PLUG AWAY: DISCLOSURE OF MATERIAL CONNECTIONS IN SOCIAL MEDIA CHANNELS

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In 2009, the Federal Trade Commission enacted a new set of rules regarding commercial speech online. These rules stated that a publisher must disclose any “material connection” to a commercial product or service to its readers (FTC 2009). For example, if a blogger receives a free trip to visit a television show set and then writes about the show, this must be disclosed.

Government concern and regulation over commercial speech is not new. In the 1950s Congress held hearings on “payola” in the radio industry, which occurs when record companies pay disc jockeys to play their recordings (Sterling and Kittross, 1978). The Federal Communications Commission has issued rulings against program length commercials and has fined stations for “plugola,” or introducing non-disclosed commercials from behind the mic (Flick, 2009).

These regulations exist to help consumers understand the difference between unsponsored and sponsored content or commercial messages. In traditional television and radio, it’s generally easy to tell the commercials from the programs. But online it can be difficult to tell, in part because the financial models of online publishing are varied, and traditional advertising models haven’t worked very well with the active digital audience. Online, “commercials” take many forms, from banner ads to affiliate programs.

A related issue is the growth of non-professional communicators online. Most professional communicator organizations, including the International Association of Business Communicators (IABC), the Public Relations Society of America (PRSA) and the Word of Mouth Marketing Association (WOMMA), prohibit non-disclosed commercial speech in their codes of conduct (PRSA, 2009). Journalists have traditionally separated editorial from advertising functions. And broadcast stations have always tried to capture the revenue from their audiences through traditional ad sales.

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But most bloggers do not belong to organizations with a code of ethics. Many are eager to realize revenue from their websites and social publishing, whether to simply pay for hosting or to create enough revenue to live on. The result? Consumer confusion over whether the content is sponsored or not.

This inquiry explores how two areas of the Internet – popular style blogs and celebrity Twitter accounts – present commercial messages to their readers. We will first make the case that popular blogs are indeed commercial ventures, then we will look at cases in which the writer has a material connection to a product or service under review. According to the Federal Trade Commission, not disclosing these connections is a form of deceptive advertising. Plugging products or services online without disclosing a material connection appears to be common across parts of the blogosphere and social media channels.

Be sure to drink your Ovaltine

In the feature film *A Christmas Story*, there's a scene in which young Ralphie listens to a radio drama and uses his decoder ring to save Little Orphan Annie from imminent danger. As he listens to the clues he furiously decodes the message, which eventually is revealed as "be sure to drink your Ovaltine." His disappointment is predictable: "A crummy commercial? Son of a bitch!" (YouTube, 2008).

This kind of situation is pervasive online today. The blogger loved those shoes – did she actually buy them, or is it a crummy commercial? This social thought leader loves this analytics platform – did they pay him to say that? That Amazon reviewer loved a book – did he get it for free? (And, if he didn't love it, will the Fedex truck continue to bring him more free books?)

The rise of hidden, non-disclosed ads is due in part to the failure of traditional ads online as well as the rise of new kinds of non-professional publishers eager to monetize their work.

Traditional advertising online

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It's no secret that traditional advertising has struggled online. After all, the audience is empowered and can easily avoid ads. In a study conducted by Edelman for client Adobe, 53 percent of consumers agreed with the statement "most marketing is a bunch of BS." Further, 68 percent of respondents said that online advertising was annoying, and 54 percent said they didn't think that online banners worked (Adobe, 2012).

The online banner industry has problems of its own. In part due to a massive inventory of websites eager to serve banners, prices are low. While the overall online price for a thousand impressions is about $2.52, on social sites it can be as low as $.56 (ComScore, 2010). Internet-wide, unsold inventory is often dumped at deeply discounted prices or goes unsold.

Further, almost no one clicks on banner ads. One study found that half of all banners served are not even seen by humans (Wegert, 2012). And, while banners may have value in creating awareness for a brand, they have almost no conversion value. According to a study reported by AdWeek, rich media banners garner a .13 percent click rate, while traditional banners receive only a .08 percent click rate (Chapman, 2011). This means that, on average, for every 1000 banners served, there might be one click. And that single click may or may not convert into a sale.

As a result, successful marketing online generally follows new principles that are aligned with how people actually use the Internet. These "inbound" tactics generally revolve around being visible in searches and creating content to satisfy the interests of searchers. For a healthy website, almost half of all web visitors come through a search engine, so most Internet marketing programs begin here (Kaushik, 2010).

