

An Empirical Study of Affiliate Marketing Disclosures on YouTube and Pinterest

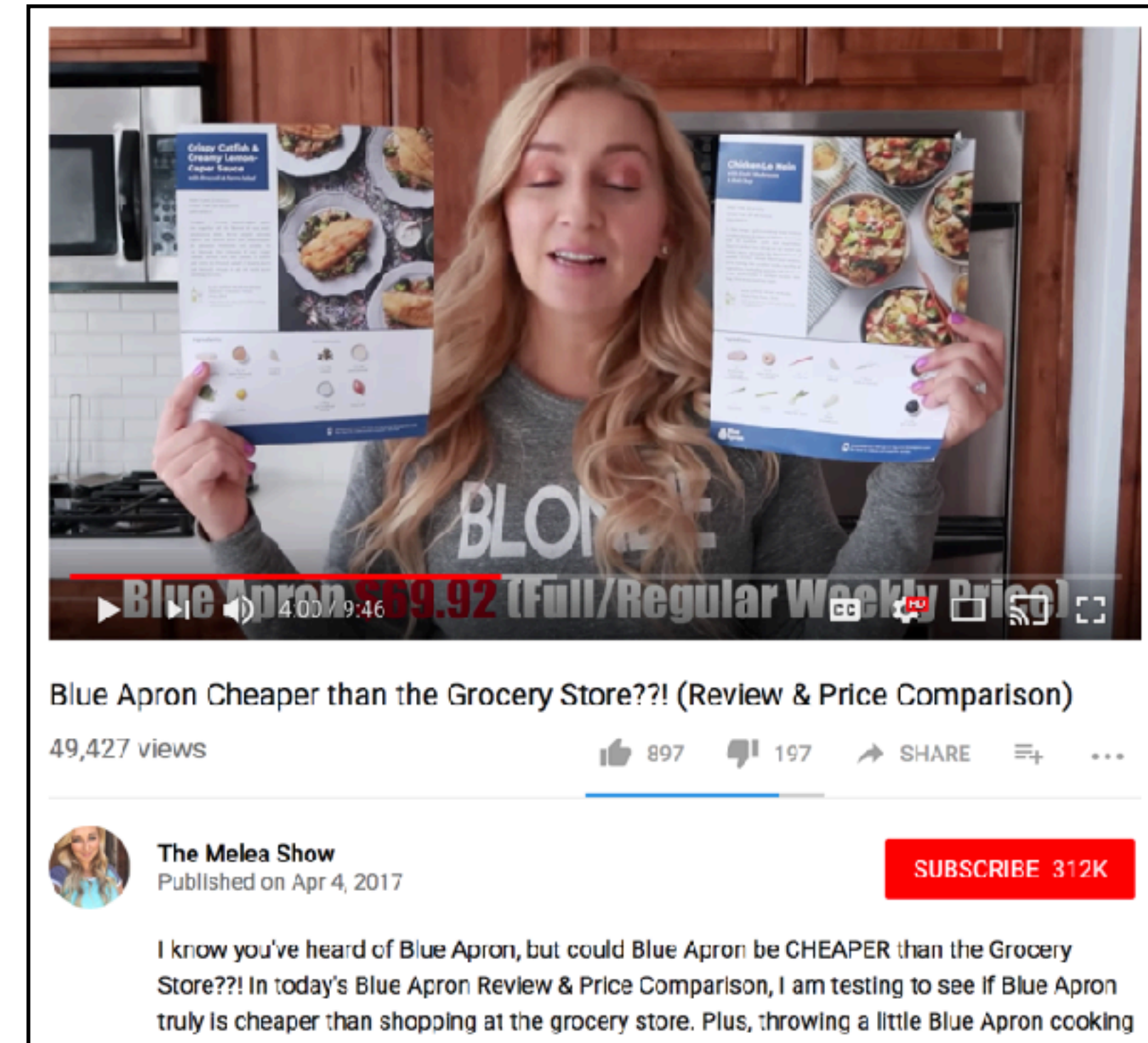
Arunesh Mathur, Arvind Narayanan, Marshini Chetty



Content Creators and Advertising



PALIN for 15% off your order!

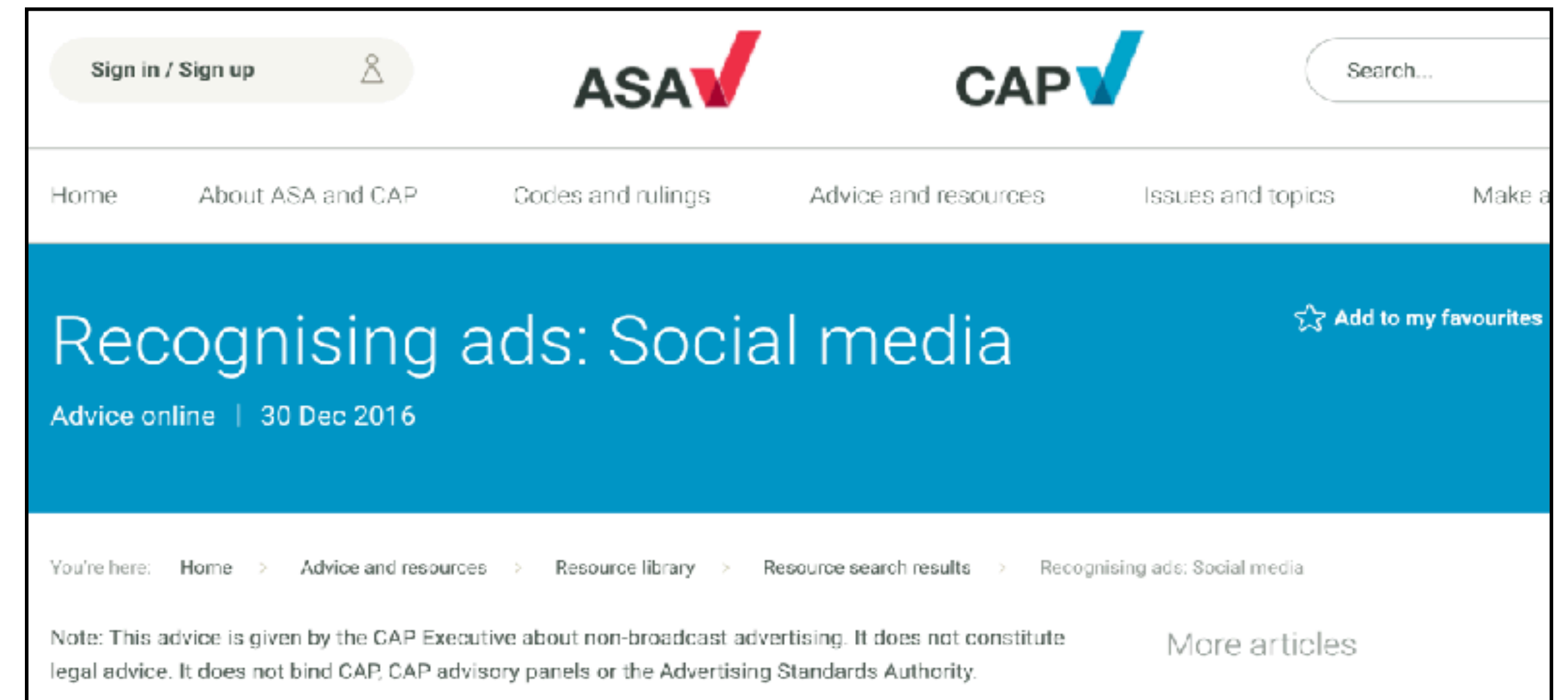


**[http://
themeleashow.com/
blueapron](http://themeleashow.com/blueapron)**

Guidelines & Regulation



FTC's Endorsement Guidelines



ASA's Social Media Ads Guidelines

Guidelines & Regulation: Enforcement



Mary K. Engle
Associate Director

United States of America
FEDERAL TRADE COMMISSION
Washington, D.C. 20580

{Date}

{Address}

Dear {Influencer}:

The Federal Trade Commission is the nation's consumer protection agency. As part of our consumer protection mission, we work to educate marketers about their responsibilities under truth-in-advertising laws and standards, including the FTC's Endorsement Guides.

I am writing regarding your attached Instagram post endorsing {product}. You posted a picture of {description of picture}. You wrote, "{quotation from post}."

The FTC's Endorsement Guides state that if there is a "material connection" between you and the marketer of a product – in other words, a connection that might affect the weight or credibility that consumers give the endorsement – that connection should be clearly and conspicuously disclosed, unless the connection is already clear from the context of the communication containing the endorsement. Material connections could consist of a family relationship, monetary payment, or the provision of free products to the endorser.

The Endorsement Guides apply to marketers and endorsers. [If there is a connection between you and {Marketer}, that connection should be clearly and conspicuously disclosed in your endorsements.] or [It appears that you have a business relationship with {Marketer}. Your material connection to that company should be clearly and conspicuously disclosed in your endorsements.] To make a disclosure both "clear" and "conspicuous," you should use unambiguous language and make the disclosure stand out. Consumers should be able to notice the disclosure easily, and not have to look for it. For example, consumers scrolling through posts in their Instagram streams on mobile devices typically see only the first line of a longer post unless they click "more," and many consumers may not click "more" if the disclosure is not at the top. You should disclose any material connection above the "more" button. In addition, if there are multiple tags, hashtags, or links, readers may just skip over them, especially if they appear at the end of a long post.

