsic motivations (satisfaction and emotion) and the expression of integrity (clear disclosure of the partnership and fact-based information) (Audrezet, Kerviler & Moulard, 2020).

Furthermore, two strategies that guide partnerships are passion and transparency. Recently, influencers have exercised precaution before partnering with advertisers through four main rules based on their passion:

1. A brand must guarantee mutual respect for their work. Mutual respect acknowledges that the influencer and the brand have similar guidelines on their expectations of the advertisement.
2. The partnership must ensure some aspect of creative freedom. Creative freedom allows the influencer the ability to stay true to themselves and their personal brand.

3. The brand and products must be appreciated. One influencer explained, “I regularly approach brands to work with them, but only when I sincerely appreciate the product,” (Audrezet, Kerviler & Moulard, 2020).
4. The partnered brand must ensure that the brand fits the influencer’s lifestyle, content style, and what they promote.

SIMs want their followers to see their emotional connection to the brand to stimulate their credibility further. Transparent authenticity follows the guidelines of providing a truthful representation of the partnership and allowing their personal opinions to be heard by providing objective reviews (Audrezet, Kerviler & Moulard, 2020).

Contrary to the guidelines above, there is a loophole. Previously established or long-lasting relationships with a single social media influencer can create a sense of protection from the consumer to the influencer. In the past year, research shows that consumers will tolerate sponsored posts and will even defend influencers from criticism over their commercial activities because of this preexisting relationship (Lou, 2021).

### **Indirect versus Direct Brand Mentions**

Consumers desire to engage in communication, socialization, and learning experiences online, similar to how they engage in offline activities. Tie strength was a method used to conduct research on direct versus indirect brand mentions and how the consumer views the perceived authenticity. Tie strength refers to the level of intensity of the social relationship. It is composed of the amount of time, the emotional intensity, and the intimacy demonstrated across an individual's social network. “It characterizes the closeness and interaction frequency of a relationship between two parties” (Marsden and

Campbell, 1984; Steffes and Burgee, 2009). Family members are identified as “strong,” and acquaintances or complete strangers are labeled as “weak.” Previous research has established that strong sources are perceived by the individual as more credible and have a more significant influence over their decisions (Brown and Reingen, 1987; Rogers, 2010).

The study hypothesized that tie strength is a critical moderator to social media brand mentions outcomes and further tested it through an experiment on direct and indirect brand mentions between "strong" or "weak" parties. Social media influencers were classified as part of the "weak" category.

A direct brand mention is defined as an explicit and direct acknowledgment of the brand, drawing consumer attention to a product or service. On the other hand, an indirect brand mention is defined as no direct mention or acknowledgment of the brand or any conscious motives made to draw attention to the brand (Hu, J Chen, Q Chen & He, 2020).

After conducting four experiments testing their hypotheses, the study concluded that direct brand mentions lead to higher brand evaluations compared to indirect brand mentions due to higher perceived authenticity.

### **FTC Regulations:**

The Federal Trade Commission (FTC) requires clear and conspicuous disclosure of an endorsement when there is a material relationship between the influencer and the brand that a consumer might not reasonably expect. In other words, the FTC requires direct brand mentions. Disclosures are necessary to ensure consumers can accurately evaluate and give appropriate weight to influencers' recommendations (Bladow, 2017). In

addition, because of the idea that consumers may have a para-social relationship, the FTC deems it necessary to disclose this information based on the fact that SMIs have such a strong hold over their purchasing intentions and decisions.

Appropriate disclosures also enable a consumer to know that no relationship exists between the brand and the influencer when there is not one. This allows consumers to make informed decisions on whether or not to give in to a product recommendation made by a SMI.

As of 2018, one-fourth of the influencers questioned, reported that brands have specifically asked them not to disclose their connection to the brand when doing a promotion. This creates deception regarding the world of the consumer and the general public on social media.