Ethos-based marketing instead of ads

While traditional interruption-based advertising has struggled, the public relations field, which seeks to manage stakeholder relationships to achieve strategic goals, has found a natural home online. If you accept the premise that online relationships function like face-to-face relationships, it's not hard to

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imagine public relations practice extended to "friends" and followers. Some individuals have built large virtual communities through blogging and social media, retaining a personal ethos while functioning as a business. Many of these digital influencers occupy niche or "long tail" content areas, showing expertise and influence in their area but remaining relatively unknown outside of it.

In the 21st century, Edelman's annual "Trust Barometer" studies have shown an overall decline of trust in people like CEOs and government officials, while, since 2004, trust in "a person like myself" has increased 22 percent (Edelman, 2012). Research published by Nielsen supports this, with 92 percent of respondents in a study reporting that they trust "recommendations from people I know" either completely or somewhat, by far the most trustworthy source. By comparison, "online banner ads" are near the bottom, only trusted by 33 percent of respondents. In this study, personal networks dominate the top third of "most trusted," mainstream media are in the middle, and online media are generally least trusted (Nielsen, 2012).

With the rise of so many "hidden influencers" on blogs and social networks, it has been inevitable that this influence would become commercial. Some individuals have sought to monetize their influence, in the process earning the attention of regulators like the FTC. Many companies have eagerly sought out these relatively easy placements. Following is a summary of the most common kinds of commercial influence opportunities found on blogs and in social media.

Forms of commercializing online content

Banner ads are commonly featured on blogs. These are bought and sold most commonly through ad networks such as DoubleClick or Yahoo, but may also be handled directly by the website owner. The website owner is paid by the number of impressions, or page views, the ads generate. A trade group, the Internet Advertising Bureau, has facilitated standardized ad packages that work on most sites (IAB, 2014). These ads are generally understood by consumers to be ads, so are not the focus of this inquiry.

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Text ads are similar to the ads that are served on the right-hand side of the page when you perform a search with Google, but instead they are presented along with your web content. The most popular program of this type is Google's AdSense. These are monetized by impressions. When consumers see these ads, they're generally understood to be ads.

Affiliate programs give a website owner financial credit for a referring link that results in a purchase. For example, a web page may contain a review of a book. When the consumer clicks on a link for the book, he or she is sent to a website (such as Amazon.com) where the book can be purchased. Referral fees are generally in the 2-4 percent range, but can be much higher for specialized products, services or audiences. Affiliate programs can be company-specific (such as Amazon's) or may be administered by a third party that creates relationships with multiple companies. The best-known program of this type is Skimlinks, which was used to monetize the social network Pinterest until people complained about the failure to disclose this relationship (Cowley, 2012). These ads are difficult to detect by consumers unless they are disclosed by the website owner. A careful examination of outbound links may reveal the presence of an affiliate program, but consumers are not likely to do this or understand the coding of the links. An affiliate program constitutes a material connection and should be disclosed, according to FTC rules (FTC, 2011).

Direct sale. Some websites offer e-commerce, where a consumer can purchase a product featured on a page. Consumers generally understand that a website with products functions as a marketing platform.

Paid post. Some bloggers will write about a product or service for a fee. This could be a blog post that's essentially a commercial message, or it could be an ad inserted into a social network feed. Paid posts may be called "sponsored stories" or "native ads." If the payment is not disclosed, consumers can't tell if it is sponsored content. The Federal Trade Commission considers a paid post a commercial that must be disclosed, but some online publishers mask this relationship.

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Other financial interest. These can include things like receiving a review copy, receiving promotional materials, or having a business relationship, such as an agent relationship or being an investor in the company in question. These relationships should be disclosed, according to FTC rules.

The FTC disclosure rules

When the FTC announced its new rules in the autumn of 2009, much of the text was given over to examples that illustrated the Commission's intent:

> The revised Guides also add new examples to illustrate the long standing principle that "material connections" (sometimes payments or free products) between advertisers and endorsers – connections that consumers would not expect – must be disclosed. These examples address what constitutes an endorsement when the message is conveyed by bloggers or other "word-of-mouth" marketers. The revised Guides specify that while decisions will be reached on a case-by-case basis, the post of a blogger who receives cash or in-kind payment to review a product is considered an endorsement. Thus, bloggers who make an endorsement must disclose the material connections they share with the seller of the product or service (FTC, 2009).