FTC Finalizes Its First Settlement For Social Media Influencers

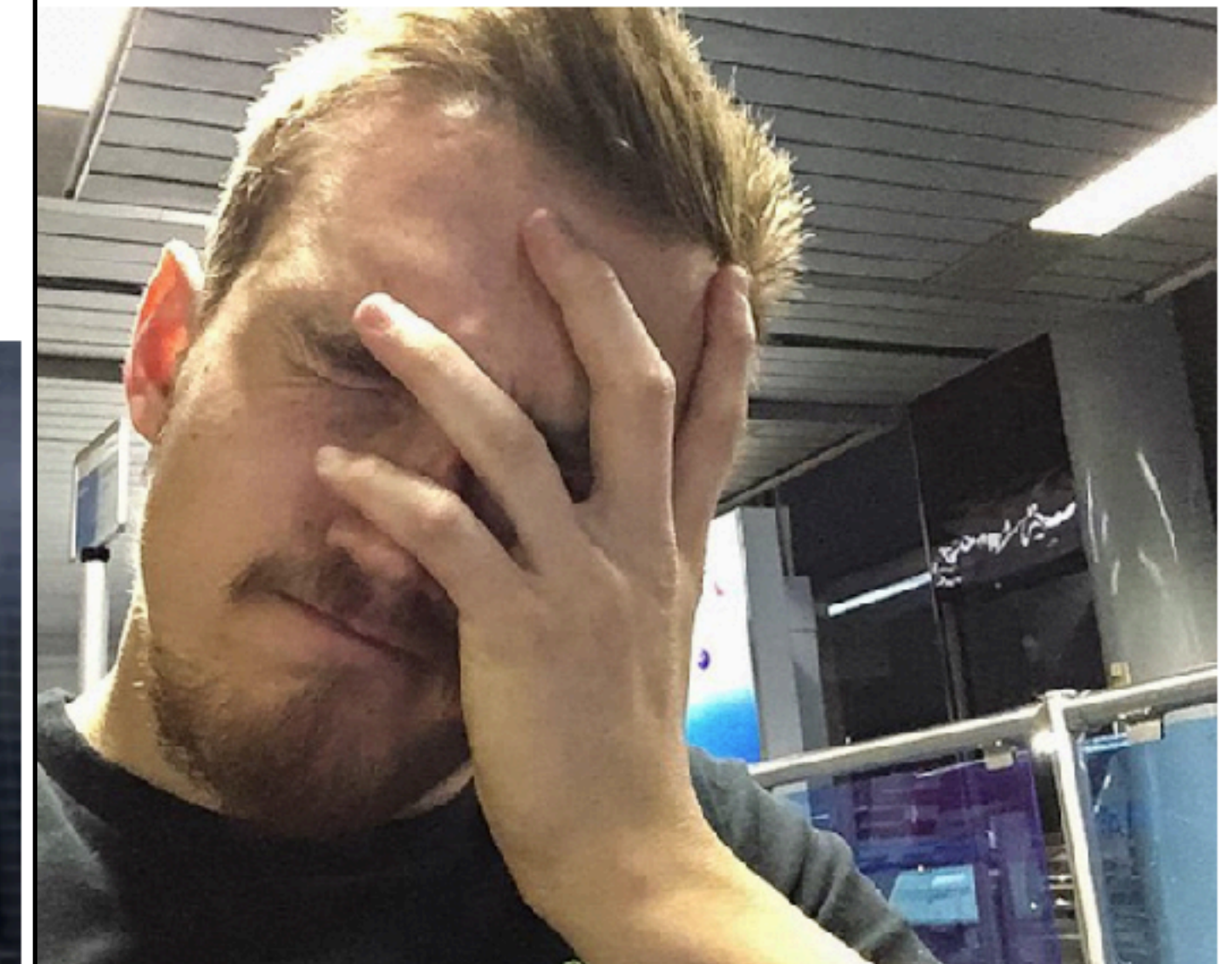
Social media stars face crackdown over money from brands

Instagram 'influencers' told to clarify paid-for ads, while health claims are taken down after advertising breaches



▲ Elizabeth Olsen, who plays an influencer in the forthcoming film Ingrid Goes West, has attracted 745,000 followers since she joined Instagram. Photograph: Rex/Shutterstock

Consumer protection bodies in the UK and US are increasing their crackdown on **Instagram** "influencers", in an attempt to rein in the big business being done covertly on social media.



1, 2017

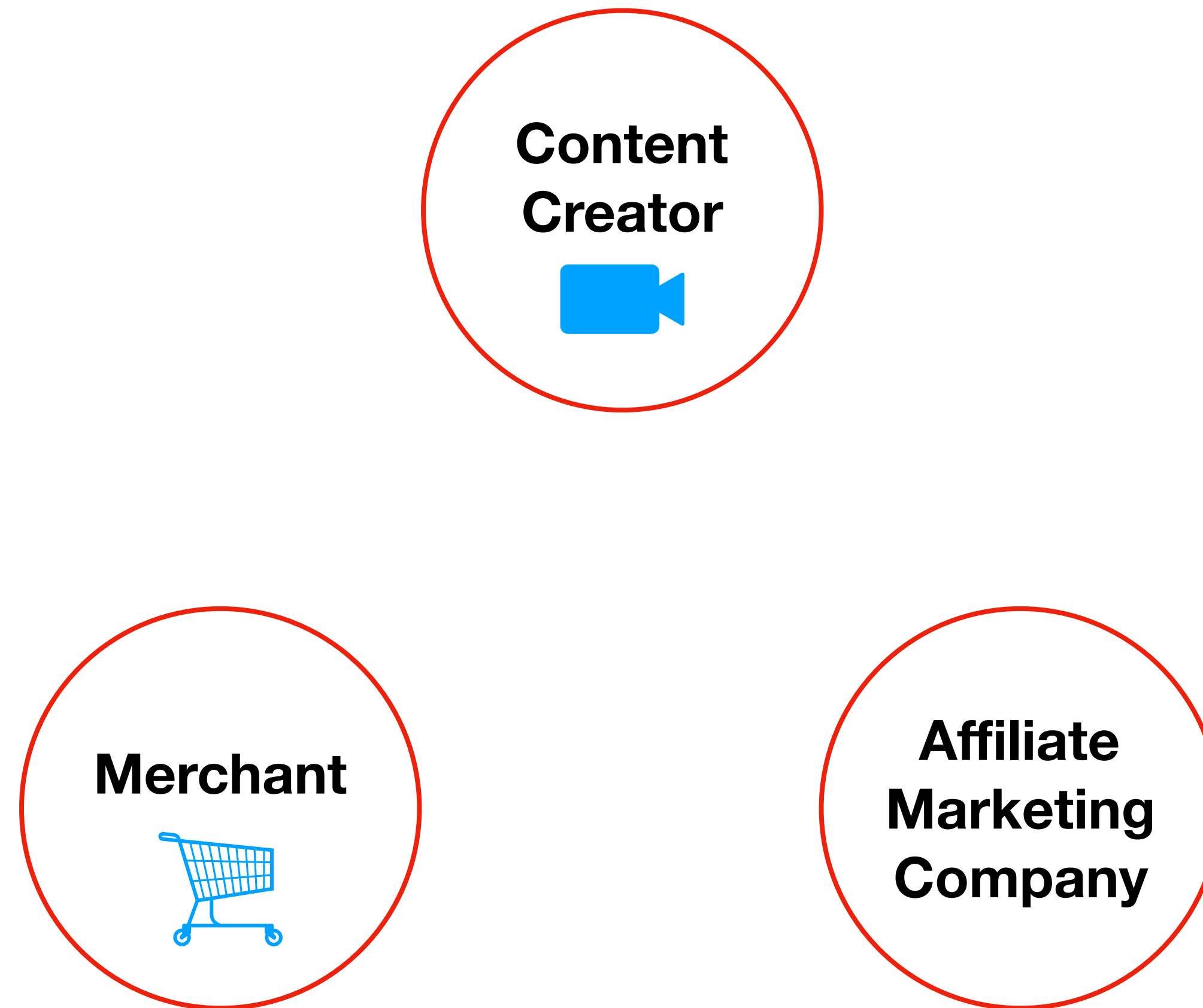
The Commission (FTC) unanimously approved, by way of a 2-0 vote, a finalized order in what is the first-ever FTC case brought against individual social media influencers.

Defiler. Trevor "**TmarTn**" Martin and Thomas "**Syndicate**" Cassell posted videos on their YouTube channels (with a respective more than 3.3 million and 10 million subscribers) taking part in a promotion for the online gambling service **CSGO Lotto**. The problem was that the two 'Let's Play' social influencers failed to disclose their 42.5% ownership interest in the online gambling company, directly in violation of FTC

Endorsements in Advertising



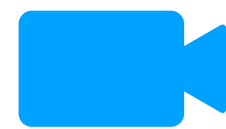
Affiliate Marketing: A Primer



Affiliate Marketing: A Primer



**Content
Creator**



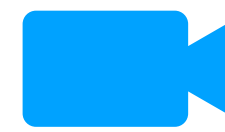
Merchant



**Affiliate
Marketing
Company**

Affiliate Marketing: A Primer

Content
Creator



“These [designer hanging planters](#) are available for less than \$200.”



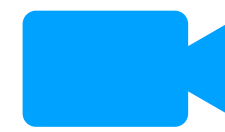
Merchant



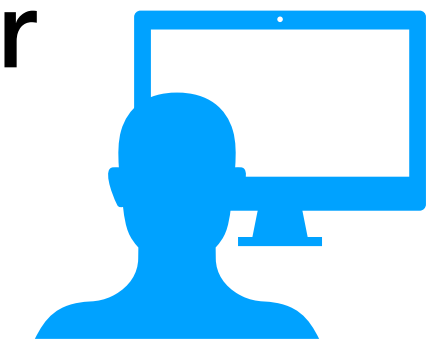
Affiliate
Marketing
Company

Affiliate Marketing: A Primer

**Content
Creator**



“These [designer hanging planters](#) are available for less than \$200.”