The FTC defines deception as “a representation, omission or practice that is likely to mislead the consumer acting reasonably in the circumstances, to the consumer’s detriment” (Bladow, 2017). An omission is deceptive when (1) the “information necessary to prevent a ... reasonable expectation or belief from being misleading is not disclosed,” and (2) “consumers are likely to have chosen differently but for the deception.” An omission is deceptive when it is “likely to mislead reasonable consumers under the circumstances. The test is whether the consumer’s interpretation or reaction is reasonable.” An omission is sufficiently deceptive as long as it misleads “a significant minority” (which is as few as 10 percent) of reasonable consumers. Furthermore, the definition of deception does not require the FTC to prove actual deception or an intent to deceive (Bladow, 2017).

The guides of the FTC define an endorsement as “any advertising message...that consumers are likely to believe reflects the opinions, beliefs, findings, or experiences of a party other than the sponsoring advertiser” (Bladow, 2017). To prevent an endorsement from being deceptive, the guides require disclosure of any “connection between the endorser and the seller of the advertised product that might materially affect the weight or credibility of the endorsement. All disclosures must be made “clearly and conspicuously” (Bladow, 2017).

The FTC states that principles are evaluated on a case-by-case basis. Endorsers and brands, however, are held accountable for the misrepresentation if found necessary.

In 2017, the FTC filed the first law enforcement action against two online influencers, Trevor Martin and Thomas Cassell. The two were known best by their YouTube channels under the names TmarTN and Syndicate, respectively. The trouble began when Martin and Cassell began promoting the online gambling site CSGO Lotto on their platforms. But what the consumers did not know was that Martin and Cassell actually owned CSGO Lotto (Nylen, 2020). Consumers were being deceived, and these actions were not going unnoticed. The FTC followed the incident by sending out over ninety “educational” letters to major brands, reminding them of the disclosure rules that are in place. Many complaints about the FTC and their guidelines arose from the situation as influencers stated that the rules were unclear or not being enforced properly.

The FTC then updated its guidelines in 2019 to provide brands and influencers with a sort of roadmap to avoid potential problems that could arise. They even gave a hypothetical situation for influencers to understand in much simpler terms. For example, the Endorsement Guides cite the following hypothetical.

*A college student who has a reputation as a video game expert posts entries about his gaming experiences on his popular personal blog. The manufacturer of a new video game system sends him a free system and asks him to write about it on his blog. He then tests it and writes a favorable review.*

The FTC notes that in this scenario, because his review is disseminated via a form of consumer-generated content, in which his relationship to the brand he is advertising is not obvious, the readers of his blog are unlikely to know that he received the video game free of charge in exchange for a review of the product. Given the scenario, this fact would likely affect the credibility of the endorsement. Both the brand and the endorser could be held liable for breaking FTC regulations in this case.

### **Are FTC Regulations Enough?**

The FTC has a variety of enforcement regimes to regulate influencers' failure to clearly disclose advertisements or sponsorships with brands. The enforcements are intended to be exercised in a preventative manner, thus making the primary focus of each enforcement action the prevention of future violations.

Additionally, Congress delegated most of the enforcement and policy-making powers to the Federal Trade Commission, which has proved to become too much for them to handle alone. As a result, the parameters of enforcing the rules that they have stated regarding disclosure policies have solely come to the discretion of the FTC. It has become their choice on which cases should be brought and how the violations should be handled. The FTC has limited resources, so it must exercise its enforcement discretion strategically. The enforcement discretion includes the consideration of the number of consumers potentially deceived, the degree of physical or economic harm, the incentives for brands to employ a particular deceptive practice and the likelihood that market forces

will correct the practices. Furthermore, the FTC does not have any enforcement powers under Section 5, so its means of carrying out its policies are limited to injunctions and civil penalties.

Because of the lack of regulating their policies, businesses easily exploit the system by not requiring, and sometimes even asking influencers, not to share that they have or are receiving compensation for the sponsored post. Therefore, influencer marketing becomes more beneficial to the companies the influencers represent while simultaneously becoming more harmful to consumers. The less the consumers are aware of the advertisement, the more effective it becomes for the brand (Chan, 2019).