In 16 CFR part 255, the FTC illustrated its intent with a series of examples. This example most clearly illustrates how the rules would apply to social media:

> Example 7: A college student who has earned a reputation as a video game expert maintains a personal weblog or "blog" where he posts entries about his gaming experiences. Readers of his blog frequently seek his opinions about video game hardware and software. As it has done in the past, the manufacturer of a newly released video game system sends the student a free copy of the system and asks him to write about it on his blog. He tests the new gaming system and writes a favorable review. Because his review is disseminated via a form of consumer-generated media in which his relationship to the advertiser is not inherently obvious, readers are unlikely to know that he has received the video game system free of charge in exchange for his review of the product, and given the value of the video game system, this fact likely would materially affect the

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> credibility they attach to his endorsement. Accordingly, the blogger should clearly and conspicuously disclose that he received the gaming system free of charge. The manufacturer should advise him at the time it provides the gaming system that this connection should be disclosed, and it should have procedures in place to try to monitor his postings for compliance (ECFR, 2009).

While the examples attempt to offer specific advice, the Commission acknowledges that the practice of enforcing them will evolve as cases appear before them:

> The Guides are administrative interpretations of the law intended to help advertisers comply with the Federal Trade Commission Act; they are not binding law themselves. In any law enforcement action challenging the allegedly deceptive use of testimonials or endorsements, the Commission would have the burden of proving that the challenged conduct violates the FTC Act (FTC, 2009).

Since enactment in December, 2009, the Commission has taken action in only a handful of cases. In the first, retailer Ann Taylor Loft held a blogger event to highlight an upcoming clothing line. Attendees were rewarded for writing about the clothes with a gift card of with a value of up to $500, but the cards were only activated after content was published. Ann Taylor Loft was chastised for not encouraging the disclosure of the gifts, but no there was no penalty. The Commission did clarify that it is the advertiser's responsibility (Ann Taylor Loft) to assure disclosure, not the influencers' (the bloggers) (Masnick, 2010).

In a case involving PR firm Reverb Communications, the FTC took issue with reviews of iPhone games that were written by Reverb employees without disclosure. The reviews were enthusiastically positive and gave the highest number of stars possible. In this case, the Commission ordered the reviews taken down, and the firm was ordered to monitor and report its procedures assuring compliance (Biyani, 2009).

A case involving Legacy Learning Systems was the first to pay a fine for failing to disclose. Here, Legacy sold a "learn to play guitar by DVD" instructional

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course through a network of blogs, which were paid affiliate commissions of up to 30 percent when consumers purchased the lessons. Legacy sold some $5 million worth of the lessons, but most of the websites did not disclose they made money from the purchases. Legacy was fined $250,000 and was ordered to file reports to the FTC going forward to assure compliance (FTC, 2011).

While the FTC has looked at cases involving other national brands, it has taken no other action other than to further clarify its position. In a case involving Hyundai, whose agency attempted to create blogger buzz around its Super Bowl ads in 2012, it offered this mnemonic device:

> So what does this mean for companies looking for more guidance on complying with the FTC's Endorsement Guides? M.M.M. OK, we just made up the mnemonic, but the principles are well-established:
>
> 1. Mandate a disclosure policy that complies with the law;
> 2. Make sure people who work for you or with you know what the rules are; and
> 3. Monitor what they're doing on your behalf (Fair, 2011).

Research questions

While the social media world was in an uproar when these rules were first announced, the FTC has taken a measured, wait-and-see stance as regards disclosure of material connections. While the agency has communicated a fairly clear policy through a handful of cases, it's not yet evident that these principles have become generally understood.

This study uses unobtrusive analysis to look at two small but illustrative areas of the Internet overall. In the first, we will look at disclosure practices on the 68 top style blogs. In the second, we examine the Twitter feeds of three celebrities that use Twitter as a marketing platform.

The style blogs were chosen because barriers to entry are low, yet potential influencers are many. An individual can set up a blog for free or for a low monthly fee, publishing with simple click-and-build content tools like WordPress or Blogger. Anyone can write about fashion with no special training.

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At the same time, major publishing companies also operate in this space. And the potential incentives from fashion companies or PR firms can range from inexpensive items like cosmetics to expensive items like designer clothing or trips.

For this inquiry, our questions are:

1. What are the financial models of support for style blogs?
2. Are style bloggers disclosing material connections?
3. When style bloggers do disclose, how is it done?

The second inquiry looks more deeply at the social media activities of three celebrities who are cross-platform stars and use social media to create a public persona and communicate with their fans. For this study, the research questions are:

1. Does the celebrity use social media as a commercial platform?
2. Does the celebrity disclose material connections online?

