

Social media crypto scams reinforces need for influencers to disclose paid sponsorships

Article

The news: Social media influencers are earning thousands of dollars for promoting beauty products and apparel, but increasingly, many are **pushing bitcoin scams** to their followers,

per CNBC.

- YouTuber **Ben Armstrong (BitBoy Crypto)**, who has over 1.5 million followers, admits to making over \$100,000 per month in promotions and up to \$30,000 for a single post. One of those campaigns was for **DistX**, which turned out to be a “rug pull” scam that made investors lose big when developers sold out and the coin’s value fell precipitously, now down 99%.
- More high-profile creators and celebrities, including **Logan Paul** and **Kim Kardashian**, have touted crypto products that have burned followers made purchases based off their endorsements.

The problem: Influencers occasionally **conceal the fact that the crypto ventures they’re advocating are sponsored**. That’s a serious problem, since it encourages audiences to make financial decisions under false pretenses.

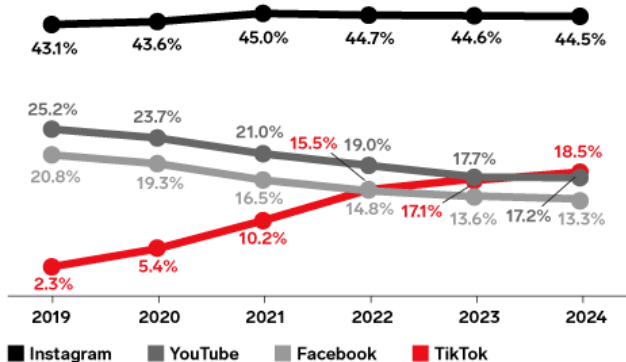
- Influencers often don’t disclose crypto sponsorships because advertisers don’t want them to —since endorsements that don’t appear sponsored may be more likely to be acted upon by consumers.
- Crypto scams are a major issue at the moment, resulting in over \$1 billion in losses.

The bright spot: Categories such as crypto may be more likely to pull back on influencer marketing as part of broader budget cuts, notes principal analyst **Debra Aho Williamson**.

- The channel is alive and well, however. More than four in 10 (42%) of global communication specialists include **Instagram** in their 2022 influencer marketing plans. **TikTok** (31%), **Twitter**, and **YouTube** (24% apiece) were also popular choices.

US Influencer Marketing Spending Share, by Platform, 2019-2024

% of total influencer marketing spending



Note: payments made to influencers or their representatives to promote products and services primarily on social media and other platforms featuring user-generated content; excludes noncash payments such as free products or trips; excludes paid media
Source: eMarketer, July 2022

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Why it matters: Nearly four in five (78%) adults say creators are influential in helping them discover new brands, per Meta research conducted in nine countries including the US, UK, Germany, and Japan. But to maintain their influence, creators need to issue disclosures when warranted—and be able to vouch for the products they are promoting.