Furthermore, now that the pool of influencers is vastly expanding and more people are creating content for a living and being paid to do so by brands, their trustworthiness requires more research. The situation is recognized and governments have started to notice it in legislation. But, because this market is somewhat oversaturated, it is nearly impossible to keep up with every misconduct of content promotion on social media platforms.

## **PART THREE: TWO CASE STUDIES ON HOW AUTHENTICITY AFFECTS PERCEPTION**

### **Introduction**

The purpose of this chapter is to review two different social media campaigns by brand-influencer partnerships. Each campaign is examined to determine what went wrong and how authenticity and/or inauthenticity can affect how the consumer views the influencer and the brand. It is essential to understand that the case studies are examined through concepts that have been previously discussed in Part One and Part Two of this article. Therefore, some discussion of the same material will be reinforced for clarification.

### **What Does the Consumer Expect?**

It is important to remember what the consumer expects out of the relationship to reinforce some of the previously discussed concepts regarding social media influencers. The expectations are sincerity, genuineness, truthfulness, and originality. Another important element that will be examined is the idea of influencer “brand-fit.” This concept will be further explored later in this section, but for now, it can be defined as the idea that influencers should promote products that align with their specific content or style. This increases the likelihood of the influencer’s promotion being perceived as authentic and the brand gaining access to its target audience. Furthermore, it is important when examining these case studies to understand that the public often scrutinizes

sponsored content posted by social media influencers. These two case studies will elaborate on the “right” and “wrong” ways to promote brands and/or products regarding how the consumer views an influencer’s authenticity.

### **Charli D’Amelio + Dunkin Donuts Team Up**

Charli D’Amelio is a 17-year-old Tik Tok dancer with 136 million followers on the platform. In addition to that, the young now-turned influencer has 47.2 million Instagram followers. Over the past two years, D’Amelio has become viewed as an opinion leader and thus has a large impact on a wide range of people.

Previous studies have shown that the only attribute of either a celebrity or a social media influencer (which Charli is considered to be in both worlds now) was authenticity. Only that had an effect on purchase intentions and decisions. A more recent study verified that brands should seek authentic matches between their message or product and the influencer’s message (Pöyry, Pelkonen & Naumanen, 2019). So, that is just what Dunkin’ Donuts did in their campaign with Charli D’Amelio.

Purchase intentions of the consumers and ultimately purchases themselves are always the driving force behind sponsored media content. Dunkin’ Donuts’ campaign team created the perfect concoction of an authentic campaign and driving sales simultaneously. They saw the opportunity to market to Generation Z through D’Amelio in hopes of increasing their sales among the generation.

The campaign centered on a limited-edition cold brew coffee with whole milk and three pumps of caramel swirl. The advertising team of Dunkin’ Donuts saw the perfect opportunity to emulate a tactical move to partner with D’Amelio when they realized that

she had been “advertising” for them for months unknowingly. The Tik Tok star would sip on a Dunkin’ iced coffee before doing one of her famous dances quite often. Therefore, the advertising campaign was inspired by D’Amelio’s favorite drink by Dunkin’ that she had mentioned previously on her platform many times. During the campaign, the drink earned the name “The Charli.”

The campaign was announced by D’Amelio on her social platforms and also through paid media on Snapchat and Instagram. The campaign saw an immediate increase in sales and interest in the brand as a whole. As a result of the campaign, Dunkin’ set a record for daily users on its app the day “The Charli” launched. It also saw a fifty-seven percent increase in app downloads, a twenty percent sales boost for all cold brews the day the drink was launched, and a forty-five percent surge the following day. Within only five days, the company sold hundreds of thousands of the signature drink (TMZ Staff, 2020).

Because of Charli D’Amelio’s consistent posting with her iced coffees before the campaign, her following base saw her as taking an open stance as opposed to trying to shape their ideas and perceptions about Dunkin’ Donuts. After all, the drink was named after her.