Method, style blogs inquiry

The sampling frame for this part of the study was taken from a list curated by signature9.com, and was referenced on February 13, 2012 (Signature9, 2014) According to the site, "this ranking is focused solely on blogs, or sites where fashion or beauty blog posts by an identifiable author or authors are responsible for a significant portion of the content."

The blogs are rated for influence by signature9 based upon seven measures of traffic and influence, including:

- PageRank (scored 0-10)
- Link score (0-10)
- Unique IP links (0-15)
- Alexa rank (0-15)

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- Twitter score (0-10)
- Facebook domain activity (0-15)
- Google blog links (0-15)

These scores are added together with no weighting to form a total score, with a maximum of 90. At the time of the study, the most influential style blogs were *The Sartorialist* and *Hypebeast*, each with a score of 82. The score of the lowest-ranked blog in the study, *Le Fashion*, was 57.

From the list of 99 blogs scored, only US-based blogs were examined, since the interest of this study is regulations promulgated by the Federal Trade Commission, a US-based administrative agency. Our sample consisted of 68 blogs.

Two coders were trained by examining several blogs together. The coders then examined four style blogs that were outside of the sample. Using Krippendorf's Alpha, using two coders and 25 pairs of observations, intercoder reliability was .72. This is considered an acceptable rate of agreement for an exploratory study such as this one (Keating, 2007).

Revenue variables coded included: presence of banner ads, presence of text-based ads (such as Google's AdSense program), presence of e-commerce on the site, whether the blog featured a book or books for sale, presence of paid posts, and "other" forms of revenue.

The use of tracking software on the blogs was measured by Ghostery, a software plug-in that was installed onto the Google Chrome browser. The software reports what services or companies track visits to the blog (Ghostery, 2014).

Disclosure policies were located by checking links on the home page. A secondary method was to use the Google search term:

Disclosure site: http://xyzsite.com

This search looks for the word "disclosure" on only the site specified. By looking through the search engine result pages the coders were able to locate disclosure policies.

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Disclosures in posts were located through the following search:

compensation OR compensated OR paid OR received OR disclosure site: http://xyzsite.com /

This search queries all of these four terms on a single website: compensation, compensated, paid, and received. These words were suggested by informal analysis as well as by the WOMMA Code of Ethics (WOMMA 2014). As a secondary measure, coders read the most recent three posts from each site, looking for disclosure statements.

Data were keypunched into an Excel spreadsheet, and then imported into SPSS version 19 for Windows for analysis.

In this study, the researchers had as much information about the commercial pursuits of the sites in question as did any visitor to the sites. Just like regular site visitors, we don't know who has received what product, services or other considerations. It is likely that most sites do receive some considerations that are not disclosed. The core issue here, according to the FTC, is that the end consumer understand when content is paid and when it is not.

Results, style blogs

Figure 1 addresses research question 1. It shows the percentage of blogs in the sample that utilized different revenue streams. The blogs are overwhelmingly commercial in nature, with most utilizing multiple revenue sources.

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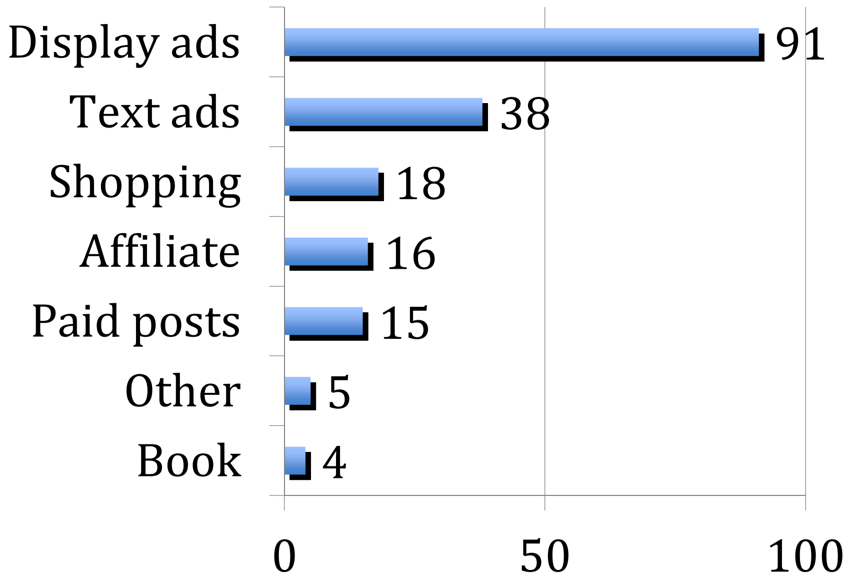
Figure 1. Revenue sources for style blogs



The most common revenue source, display ads (banners) was utilized by 91 percent of all blogs in the sample. Multiple display ads are common; one blog, *Love Maegan*, featured 28 display ads on its home page. Text ads, all from Google's AdSense program, were present on 38 percent of all blogs.