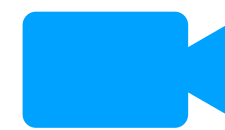
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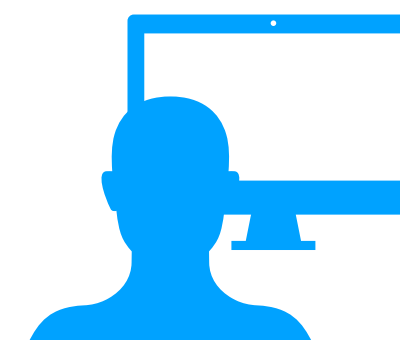
“These [designer hanging planters](#) are available for less than \$200.”



Merchant

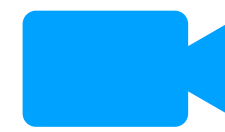


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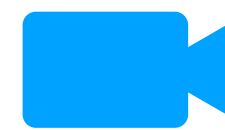
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Content
Creator

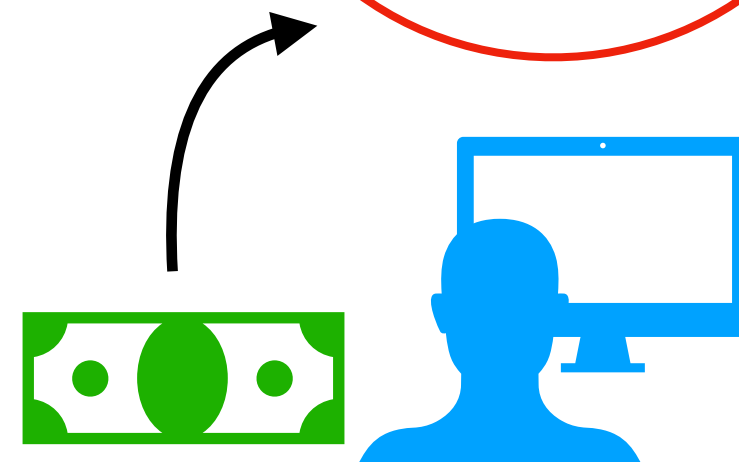


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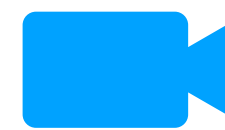


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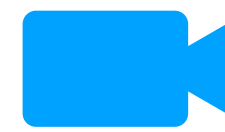


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Merchant



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FTC's Guidelines: Affiliate Marketing

1. What should the disclosure state?

- ☑ Consumers may not understand “Affiliate link”
- ☑ “I get commissions for purchases made through links in this post”

2. Where should the disclosures be placed?

- ☑ *Near* the affiliate link

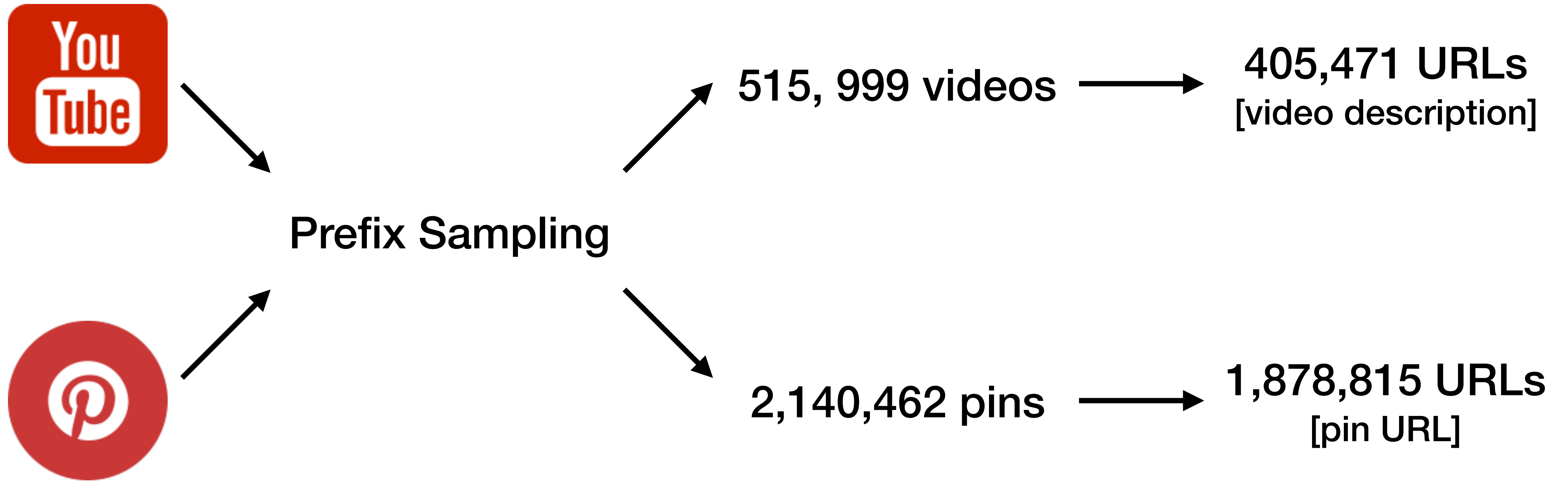
Research Questions

1. How prevalent are disclosures in affiliate marketing content on social media platforms?
2. Are these disclosures compliant with the FTC's endorsement guidelines?

Method: Data Collection



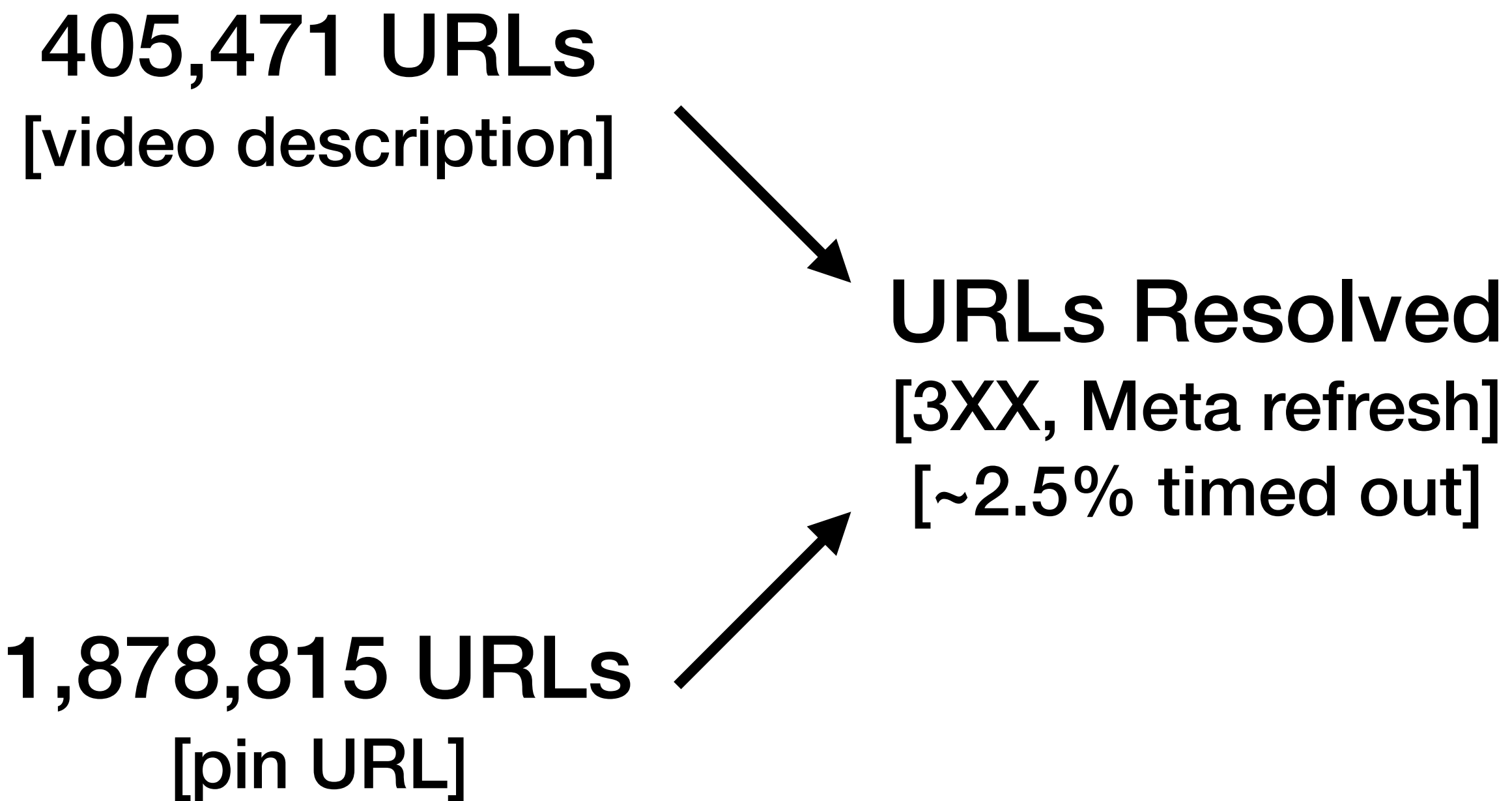
Method: Data Collection



Method: Identifying Affiliate Links

1. No publicly available list of affiliate marketing companies and their URLs
2. Links may be cloaked:
 - <http://amzn.to/2hhuk62>
 - [https://www.amazon.com/gp/product/B01N2XRCKP/ref=as_li_ss_tl?
tag=r-a-site-20](https://www.amazon.com/gp/product/B01N2XRCKP/ref=as_li_ss_tl?tag=r-a-site-20)
3. Key observation: Affiliate links contain patterns

Method: Identifying Affiliate Links



Method: Identifying Affiliate Links

405,471 URLs
[video description]

1,878,815 URLs
[pin URL]