This collaboration emulates the perfect influencer “brand fit.” Charli’s credibility increased, thus encouraging consumers to purchase the product to have a sense of validation with regard to her. The consumer, D’Amelio’s audience, viewed the campaign as authentic, which in turn boosted the message’s effectiveness because they could identify with the message and the sender. Her communication style came off as more personal and direct. This can often have the same effect as word-of-mouth

communication which is held highly credible among consumers and their purchasing decisions.

The campaign further goes to show how influencer marketing has become increasingly important for brands with hopes to reach younger audiences. A recent survey found that when deciding to follow an influencer, 89% of young consumers said it is important that the influencer “seems like a nice person,” while 86% want to feel that the influencer “isn’t just trying to sell them something” (Williams, 2020).

Trust is at the heart of any campaign and especially a campaign for younger generations. Because D’Amelio was authentic in her approach, her audience trusted the information she was providing, whether or not Dunkin’ Donuts paid for it.

Kim and Ahmad (2012) define trust in the following way: “a subject’s degree of belief in a content provider’s (influencer’s) task competence, based on the expectation that the content provider generally and consistently delivers satisfactory and high-quality content. The content consumer is willing to take user-generated content provided by the content provider even with the possibility of risk.” The risk of purchasing a Dunkin’ Donuts’ coffee is not high, but this case study is just one of many to exemplify the right way to approach influencer marketing and the effectiveness of authenticity to the influencer’s audience. D’Amelio reached and resonated with her audience, which is why the campaign was such a success.

### **Kyle Scheele + Kum & Go Team Up**

Kyle Scheele is an artist, author, inventor, speaker, welder, animator and storyteller. Tik Tok star can now be added to his biography after his “partnership” with

the convenience store Kum & Go became a viral Tik Tok campaign. Scheele has a significant following base on the Tik Tok platform of 3.1 million followers. But, “The stunt that swept Tik Tok” is what Scheele and the convenience store’s partnership soon became known as (Miller, 2021).

What was perceived by millions of people on Tik Tok as a prank on the Kum & Go store in Scheele’s hometown had actually been a planned publicity advertising campaign the entire time. It started with Scheele creating a “bigger than life” cardboard cutout of himself advertising his very own “Kyle Scheele Meal.” The cutout instantly became a viral hit attracting visitors from all over to participate in the “prank” on the convenience store. Scheele’s original video attracted 28 million views.

The Kum & Go’s brand Tik Tok account responded to the viral video proposing that they bring the meal to real life. After a huge response from the people following the evolution of the original prank, Scheele and the brand announced that the meal- now rebranded as the “Scheele Meale” was officially available in the Kum & Go stores.

The meal consisted of a pizza sandwich and a 12 oz. can of Red Bull for five dollars. From the launch of the meal until Thanksgiving of 2021, two dollars of each meal sold (up to \$10,000) would benefit No Kid Hungry, an organization that feeds children in need. Red Bull agreed to match the donation.

Corporate actors within communications can sometimes come with a hidden agenda, and Scheele and Kum & Go’s agenda became clear about a month after Kum & Go announced the meal. Adweek shared the scoop on the campaign that came directly from the director of marketing for the brand, Matt Riezman.

Riezman told Adweek that the entire concept was actually a campaign orchestrated by Kum & Go themselves. Scheele did have complete creative discretion, but from the beginning, he knew that it was a partnership with the brand, which is the opposite of what he led the Tik Tok community to believe.

Riezman began his planned partnership by examining who would best fit the brand- the influencer “brand fit.” He explained that the Kum & Go team gravitated towards Scheele not because of his sizable following base but rather for his compatible sense of humor: “His brand of humor is just super engaging. He’s not bound by constraints, and we sort of feel the same way at Kum & Go” explained Riezman to Adweek. The team wanted someone that would build a story with them.