Online shopping (e-commerce) was offered by 18 percent of the blogs in the sample. Affiliate programs, in which the referring blog receives a commission on a sale that occurs on another site, were found in 16 percent. Affiliate programs are likely underreported in the sample, because they can be difficult to detect if not disclosed.

Fifteen percent of the blogs in the sample offered paid posts. Five percent included "other" sources of revenue, including premium eBay listings, consulting services and a "pocket square club." While only four percent of the bloggers promoted a book they had written, several other bloggers reported that they were working on a book. Books were only counted if they were currently available for sale.

Tracking provides indirect evidence of commercial intent by showing the relationships between the website and ad networks. The average number of

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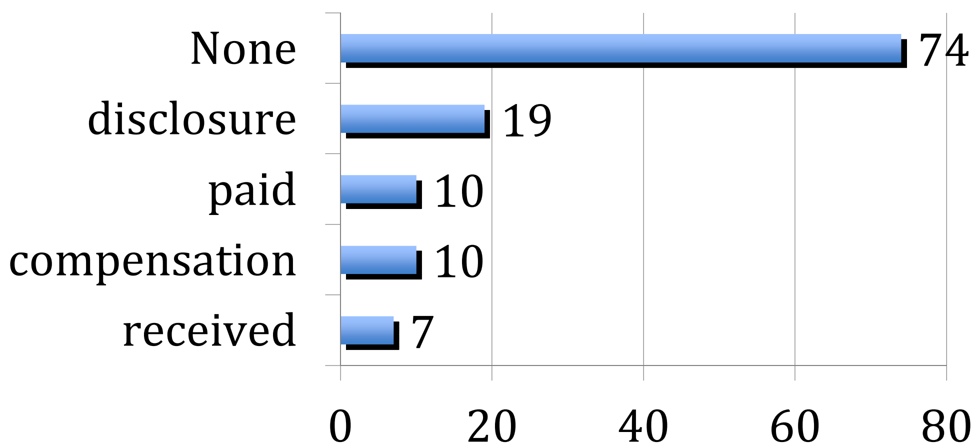
tracking devices on the top 68 style blogs was 14.1, with a standard deviation of 7.4. Not all tracking software could be identified, but it generally falls into three categories: analytics, such as Google Analytics; social sharing buttons, such as from Facebook; and third-party ad networks, such as DoubleClick. Of interest here are the third-party ad networks, which show the blogs to be mature, ad-supported businesses with multiple ad deals in place.

The second question to be addressed is whether style bloggers disclose material connections. Figure 2 shows the percentage of blogs that disclose material connections in-post.

Figure 2. Style blogs that disclose in-post



Most blogs, 74 percent of the sample, did not disclose material connections within individual posts. Thus, in almost three-fourths of blogs examined, the reader cannot tell if the blog post is a commercial message. Despite endless references to commercially-available products, there are no signals to tell if the blogs provide sponsored or unsponsored messages.

Our third question asks how do style bloggers disclose. Of the blogs that did disclose material connections, the most popular trigger word was “disclosure,” utilized by 19 percent of the blogs in the sample. “Paid” and "compensation" were each utilized by 10 percent of the blogs. The word "received" was utilized by seven percent of the blogs in disclosure statements.

Two sites in the study used the shorthand "c/o" to represent "courtesy of" when they received free products from manufacturers or designers. While "c/o" was not explained in-post, it was explained on a site disclosure statement.

The FTC recommends that disclosures of material connections be delivered inline with related commercial content. There is no FTC recommendation for a site disclosure policy. Even so, in the study 19 percent of blogs had site disclosure policies. Of these, 84 percent were accessible from the home page. There was no standard name for these pages. "Disclosure" and "about" were most common; other page titles were "FAQ," "advertise," "privacy policy," "disclaimer," and "questions."

While we know 26 percent of the bloggers in this study had a material connection with a sponsor because they disclosed it, what of the other 74 percent? These blogs are highly monetized, but it's unlikely that the publishers are eager to share their finances with anyone. It would require survey research – with honest respondents – to answer this question.

Celebrity disclosures inquiry

While it's difficult to understand the financial underpinnings of most blogs, it's relatively easy to learn about the business activities of a celebrity. When a celebrity invests in a company or starts a new project, it's news.