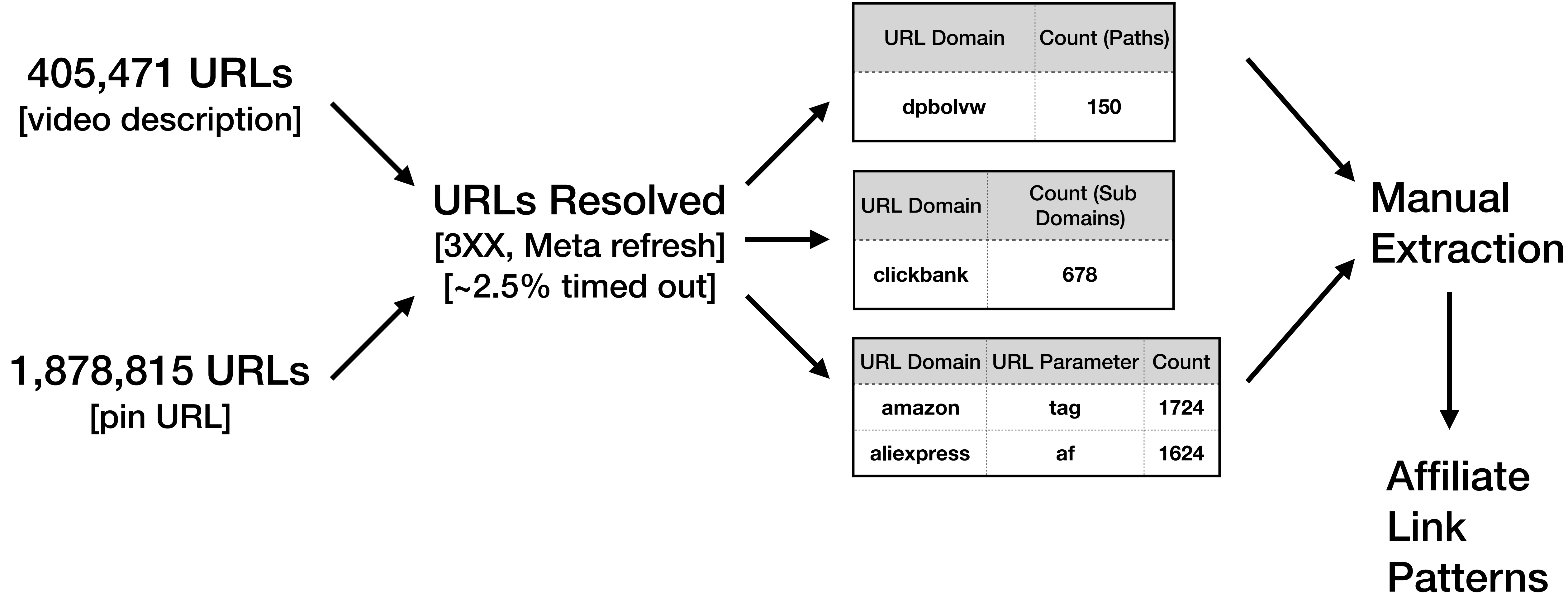
URLs Resolved
[3XX, Meta refresh]
[~2.5% timed out]

