



# SOCIAL ANXIETY

UNDERSTANDING FTC COMPLIANCE  
RISKS IN SPONSORED POSTS AND  
NATIVE ADS

# TABLE OF CONTENTS

- INTRODUCTION ..... 3**
- A growing issue ..... 3
- Native ..... 3
- WHEN THE GOVERNMENT STEPS IN ..... 3**
- Areas where the FTC can affect your messaging ..... 3
- WHAT'S REQUIRED FOR COMPLIANCE? ..... 4**
- Contests and sweepstakes ..... 4
- Employee endorsements and testimonials ..... 4
- Sponsored videos and video endorsements ..... 4
- Blogging ..... 4
- HOW TO ENSURE COMPLIANCE ..... 5**

## INTRODUCTION

A technology enthusiast tweets about the benefits of a new PC. At the end of the tweet is the hashtag “#spon,” indicating that the tweet has been sponsored by the PC maker.

Do readers know the tweet is an ad and not an unsolicited review? According to the Federal Trade Commission (FTC), which regulates business practices, the answer is “no.” The author of the tweet should have made the sponsorship more apparent—using the hashtag “#ad,” for instance.

## A GROWING ISSUE

That tweet is just one example of today’s social media minefield. Driven by lower advertising revenue, drops in circulation and other factors, publishers are exploring new types of advertising, including “native advertising,” especially in social media. It’s not always obvious who is profiting from these ads. Sometimes, it’s not obvious that a paid ad is an ad at all.

## NATIVE

With native advertising, ads are designed to look like editorials, news articles, product reviews and entertainment. The FTC allows this approach. But it requires a business to make certain, through clear disclosures, that consumers understand they’re reading or viewing paid messaging.





## WHEN THE GOVERNMENT STEPS IN

The FTC's mission is to “prevent business practices that are anticompetitive, deceptive or unfair to consumers; to enhance informed consumer choice and public understanding of the competitive process; and to accomplish this without unduly burdening legitimate business activity.”

In practice, the commission:

- Identifies illegal practices
- Stops and penalizes illegal practices
- Prevents consumer harm by educating consumers and businesses
- Helps consumers through research, reports and advocacy
- Protects American consumers around the world

## AREAS WHERE THE FTC CAN AFFECT YOUR MESSAGING

The commission monitors and regulates a variety of promotional activities and materials. These include contests and sweepstakes, employee endorsements and testimonials, sponsored videos and video endorsement, blogs, and social media.

The FTC has published guidelines on [its website](#), including the following:

- “[.com Disclosures: How to Make Effective Disclosures in Digital Advertising](#)”
- “[The FTC's Endorsement Guides: What People Are Asking](#)”
- “[Native Advertising, A Guide for Business](#)”

Violating FTC rules can result in fines and other penalties. So make sure you read and adhere to the guidelines.

## WHAT'S REQUIRED FOR COMPLIANCE?

According to the FTC, advertisers should use language to make a disclosure “clear and conspicuous.” Consumers should be able to notice the disclosure easily and not have to look for it. Disclosures should be:

- Near the claims to which they relate
- In a font that is easy to read
- In a shade or color that stands out against the background
- On the screen long enough to be noticed, read and understood (for video ads)
- Read at an easy-to-follow cadence that is easy for consumers to follow and in words consumers will understand

Character limits are not an excuse for an inappropriate disclosure or hashtags. As the FTC puts it, “The words ‘Sponsored’ and ‘Promotion’ use only nine characters. ‘Paid ad’ uses seven characters. Therefore, starting a tweet with ‘Ad.’ or ‘#ad’—which takes only three characters—would likely be effective.”<sup>1</sup>

## CONTESTS AND SWEEPSTAKES

When an advertiser promotes a contest or sweepstakes on social media channels, each entry must include some form of disclosure. It's the responsibility of the brand, not the entrants, to ensure this disclosure appears and is clear. For example, the FTC considers the hashtag “#sweeps” too vague and not clear to all consumers. Instead, a hashtag such as #contest or #sweepstakes should be used for clarity.

## EMPLOYEE ENDORSEMENTS AND TESTIMONIALS

Company employees, agency employees, and any of their family members who promote content on behalf of the company must clearly identify that relationship in every social media post. Putting these disclosures in the author's Twitter, Instagram, or Facebook bio (what appears in the “About” section) is not enough. It must be included in every post that promotes products or services of the employer or clients.

At the same time, employers are not allowed to ask employees to post anything on social media that is not true or not the employees' opinion, including endorsements of a product or service they're not familiar with. Any paid endorsements must be fully disclosed in each online or social media post.

## SPONSORED VIDEOS AND VIDEO ENDORSEMENTS

Putting a disclosure in a video's text description is not enough. The FTC requires disclosures to appear at the beginning of the video. For longer videos, the disclosures must be repeated throughout the work and must be on the screen long enough to be noticed, read and understood.

## BLOGGING

Some bloggers mention products or services in their posts without any connection to a seller or advertiser. They're making recommendations based on their experience because they believe in the products or services.

Other times, as in the case of the technology enthusiast endorsing a new PC, there may be a financial arrangement between the blogger and seller or advertiser that keeps the blogger from being unbiased or neutral. In these cases, the blog posts must disclose the arrangement in a way that is “clear and conspicuous.”



# HOW TO ENSURE COMPLIANCE

Social media compliance is a big job, and you can't handle every detail yourself. Ensuring compliance requires knowledge, following procedures, and constant monitoring.

The first step is gathering key stakeholders such as marketing, communications, human resources, legal, compliance, risk, IT and data security. Together, you can collaboratively develop compliant social media policies.

Clear-cut procedures and policies can help guide your people in employing best practices. Training sessions that cover FTC regulations can help your people know what's acceptable and what isn't. The commission's published guidelines can be the textbooks for those sessions. And technology can reinforce your policies and help monitor content for compliance.

Some organizations try to monitor content manually, which can take a great deal of time and staff resources—and still result in compliance issues slipping through.

That's where technology, tools, and automation can help. Consider a technology solution that has pre-built content categories, policies and reports, one that can automatically scan and enforce compliance policies.



*To learn more about meeting FTC compliance as well as how Proofpoint can help, download [“The 5 Steps to Social Media Compliance”](#) or visit the Proofpoint at [www.proofpoint.com/us/solutions/social-media-compliance](http://www.proofpoint.com/us/solutions/social-media-compliance)*

<sup>1</sup> FTC. “The FTC’s Endorsement Guides: What People Are Asking.” May 2015.

## ABOUT PROOFPOINT

Proofpoint, Inc. (NASDAQ:PFPT), a next-generation cybersecurity company, enables organizations to protect the way their people work today from advanced threats and compliance risks. Proofpoint helps cybersecurity professionals protect their users from the advanced attacks that target them (via email, mobile apps, and social media), protect the critical information people create, and equip their teams with the right intelligence and tools to respond quickly when things go wrong. Leading organizations of all sizes, including over 50 percent of the Fortune 100, rely on Proofpoint solutions, which are built for today’s mobile and social-enabled IT environments and leverage both the power of the cloud and a big-data-driven analytics platform to combat modern advanced threats.