Disclosure of material connections for a celebrity function differently than for a private person, due to the ethos of the celebrity. For example, Mick Jagger is well known as a songwriter and lead singer for the Rolling Stones. Notes Lesley Fair, an attorney with the FTC, "According to the Guides, a key factor in deciding when disclosure is necessary is whether the connection is "reasonably expected by the audience."("Reflections on Connections: The FTC's Revised Endorsement Guides | BCP Business Center" 2012) So when Jagger uses social media to announce an upcoming tour, a reasonable person would understand it

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as a commercial message and no disclosure would be needed. But if he used social media to recommend an herbal supplement for weight loss and was paid to do so, that would trigger a disclosure, since he's not known as a medical expert.

The following discussion will attempt to distinguish between unsponsored, or expected celebrity commercial messages, from those that should be disclosed.

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Method, celebrities inquiry

A purposive sample of celebrities who use social media was created for this study. Celebrities were tracked if there was evidence of entrepreneurial activity beyond their primary fame, either from social media feeds or from news articles. While we looked at more than a dozen celebrity feeds, three celebrities – Justin Bieber, Kate Upton and Ashton Kutcher – will be presented here. These were selected due to the prominent blurring of celebrity and commercial interest.

The Twitter feed for each celebrity was archived using the online tool Snapbird.org. This allowed all tweets to be visible going back to Jan. 1, 2011 (for Bieber, the feed was only available to May, 2012). Secondary research was used to identify financial participation in other companies by each celebrity. Text search of the Twitter archive revealed all mentions of the companies in question. Separately, text search was used to find the most common disclosure methods, such as #ad, #spon, #paid, and #client.

Results, celebrities study

Question 1 is "does the celebrity use social media as a commercial platform?" Our inquiry of a dozen celebrities on Twitter suggests this is a common tactic. Here we have selected three examples that clearly show how celebrities plug their commercial interests through social channels. Our second question asks if celebrities disclose their material connections in social media. In most cases, none is offered.

Justin Bieber is one of the most influential people in social media (Anders, 2012). He currently has more than 51 million followers on Twitter, making him the second most popular person on Twitter (behind Katy Perry). Bieber famously used social media to help make Carly Rae Jepsen, singer of "Call me Maybe" into a star, by tweeting his affection for the song, then staging a YouTube video of him lip-synching the song with fellow stars Selena Gomez and Ashley Tisdale (Greene, 2012). He eventually signed her to his record label and had her open for him on his summer tour (Rolling Stone, 2012).

Was the social media endorsement genuine affection or did he endorse her for financial gain? Only Bieber can say, but the result is that Jepsen became a star over that song, which has more than 553 million views on YouTube (YouTube, 2014a). The Bieber parody has more than 67 million views (YouTube, 2014b).

This endorsement might be considered unsponsored, given Bieber's primary public role as singer and performer. But Bieber is also an investor in several startup companies, most significantly Spotify, Stamped, TinyChat and Sojo Studios, producers of the social game WeTopia (Greenburg, 2012).

In the Bieber feed there are eight non-disclosed tweets mentioning companies in which he has invested (there are 3,214 tweets in the sample). While this is a small part of the overall feed, a tweet can be very powerful when its potential audience is 50 million people. One tweet, "this just happened! CHUCK NORRIS is #STAMPED . lol," followed by a link, sent Bieber's company Stamped to the top 10 of social apps in the Apple App store.

Bieber's manager, Scooter Braun, offered this insight at the TechCrunch conference in 2012:

> For all of you young entrepreneurs out there watching, if you have a brilliant idea, Troy [Lady Gaga's manager] and I will combine the powers of Lady Gaga and Justin Bieber. Give us a large piece of equity. I realized that the power our artists have created for themselves on Facebook, on

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Twitter on YouTube are very, very valuable for launching these platforms (Kessler, 2011).

Clearly, then, Bieber is aware of how powerful his Twitter platform is for advancing his financial interests. While he has used it with restraint, he has also occasionally done so in violation of FTC rules.

Kate Upton is a swimsuit model who became famous as the cover model for the 2012 Sports Illustrated swimsuit issue. As her fame blew up she attracted 1.39 million followers on Twitter. She quickly capitalized with a swimsuit line sold by Beach Bunny Swimwear. She has used her Twitter feed to promote this line on eight instances. She has also used the feed to promote her personal trainer David Kirsch (five times), Axe grooming products (four times), Skullcandy headphones (seven times), 2K Sports (13 times) and Samsung (twice). Significantly, she was photographed with her Apple iPhone outside of a Samsung product launch for the Galaxy Note, a competing product. None of the messages provided a disclosure. GQ Magazine said she had “transformed her Twitter feed into a product placement bonanza,” and due to her Twitter following she had become “America's Premier Spokesperson for Dude-Friendly Products.” (Kirby, 2012).