URL Domain	Count (Paths)
dpbolvw	150

URL Domain	Count (Sub Domains)
clickbank	678

URL Domain	URL Parameter	Count
amazon	tag	1724
aliexpress	af	1624

Method: Identifying Affiliate Links



Method: Discovering Affiliate Disclosures

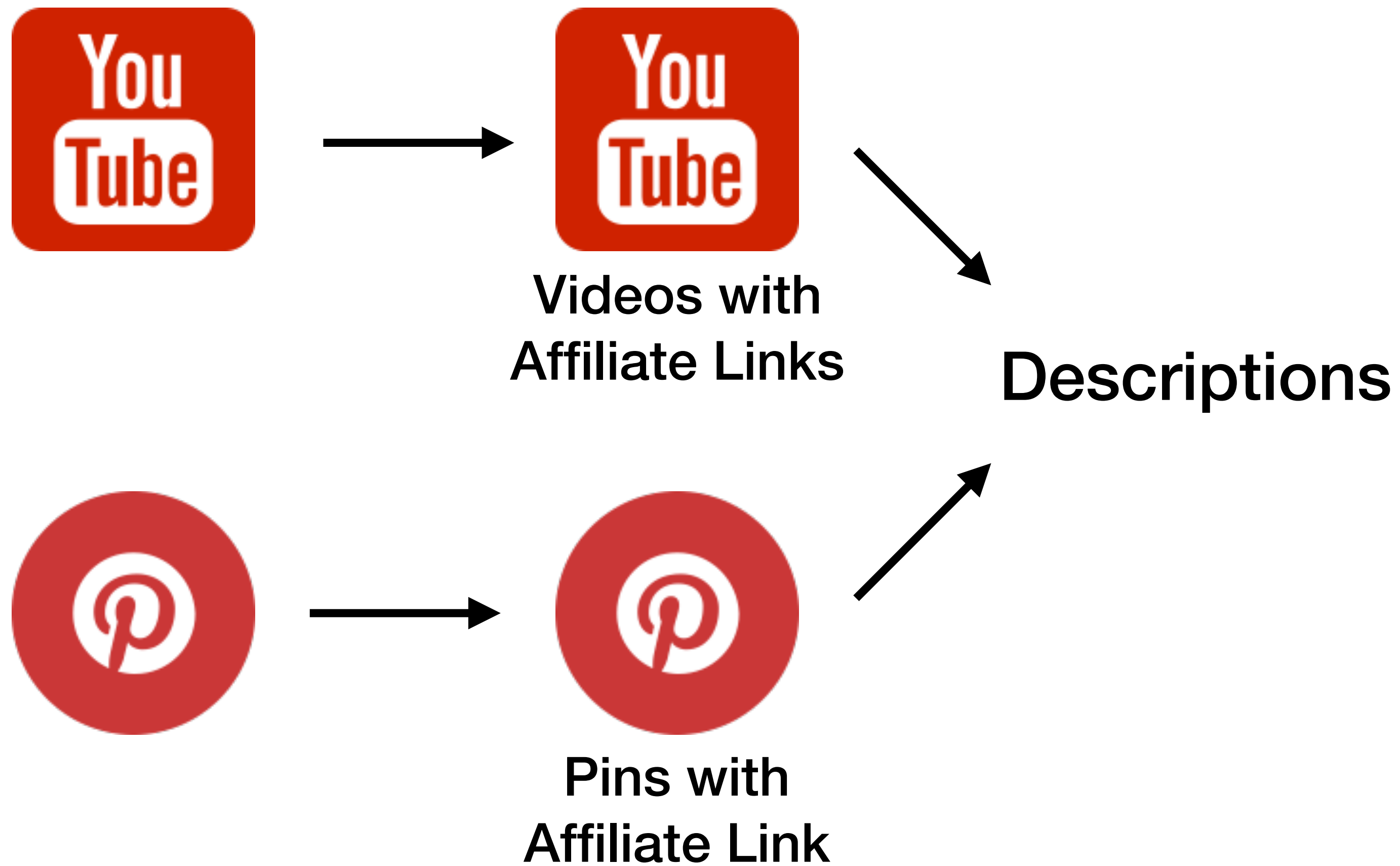


Videos with
Affiliate Links

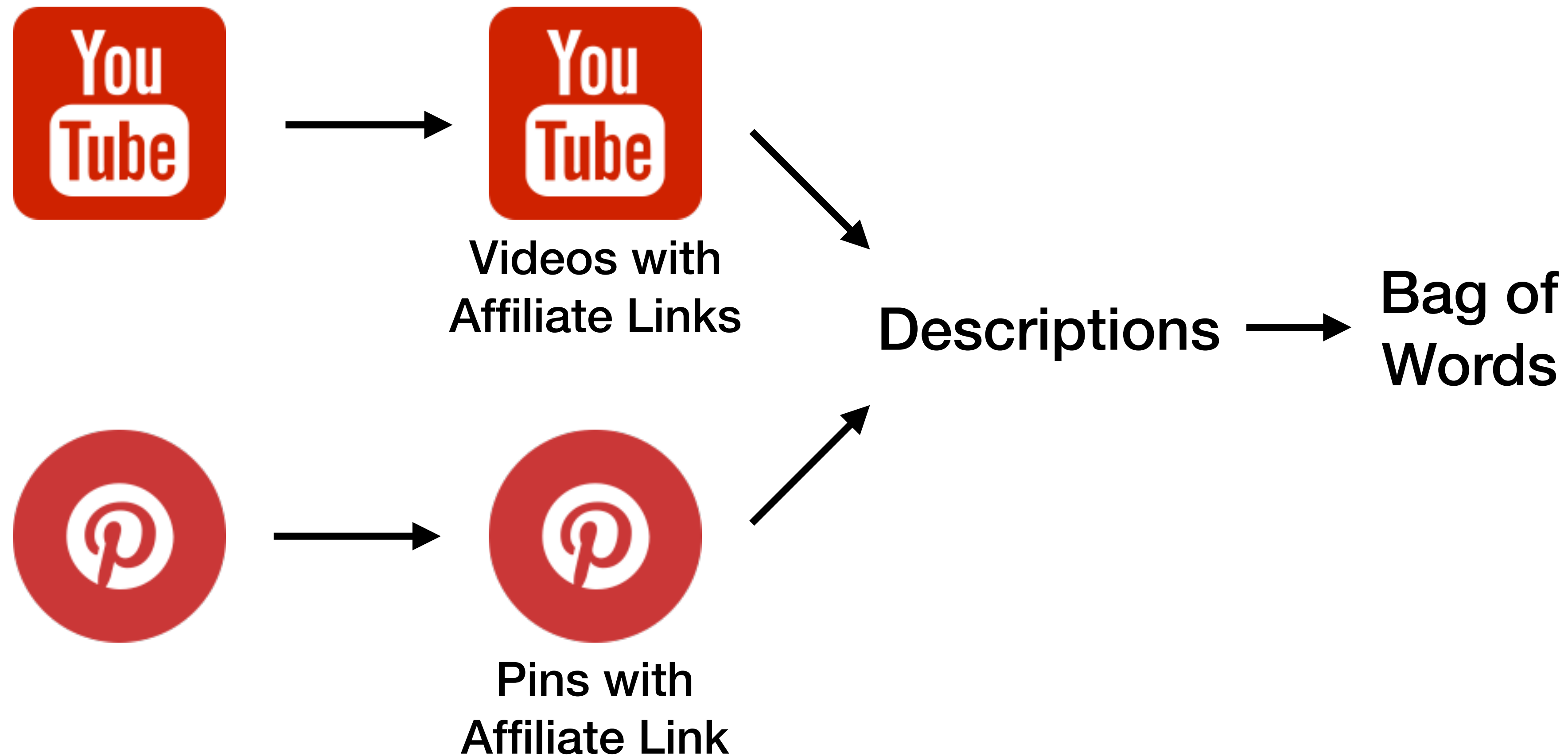


Pins with
Affiliate Link

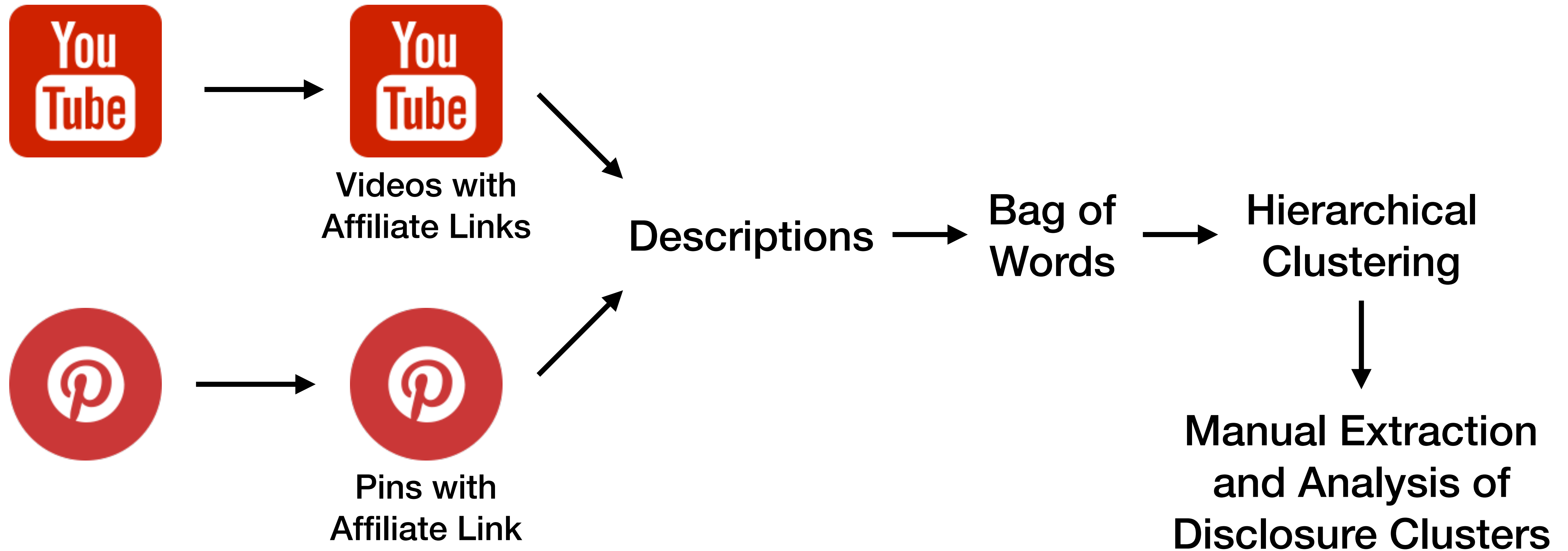
Method: Discovering Affiliate Disclosures



Method: Discovering Affiliate Disclosures

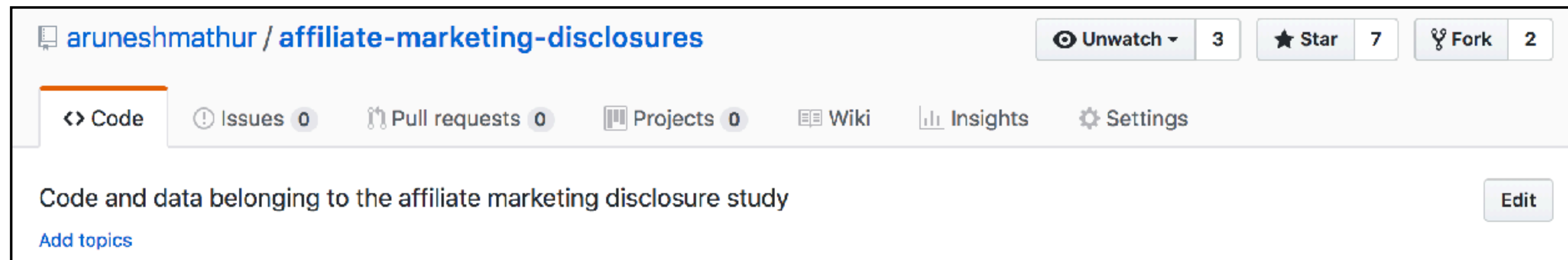


Method: Discovering Affiliate Disclosures



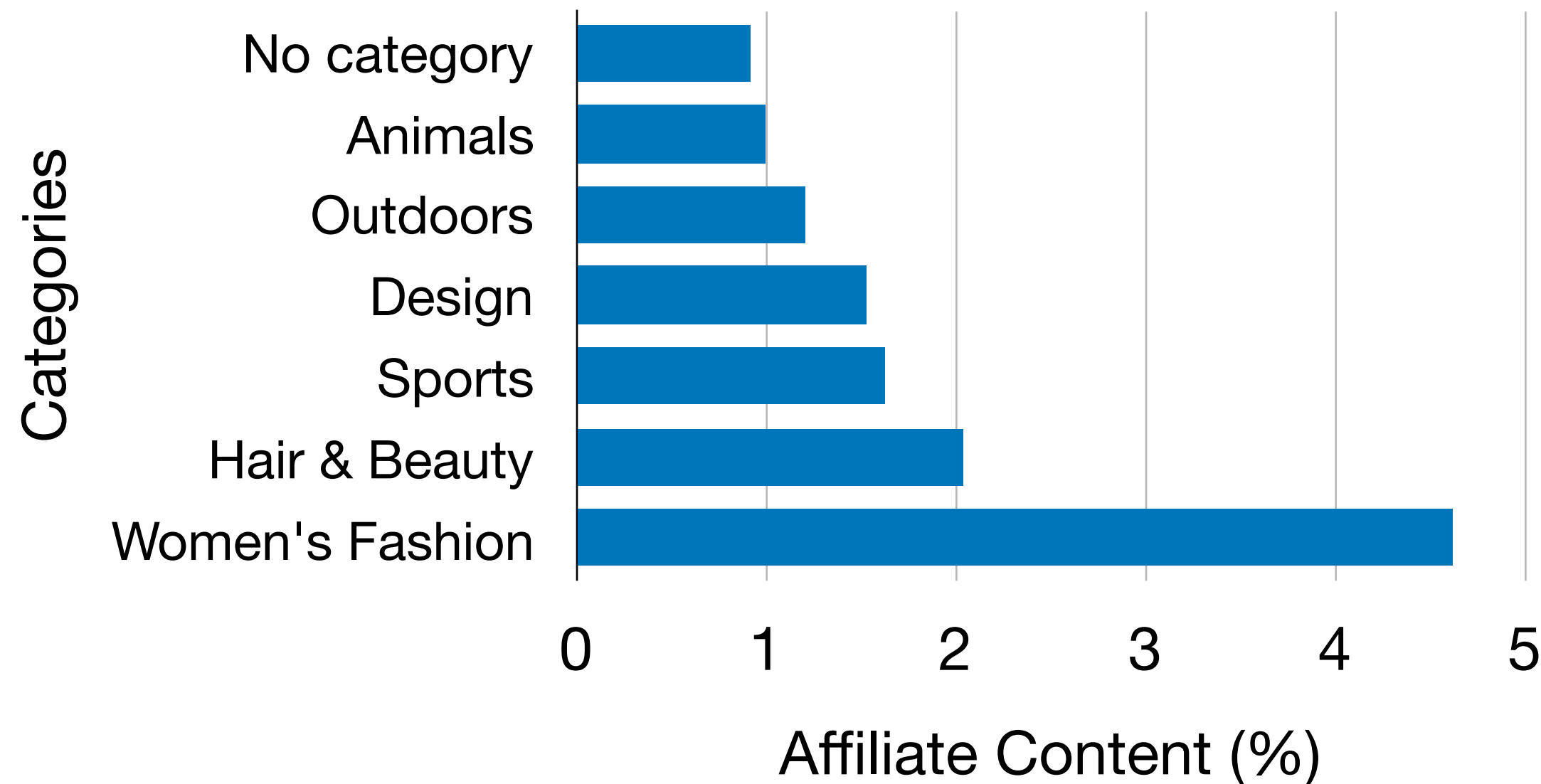
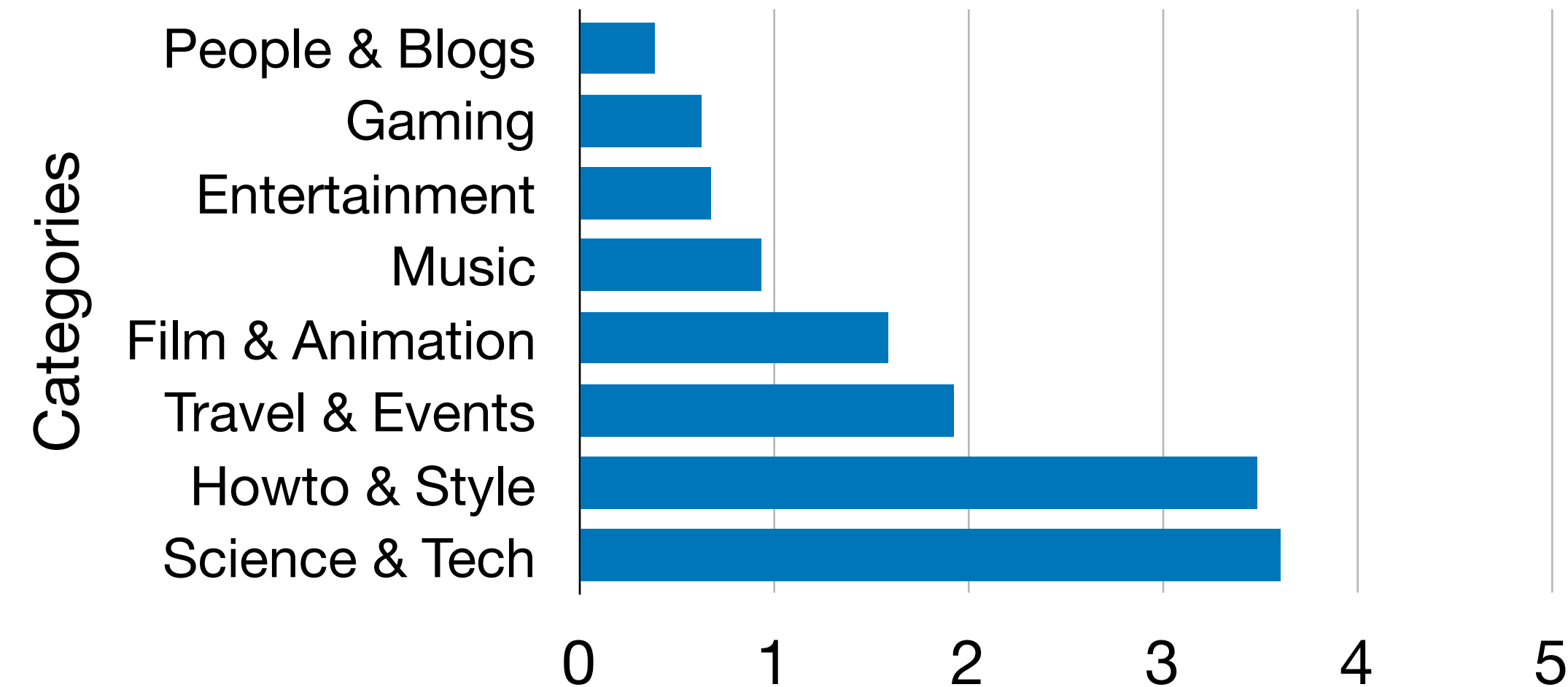
Results: Affiliate Marketing Companies

