

Data Compliance Brings Added Cost to Influencer Marketing

Privacy laws complicate the business of connecting brands with influencers

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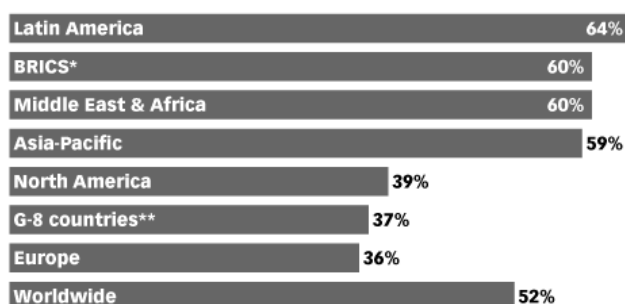
Blake Droesch

While **disclosure** continues to dominate the conversation around influencer marketing, data compliance laws are adding another layer of confusion—and cost—for those operating in this evolving market.

Many of the agencies and platforms that **connect brands with potential influencers** rely on audience data to determine whether or not an influencer's following will engage with a certain brand. But privacy regulations—like the General Data Protection Regulation (GDPR) and the California Consumer Privacy Act—have placed significant restrictions on the collection of third-party data.

**Internet Users Worldwide Whose Digital Purchases
Are Influenced by Social Media, by Region,
March 2018**

% of respondents



Note: *Brazil, China, India, Russia and South Africa; **Canada, France, Germany, Italy, Japan, Russia, the UK and the US
Source: Centre for International Governance Innovation (CIGI), "CIGI-Ipsos Global Survey on Internet Security and Trust - 2018 Poll: Part 3: Online Influencers" conducted by Ipsos, May 18, 2018

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"We have a law firm that we spent a lot of money on just to make sure we are compliant," said Gil Eyal, CEO and founder of HYPR, an influencer search and discovery directory. "We audit every couple of months, and they update us on every ruling, in every country, in every language to ensure that our data is compliant.

"That is a major cost—we're talking hundreds of thousands of dollars in legal fees—that we didn't predict for 2018," he said.

Many marketers share similar worries. A survey by Demandbase and Demand Metric found that four in five respondents were **concerned their tech vendors could put them at risk** of violating GDPR.

Still, 54% of marketers said audience insight data is an essential part of influencer identification, according to a study published by **Econsultancy** in November 2018. This includes both demographic and psychographic information on the influencer's audience. The same study also showed that 83% of industry marketers said they need better data and metrics.

But marketers may find it increasingly difficult to gain access to this type of information in countries with strict data privacy laws.

"If you go to Europe, for example, GDPR is extremely well-pronounced, and they're very concerned with what data points they can collect; they're very into it," Eyal said. "If you go to places like APAC or South

America, there's a lot less concern about those things. There's much more concern about the audience demographics, the household income levels, if they are able to buy a product, sentiment analysis. So they definitely expect a much deeper level of understanding than in countries where privacy is at the height of discussion right now."