Once the news got out that the brand had actually been partnered with Scheele and knew of the plan from the start, Scheele’s followers and many of the American consumers who had fallen for the prank were not happy. Scheele ended up receiving a lot of backlash due to his inauthentic and misleading behavior. Furthermore, as it was previously addressed in Part Three, influencers are required to inform their audiences when a brand sponsors their content. Because Scheele did not disclose that the campaign was actually being sponsored by Kum & Go, he could have received repercussions from the Federal Trade Commission.

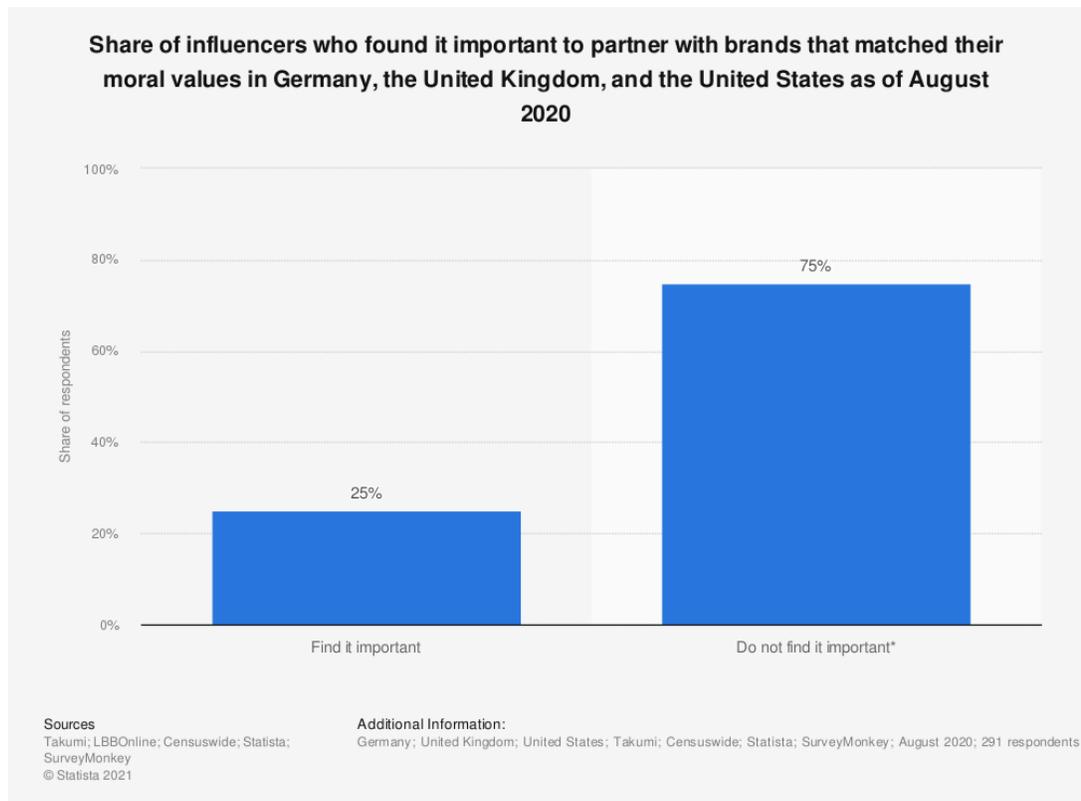
Scheele followed up with the Tik Tok community by posting an apology video and stating that he wished he had been honest from the beginning. However, it left many followers angry, and many people will still negatively relate Scheele and Kum & Go together because of it.

The result of this campaign proved that whether or not the campaign is successful, consumers still value authenticity regarding influencers. It boils down to the simple fact that people do not like being lied to. The consumers who fell for Scheele's "prank" did not appreciate being misled within their purchasing decision, no matter how small (in this case it happened to only be a \$5 meal.) Trust is at the core of the SMI and consumer relationship. Once that is lost, the relationship begins its downcline until it ceases to exist.