Perhaps no individual has better exploited social media for financial self-promotion than actor Ashton Kutcher. With more than 16 million followers, he is the 36th most-followed person on Twitter (Twitaholic, 2014). His public persona includes playing the role of Walden Schmidt, a tech developer and billionaire, on the popular sitcom on CBS, “Two and a Half Men.” This dovetails nicely with Kutcher’s personal investments, which are almost completely in tech companies. CrunchBase lists Kutcher as an active investor in 42 companies, and he serves on the boards of several more (2014). Table 1 shows his participation in the 27 companies he had interests during the data collection for this study. The companies he tweeted about since Dec. 1, 2011 about are listed with the number of tweets in parentheses:

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Table 1:

Ashton's non-disclosed tweets (57)

Dwolla (1)	Amen GmbH (3)
Gidsy	StyleSeat (1)
AirBnB (6)	Votizen
Zaarly (11)	Chloe & Isabel
Hipmunk (7)	Airtime
MilkApp	MemSQL
Fab (10)	GrubWithUs
Vox Media (7)	SeatGeek (1)
A-grade Investments	Tinychat
Chomp (4)	Circle
Ooma	Optimizely
DuoLingo (3)	Path (3)
YourMechanic	nowBox
SocialCam	AeroFS

Of these 57 commercial tweets, only one has a disclosure:

Only

aplusk Digging these designs. http://t.co/7405thCB#invest *(link goes to the Fab homepage)*

This single disclosure is noteworthy simply because it shows Kutcher knows what a disclosure is and how to place one in a tweet.

Twitter is an open-ended platform that can provide many different functions. But for celebrities, it often includes branding touchpoints and some direct selling. The answer to research question 1, do celebrities use Twitter as a commercial platform, is generally, yes. Some of the commercial activity can be characterized as unsponsored communication. But for some, there are material connections that need to be disclosed. The second question, are celebrities disclosing, is easier to answer: for the individuals studied here, hardly at all. Just like the undisclosed style blog posts discussed above, this results in consumer confusion.

Discussion

The social web is becoming a commercial place. The inquiry into style blogs shows multiple efforts to monetize content, while disclosure of material connections remains low. On Twitter, disclosures are rare, with only one disclosed message found in the feeds of three celebrities that have used Twitter for commercial purposes.

This study provides only a limited view of commercialism and disclosures online. Other areas of the web need to be investigated. The unobtrusive measurement used here should also be supplemented with data from other sources, such as ethnographic and survey research on bloggers and their economic motivations. The uses and gratifications approach would be beneficial, both with content creators and content consumers. Another group that merits investigation is the public relations industry, both agency and client side. Individuals in PR have unique perspectives on how to gain influence online as well as through the mainstream media.

Ultimately, the inquiry must shift to the general public: what expectation do people carry into a visit to a blog or social network? Do they expect these spaces to be commercial? Are the disclosure notices seen, understood and factored into the ethos of the website?

The Federal Trade Commission has established clear guidelines for how to disclose material connections, but there’s little evidence that most communicators are modeling correct behavior. In this case, the regulators are few, but the publishers are many.

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Reducing consumer confusion about commercial messages will be difficult. Starting at the end of the receiver, the best solution is increased media literacy. When people are taught to understand things like the economic models for publishing, they'll be more careful when it comes to interpreting related content. On a hobby blog, the reader is the "customer," the reason for being. But on a commercially-supported site, many have correctly pointed out that the reader is the inventory, and the advertiser is the customer (Rushkoff, 2014).

From the publisher's end, the solution is equally difficult. Professional publishers shouldn't be too hard to get on board with disclosure. But while professionals' influence may be great, they are in the minority. The web now belongs to everyone, and most publishers just want to make some money. Until economic models become more fixed, they'll find it where they can.

It would be helpful for all stakeholders to consider ways to standardize disclosures and create a public information campaign to teach what the different disclosures mean. This should be led by a broad coalition including the FTC, trade groups like IABC and WOMMA, and large and small publishers. The challenge is to convey subtle distinctions about material connections in a way that everyone can understand across ad formats.