1. 57 Unique Affiliate URL Patterns from 33 Unique Affiliate Marketing Companies
2. AliExpress, Amazon, Ebay, RewardStyle, ShopStyle, ShareASale

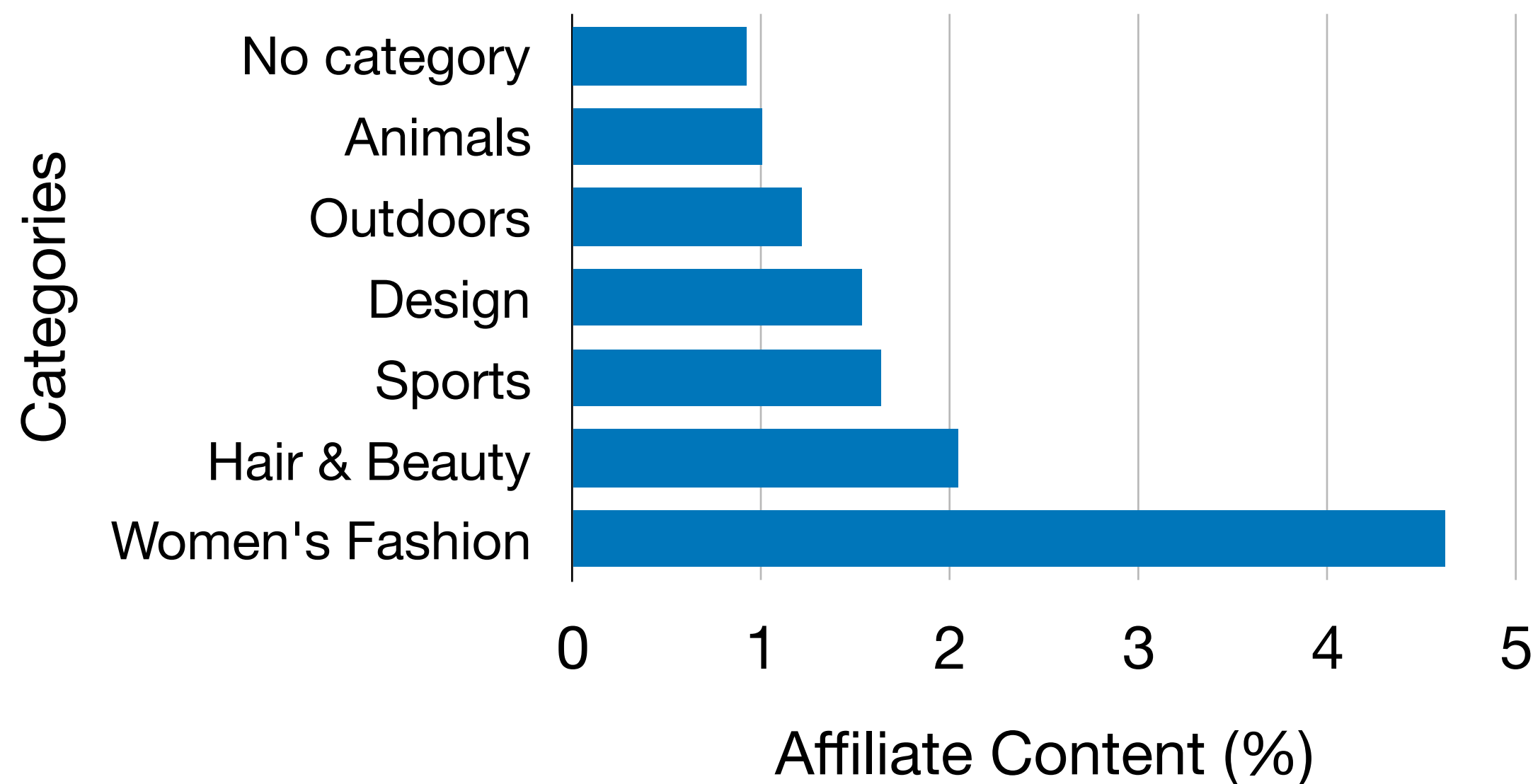
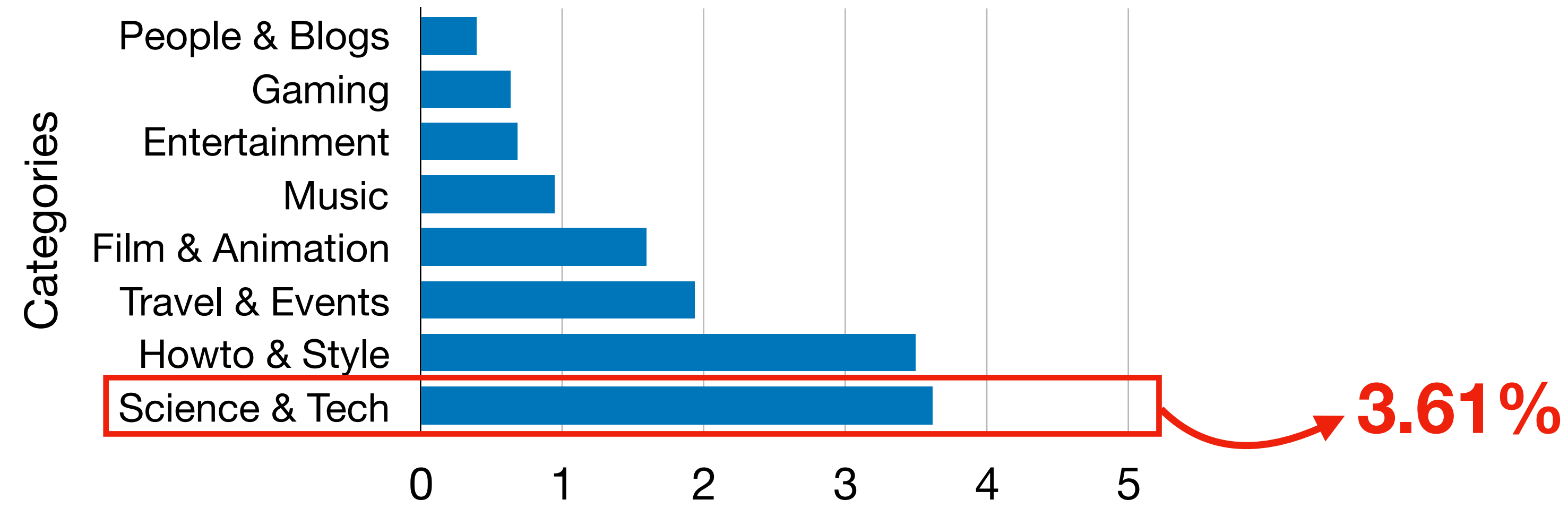