In Kyle Scheele and Kum & Go's situation, distrust of Scheele resulted from the misleading campaign. Kim and Ahmad (2012) define distrust in the following way: "A subjective degree of suspension that the content provider's values, motives, intentions and behaviors are harmful to the content consumer's interests. With distrust, the content consumer is unwilling to take user-generated content provided by the content provider (the influencer), fearing that the content provider is to engage in spam, deception, dissemination of misinformation or low-quality content." Distrust is then accompanied by negative emotions, which in turn does not allow for good results for the advertisement or campaign of any sort.

Although Scheele and Kum & Go's partnership matched in the context of his personality and their mission and/or products, the pair approached the campaign the wrong way which resulted in backlash towards Scheele and the entire campaign.

**Figure 6.** *Share of influencers who found it important to partner with brands that matched their moral values in Germany, the United Kingdom, and the United States as of August 2020*



## **PART FOUR: THE SOLUTION**

### ***The Implementation of the Authenticity Clause***

#### **The Current System and the Issues**

Some think the commercialization of influencers can threaten their appeal of trustworthiness. Yet, according to current research, consumers seem to be quite accepting of sponsored influencer content in contrast to more conventional celebrities (Lou 2021). But, at the same time, consumers take charge of their influencer experience by screening accounts for brand-introduced biases.

As social media use has climbed over the past decade, the creation of a relationship between marketing and media that is mutually dependent on each other derived: media relying on marketing to stay afloat, and advertisers counting on media to reach their target audiences.

Recently, marketers on social media platforms have figured out how to create niche audiences using social media influencers. Influencers, in a way, are their own brand. They cater to their audience and engage with their followers to build relationships and establish a sense of brand loyalty. While all of these factors benefit marketers, social media influencers, and brands alike, companies have found that consumers are beginning to become desensitized to these advertisements because of the high exposure rates and the ability to “tune in” and “tune out.” Through ads and sponsored posts, brands and

influencers are losing their ability to be the “attention merchant.” It all boils down to whether or not advertisers can harvest the consumer’s attention.

Consumers are becoming increasingly distrusting of brands and their marketing tactics. One main reason for this is due to the fact that online marketing content can be created by a social media user, a brand, or even by a consumer, which makes evaluating the truth behind the content more difficult than ever. The now blurred line between advertisements and editorial or personal content by social media influencers leaves consumers lacking the trust they once had. In addition, businesses continue to easily exploit the system with the limited enforcement of the FTC rules.

Furthermore, for the same reason this type of marketing can be beneficial to companies, it can be harmful to the consumers because the less the consumer is aware of the advertisement, the more likely they are to engage with the content or the brand. As this method has proven to be effective for companies, the brands have gotten sneaky within their contracts. As it was previously mentioned, some brands may not even require the influencers to share that they have received compensation for their sponsored post. Regarding the FTC rules and regulations under the language in Section 5, this is considered dishonest and illegal as these practices are “deceptive” in their nature. Advertising has since lost its once valued form of transparency, and many are unsure of a way to get it back.

The way to implement transparency back into advertising, especially on social platforms is to create credibility. Credibility lies in two elements. Riedl and Luckwald (2019) explain, “Competence (expertise) is determined by the communicator's knowledge, experience and abilities, depending on how strongly such characteristics are

perceived by the addressees. The communicator's trustworthiness is determined by his seriousness, reliability and honesty. Credibility is positively related to attitudes towards advertising in social media. Due to the assumed connection between attitude and behavior, credibility should also have a positive influence on purchase intentions."

Because the FTC is spread thin and cannot adequately enforce its guidelines to protect the consumer and ensure advertisements are honest, credible, and authentic, something else has to happen. That something else is simple, and it is the fine print that can change perceptions and allow consumers to make informed purchasing decisions.

### **The Authenticity Clause**

Honesty and trustworthiness are two key factors that stimulate consumer connections and purchase decisions with brands. Marketing communications rely heavily on these two factors; consequently, breaking these values makes consumers have higher distrust regardless of the source of the message Riedl and Luckwald (2019).