One company, cmp.ly, has attempted to build a commercial platform around this concept (2014). The cmp.ly platform is most useful for large brands, because it can help brands monitor compliance through its unique short URLs. A single blogger's needs are much simpler. While the cmp.ly approach is available for free to small publishers, there should also be a common solution that's not privately based.

Until such clear disclosure methods are created and brought into wide use, the commercial boundaries of our marketplace of ideas will retain fuzzy. Meanwhile, the FTC has expressed concern about search engine advertising (FTC 2013a) and has conducted a workshop on disclosures in native advertising (FTC 2013b).

Perhaps over time the FTC can help create clear expectations that the publishing community will adopt and convey to their audiences. But until then,

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readers beware: that information you just found online could be useful. But just as likely, it's a crummy commercial.

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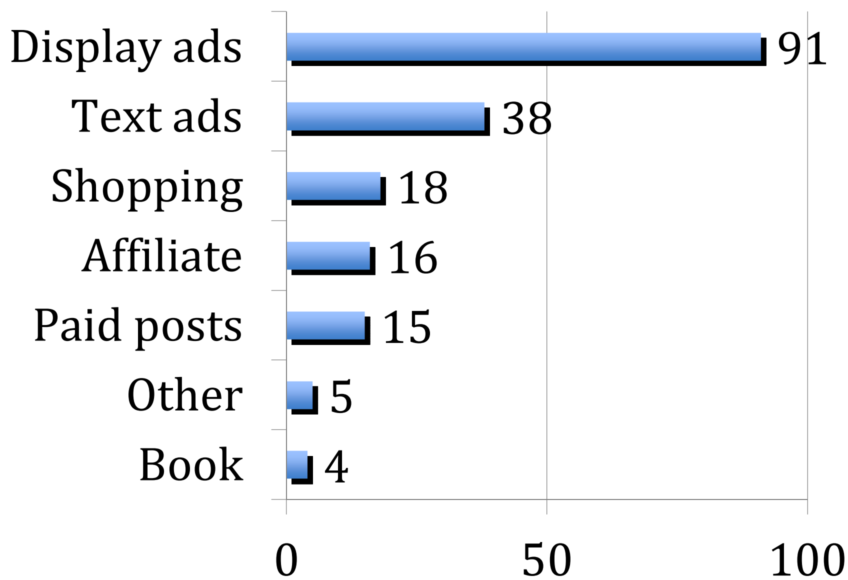
PLUG AWAY: DISCLOSURE OF MATERIAL CONNECTIONS IN SOCIAL MEDIA CHANNELS

Supporting files

Figure 1. Revenue sources for style blogs



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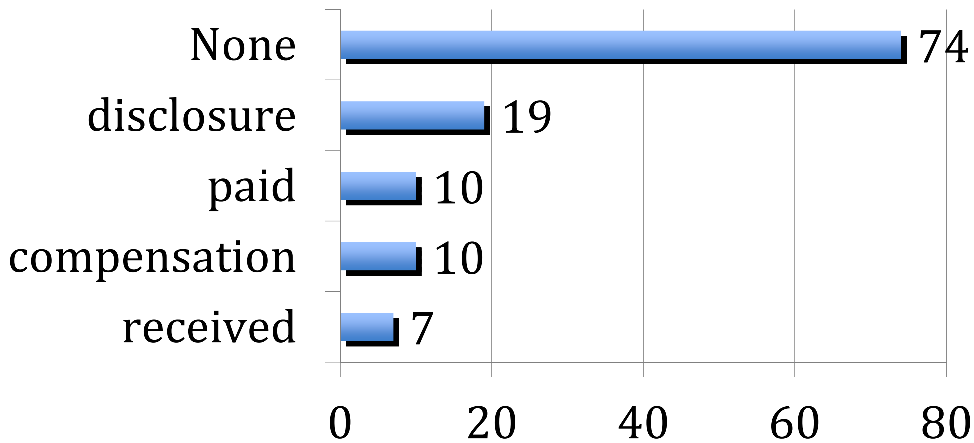

Figure 2. Style blogs that disclose in-post

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Ashton's non-disclosed tweets (57)

Dwolla (1)
Gidsy
AirBnB (6)
Zaarly (11)
Hipmunk (7)
MilkApp
Fab (10)
Vox Media (7)
A-grade Investments
Chomp (4)
Ooma
DuoLingo (3)
YourMechanic
SocialCam

Amen GmbH (3)
StyleSeat (1)
Votizen
Chloe & Isabel
Airtime
MemSQL
GrubWithUs
SeatGeek (1)
Tinychat
Circle
Optimizely
Path (3)
nowBox
AeroFS

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