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Google, iHeartMedia lawsuit highlights regulator interest in influencers

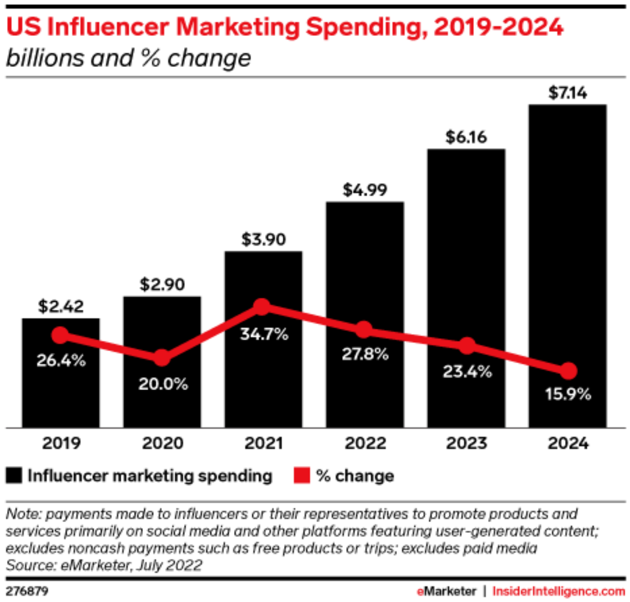
Article

The news: The **Federal Trade Commission** (FTC) and seven states sued **iHeartMedia** and **Google** for misleading radio ads from 2019 in which hosts endorsed Google's **Pixel 4** phone without ever using the product, violating truth-in-advertising rules.

- The suit alleges that Google gave hosts scripts that made it sound like they had used the phone when they had not, with lines like, “It’s my favorite phone camera out there, especially in low light, thanks to Night Safe Mode.”
- Google and iHeartMedia **agreed to pay $9 million** to the seven states and have reached an agreement with the FTC. (One state, Texas, has a separate pending suit against Google.)

Spon-con: Influencer marketing exploded during the pandemic and has proved to be a more resilient advertising format than other digital channels. But increased spending has turned the space into a Wild West for advertisers of all sizes, catching regulators on the back foot to enforce standards.

- The FTC suit is far from the only federal action taken against influencer marketing. The **SEC** fined **Kim Kardashian $1.26 million** last month for failing to disclose how much she was paid to promote a cryptocurrency in **Instagram** posts. The fine was a warning shot to the influencer class that even the most prominent among them need to adhere to regulatory standards.
- Those warnings are important for regulators to issue given the increased interest in influencer marketing from both advertisers and tech platforms. **TikTok** is gunning for a larger share of influencer marketing spend, which Instagram has long held a sturdy lead in, and **Meta** is shifting to focus on the creator economy.
- Though influencer marketing still makes up a small share of digital budgets, it seems more recession-proof than other channels. Consumers still watch free content during downturns, and micro-influencers who deal with certain niches have been successful in driving sales.



No stone left unturned: US regulators put their foot on the gas pedal in 2022 when it came to pressuring the digital advertising industry, and its scope extends beyond influencer marketing.

- In September, the FTC sued ad tech firm **Kochava** for data privacy actions that many in the industry considered to be common practice. Those suits have also opened a dam of private lawsuits against digital advertising agencies.
- The **Interactive Advertising Bureau** named heightened regulator interest in advertising the biggest threat to advertising signal loss—higher than the removal of third-party cookies and tracking changes on **iOS**.

Our take: Google and iHeartRadio's misstep is a sign that US regulators are trying to rectify a lack of advertising standards and enforcement . But those changes are coming at a troubled time for the digital ad world, which will have to adapt to new standards quickly to make it out of the ad spend downturn unscathed.

- This isn't iHeartMedia's only ad scandal this year, either. It and other podcasting companies purchased users via in-game ads to inflate their listener figures by millions, according to a Bloomberg investigation—calling their CPM rates into question.