Riedl and Luckwald (2019) also state that influencer marketing is most effective when it is testimonial, especially if the testimony is coming from an influencer the user is already following or familiar with. This is because they are most likely to trust a recommendation from someone they consider to have a strong "tie" with. Unfortunately, that is not always the case, so an addition needs to be made to the current protocol for influencer marketing.

This is where the implementation of an Authenticity Clause becomes a major player in this game of advertising. Imagine if an influencer was not marketing a product to social media users based on the fact that they were to get paid or get some sort of other

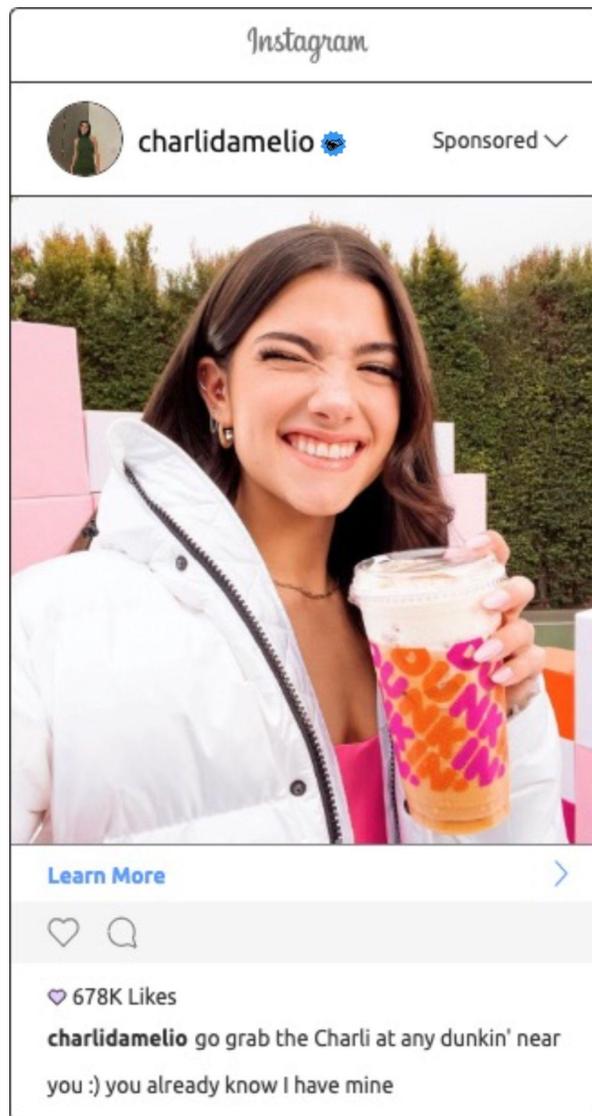
endorsement from being sponsored, but rather was getting paid a certain percentage and also gaining an investment in that company or brand. The clause would minimize inauthentic promotions as people, generally, do not “invest” in brands, companies, or anything else if they do not use or believe in the product. Implementing an Authenticity Clause in influencer-brand contracts creates an extra layer of transparency as it will exemplify the connection between the influencer and the brand. The clause will likely instill trust in both the brand and the influencer from the consumer mindset.

The current protocol for influencer-brand contracts lists the parties taking part, the duration of the promotion, what type of content is expected of the influencer, the monetary benefits, and that the influencer should be compliant with the FTC guidelines. As this is a general guideline for the contracts, that’s not always how they are executed. As it was mentioned previously in Part Three, some companies do not require the influencer to disclaim whether or not the post is sponsored.

The Authenticity Clause would be an additional clause within the financial section of the contract stating what the influencer is to receive from the promotion **regarding money or products and some form of stock or investment in the company.** With this idea being new, for now, it could only be implemented by publicly traded companies. If private companies wanted to issue a similar concept to ensure that second blanket of trust from the consumer, something of similar value as stock in a company could be negotiated.