Full List on GitHub

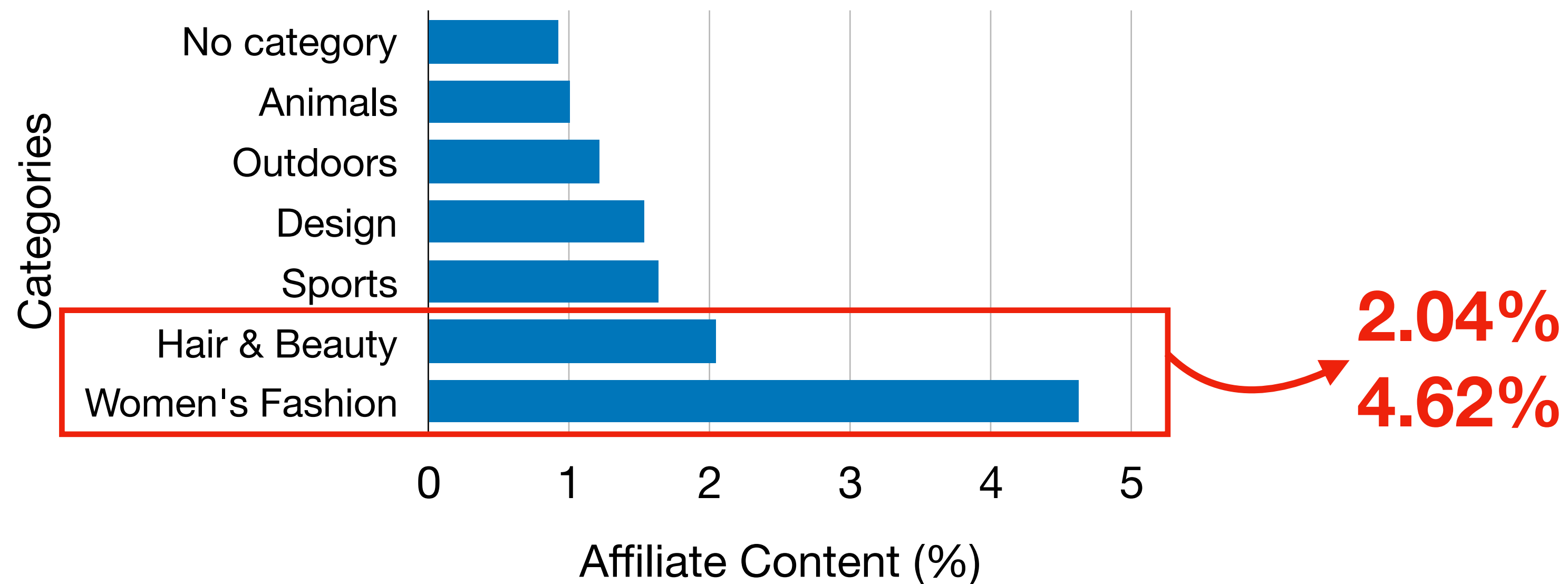
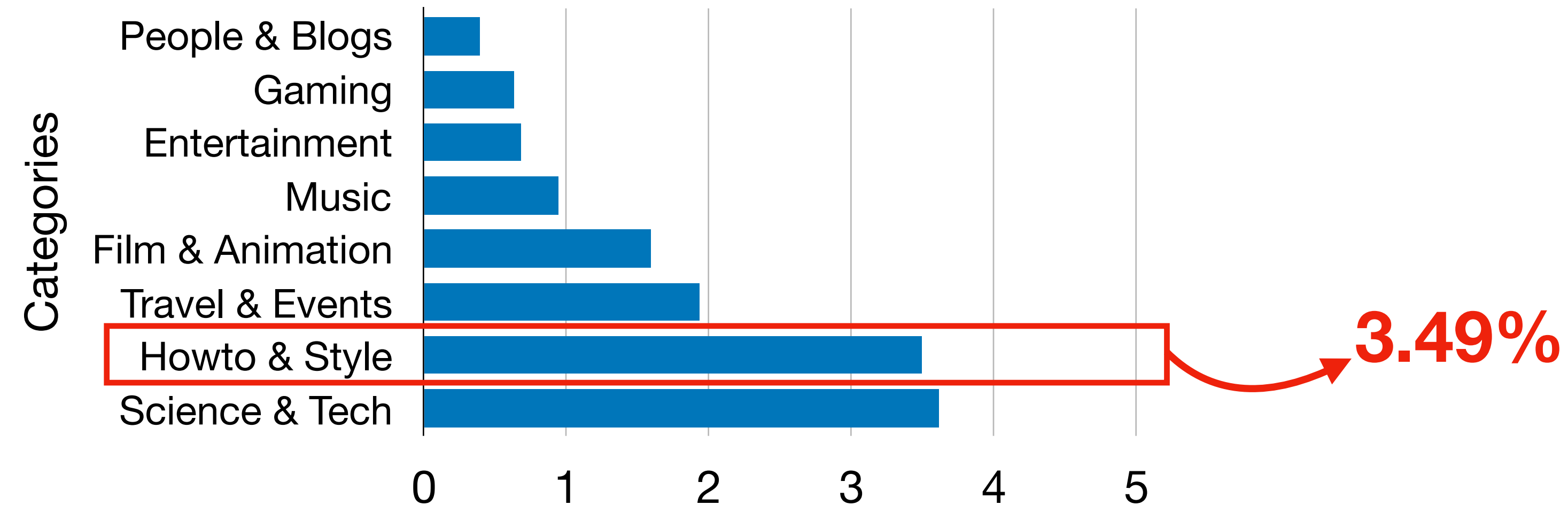
Results: Affiliate Marketing Content