The social media users or consumers would be made aware of a brand-influencer authentic partnership, similar to how an account is currently acknowledged as “verified” on social media platforms. The sponsored post or ad would have a symbol recognizing

the partnership that exists between the two parties. The clause and symbol will ensure that there are no blurred lines between the consumer's perception and the relationship between the brand and the influencer. An example of what the symbol and a post might look like is mocked-up below.



Essentially, this would cover most of the bases of the current insecurities (direct versus indirect brand mentions and relationship status) that exist among consumers on social media concerning paid promotions.

The sponsorships would fall into the category of direct brand mentions, which, as discussed in Part Two, are held at a higher level of credibility. Second, because the influencer would essentially own part of the brand as part of their payment, their tie strength may increase from “weak” to “strong.” To reinforce this concept, the individual perceives a “strong” tie strength as more credible. Therefore, it has a more significant influence over their decisions. So, although the para-social (one-sided) relationship is still in effect between the influencer and the user, it is highly likely that the trust would stimulate a somewhat real feeling of friendship.

The contract must contain an Authenticity Clause to implement this strategy, and both parties must sign the contract. The next step is to get authentically verified by a third party. Hypothetically, there will be a third-party verification process in charge of verifying the authenticity of the investment in the brand and the influencer. This step ensures that brands and influencers are not taking advantage of the system.

### **How it Affects the Consumer, Influencer and Brand Relationships**

Influencers work to craft relationships built on trust and foster a sense of belonging among their followers. A recent study found that informative value and some components of an influencer’s credibility can positively affect trust in the branded post, affecting brand awareness and purchase intentions. Furthermore, direct brand mentions, discussed in Part Two, are perceived as more authentic. Because skepticism can still be high among consumers, whether a relationship exists or not, the Authenticity Clause will add the extra layer of transparency that branded content currently lacks. With the Authenticity Clause, not only will the influencers disclaim that the ad is sponsored, but

the consumers will likely trust their recommendation more, knowing that the influencer is invested in the brand. Furthermore, this will allow consumers to make the utmost informed decisions on whether or not to give into a product or brand recommended by an influencer.

The connection between a consumers' attitude and behavior leads them to conclude whether a social media influencer can be counted as credible. As such, credibility positively influences the consumer's intention to buy (Riedl and von Luckwald 2019). The reason brands invest in social media promotions is not only to reach consumers with a more authentic approach to drive awareness but also to drive purchases. Brands are only successful if they actually sell their products.

The Authenticity Clause will likely eliminate any form of distrust in the brand when users on social platforms see that their favorite influencers are actually invested in the brand themselves. Furthermore, this will stimulate growth of the brands and the influencers, alike.

## CONCLUSION

Given that the influencer marketing market value has more than doubled since 2019, standing at around \$13.8 billion as of 2021, it is evident that this tactic plays a prominent role in the economy. Brands have realized the importance of influencer marketing, but they have also discovered the complexity that it entails. Consumers consume social media promotions with heavy skepticism now that they have realized how much is being marketed to them. Some have even become fearful of this tactic. This generates a fine line between trust and distrust in the realm of influencer marketing and paid promotions.

At the core, this requires a more nuanced understanding by the brands and influencers to make sure transparency, truth, and authenticity prevail in their content. The case studies in this research mentioning Emma Chamberlain, “Fishgate,” Charli D’Amelio, and Kyle Scheele further prove that distrust from the consumer leads to negative effects on the influencer and the brand, but trust and engagement lead to success.

Many factors play into the game of advertising and many more rules are currently being broken as the referee (the FTC) is spread too thin. The current system leaves the audience (the consumers) with doubts and increases skepticism day by day. Although social media presence is constantly growing, advertisements are being skipped through more easily than ever. The major players have become the partnerships between brands and social media influencers. The two combined have become the attention merchants.

But, with authenticity lacking, the game is losing its audience. The new system, implementing the Authenticity Clause and the verification process, will benefit everyone alike and most importantly, make sure that authenticity prevails.

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