Results: Affiliate Marketing Content



Results: Affiliate Marketing Content



Results: *Affiliate Marketing Disclosures*



Results: Affiliate Marketing Disclosures



10.49%

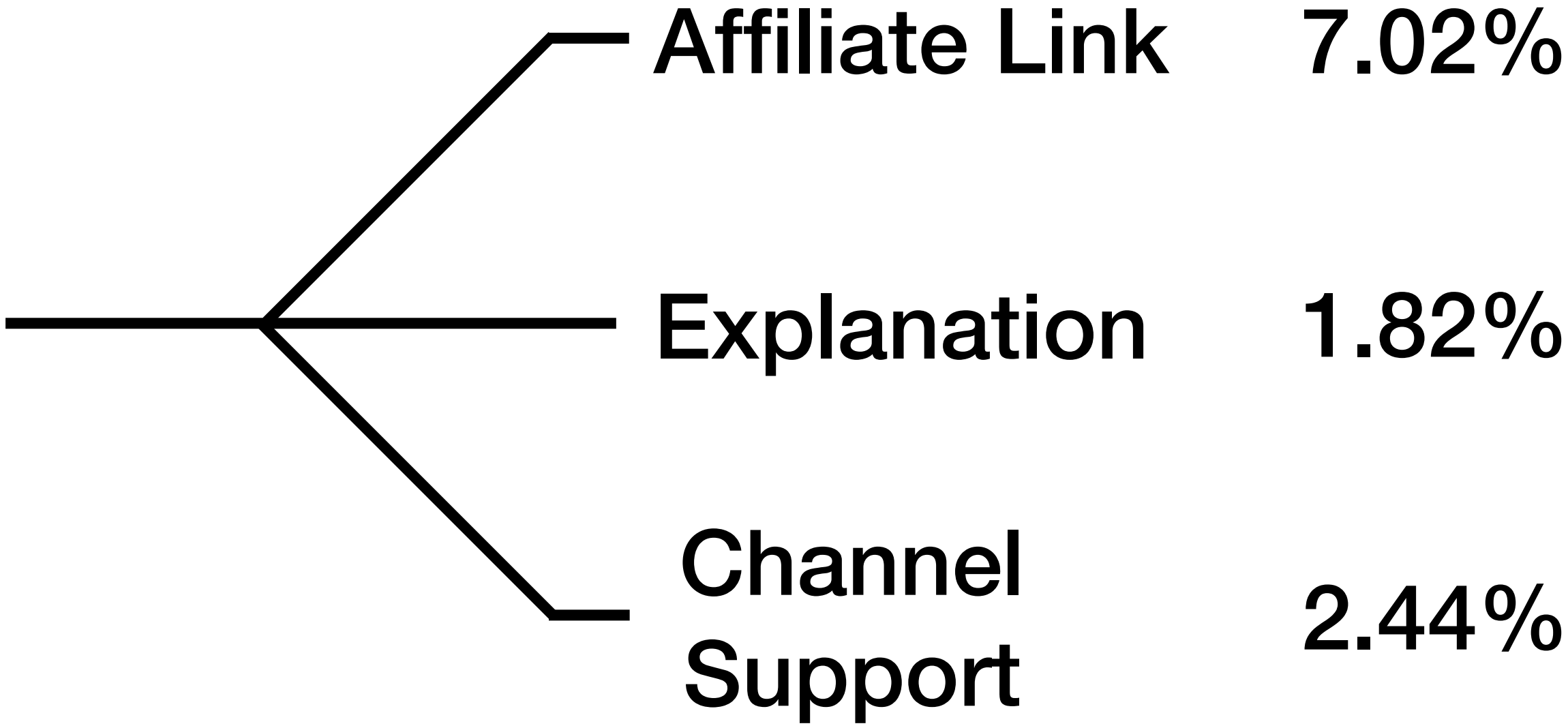


7.03%

Results: Affiliate Marketing Disclosures



10.49%



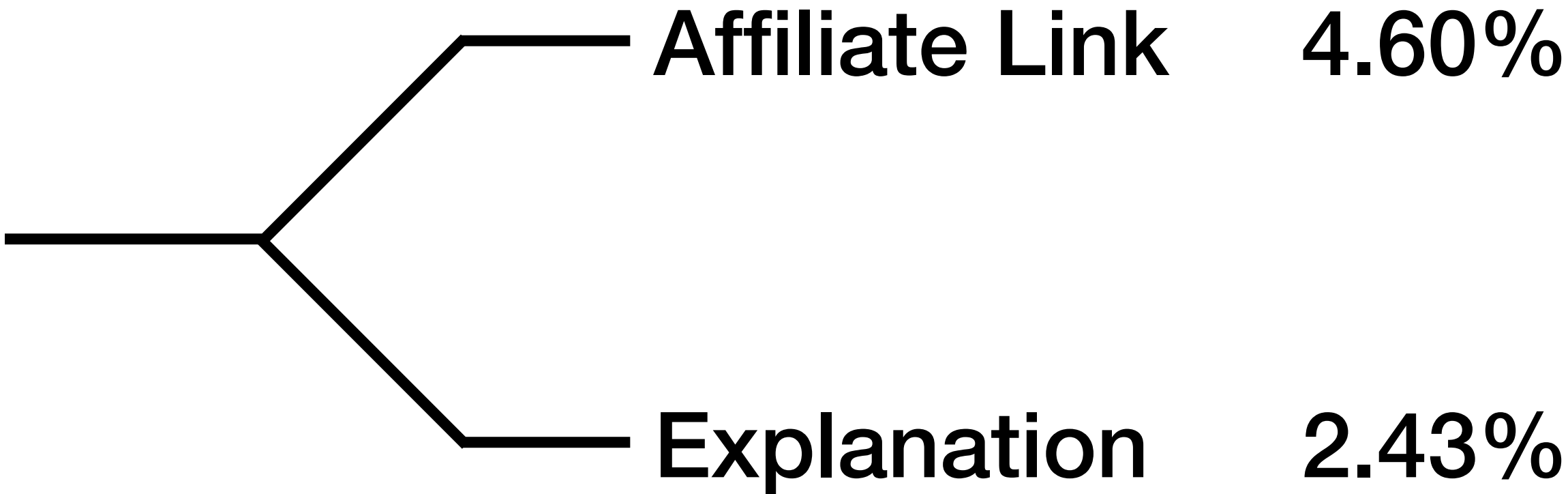
“Affiliate links may be present above”

"This video contains affiliate links, which means that if you click on one of the links, I'll receive a small commission"

“AMAZON LINK: (Bookmark this link to support the show for free!!!)”



7.03%



“(aff link)”

“(This is an affiliate link and I receive a commission for the sales)”

Results: Affiliate Marketing Disclosures



10.49%

Affiliate Link **7.02%** “Affiliate links may be present above”

Explanation **1.82%** “This video contains affiliate links, which means that if you click on one of the links, I’ll receive a small commission”

Channel Support **2.44%** “AMAZON LINK: (Bookmark this link to support the show for free!!!)”



Affiliate Link **4.60%** “(aff link)”

Explanation **2.43%** “(This is an affiliate link and I receive a commission for the sales)”

7.03%

Results: Affiliate Marketing Disclosures



10.49%

Affiliate Link

7.02%

“Affiliate links may be present above”

Explanation

1.82%

Channel
Support

2.44%

FTC deems inadequate

“This video contains affiliate links, which means that if you click on one of the links, I’ll receive a small commission”

“AMAZON LINK: (Bookmark this link to support the show for free!!!)”



7.03%

Affiliate Link

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“(aff link)”

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Results: Affiliate Marketing Disclosures



10.49%

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"This video contains affiliate links, which means that if you click on one of the links, I'll receive a small commission"

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"AMAZON LINK: (Bookmark this link to support the show for free!!)"



Affiliate Link

4.60%

"(aff link)"

Explanation

2.43%

"(This is an affiliate link and I receive a commission for the sales)"

7.03%

Results: Affiliate Marketing Disclosures



10.49%

Affiliate Link

7.02%

"Affiliate links may be present above"

Explanation

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"This video contains affiliate links, which means that if you click on one of the links, I'll receive a small commission"

Channel Support

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"AMAZON LINK: (Bookmark this link to support the show for free!!)"

FTC advocates using

Affiliate Link

4.60%

"(aff link)"



7.03%

Explanation

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"(This is an affiliate link and I receive a commission for the sales)"

Results: Affiliate Marketing Disclosures



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7.03%

Affiliate Link 4.60%

“(aff link)”

Explanation 2.43%

“(This is an affiliate link and I receive a commission for the sales)”

Implications: Understanding Content Creators

1. What explains the low prevalence of affiliate marketing disclosures?
2. Are content creators aware of the FTC's endorsement guidelines?



Implications: Examining Affiliate Marketing Companies

1. Holding affiliate marketing companies accountable
 - Only 3 out of 10 most prevalent companies in our dataset had disclosure requirements in their Terms of Service

Associates Program Operating Agreement

Updated: May 2, 2018. (Current Associates, see [what's changed.](#))

Welcome to Amazon's website for associates (the "**Associates Site**"), where you can manage your affiliate marketing relationship with Amazon.com, Inc. or its direct or indirect wholly owned subsidiaries, Amazon Web Services LLC or any of its affiliate companies, as the case may be ("**Amazon**" or "**us**" or similar terms).

Any person or entity that participates or attempts to participate in our associate marketing program (the "**Associates Program**" and any person or entity, "**you**", or an "**Associate**") must accept this Associates Operating Agreement (this "**Agreement**") without change. By registering with the Associates Site, you agree to this Agreement, including the [Program Policies](#) (defined in Section 11), which are incorporated by reference (for example, our Associates Program Participation Requirements, Associates Program IP License, Associates Program Fee Schedule, and Associates Program Trademark Guidelines.) Please read them carefully.

Implications: Design Suggestions

1. Design affordances in social media platforms

- Disclosures are limited by the character space available to them
- Twitter: 280 characters, Pinterest: 500 characters



2. Role of Web Browsers

- In-built tools to detect and highlight advertisements to users

Directions for Future Work

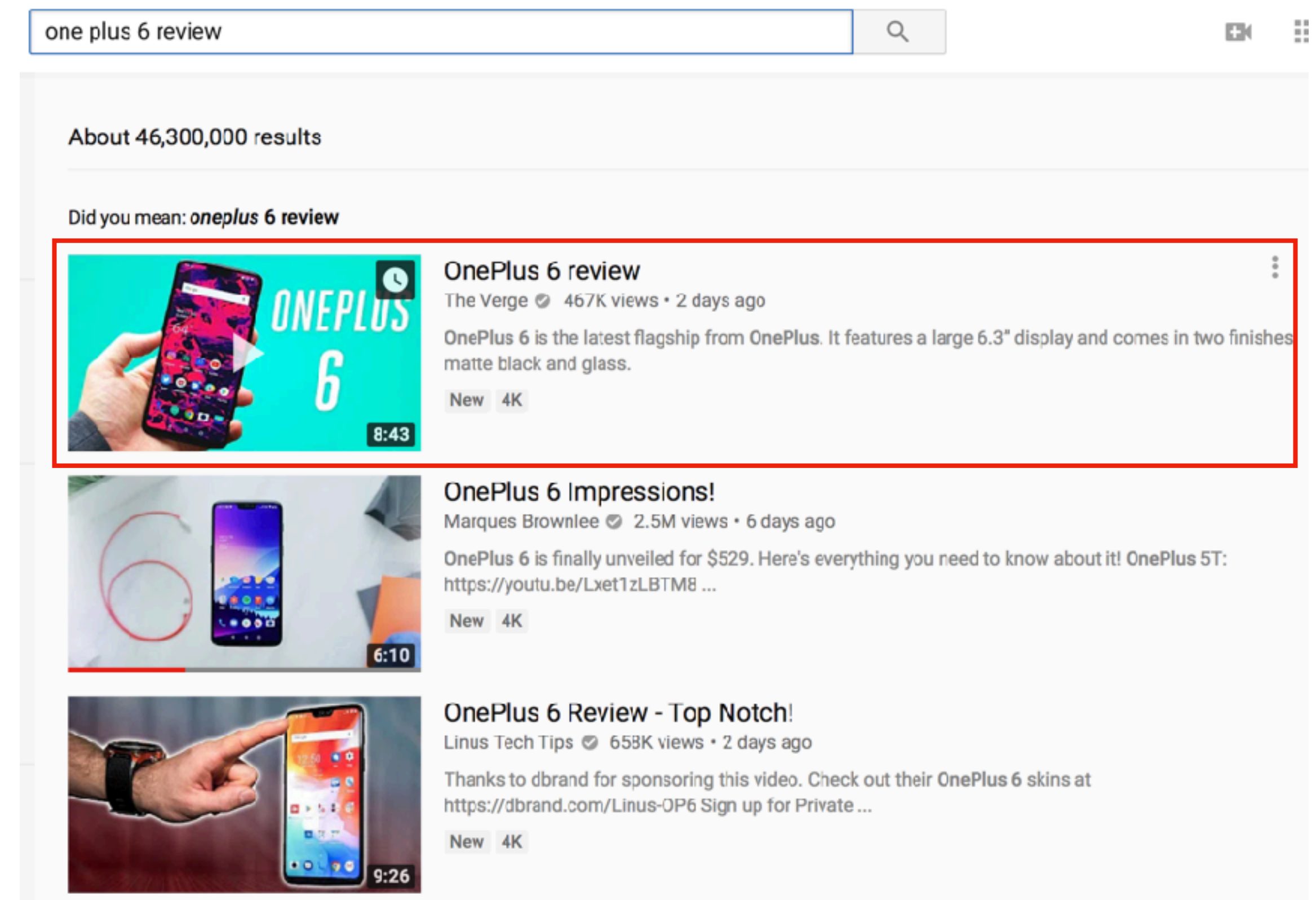
1. Extending analysis to other platforms

- Instagram, Blogs, Common Crawl

2. User study with disclosures

- Do users identify and interpret the disclosures being made?

3. Building browser extension to detect and highlight advertising content



Summary

Method:

1. We gathered:
 - ~ 0.5 million YouTube videos
 - ~ 2 million Pinterest pins
2. Extracted all embedded affiliate links
3. Extracted disclosures (if any) from these videos and pins

Results:

1. ~90% of all videos and pins with affiliate links do not disclose these links
2. ~2% of all disclosures are compliant with the FTC's endorsement guidelines