

**Th****e Voice of Verlingue**

**The World of Influencers**

**Jo Kennedy:**  
Hi, I'm absolutely delighted to welcome you to the very first episode of The Voice of Verlingue. I'm Jo Kennedy, head of Marketing. Today I'm joined by Maia Olesen and Michael Treasure, who are client directors at Verlingue, and experts in insurance for the media sector. They're going to be discussing the world of influencers and the risks they face.

Firstly, Maia, Michael. It would be great if you could kick things off by telling us a little bit about influencers and what they do. Why should we be interested in them?

**Michael Treasure:**  
So I think when we talk about influencers, it's good to put it into context about social media really, and how that's expanded over the last 10 years or so.

We have around 4.76 billion people use social media on a daily basis, averaging around two and a half hours a day. So, brands have really kind of looked at that and thought influencers can make a brand very appealing with the content and engage with their followers. Influencers now have a specific definition, which is someone that has the power to affect the purchasing decision of others. That could be by their knowledge, that could be their status, that could be just based on the amount of followers they have. So, it doesn't necessarily need to be a celebrity. It could be someone that is in the fitness industry but has loads of followers so they can reach out to that.

**Maia Olesen:**  
Yeah, I can't believe how quickly and how significantly the whole influencers domain has grown in the last decade. Really, we've gone from a very few amount of people who were sort of talking online and using this as a medium just to post their own views and thoughts, bogging to now. Having people earning vast amount of money just by expressing their opinion or endorsing their product. I find it incredibly fascinating.

**Michael Treasure:**And I, I think there's a lot of money in this industry as well. You've got people that might have fewer followers that maybe do the odd post here and there can. Earn money from this. But when you look at someone like Molly Mae, who in the UK is probably one of the biggest influencers, she earns up to £10,000 per post. And then on the other side you have Kim Kardashian in the states who can earn up to $500,000. And that's just for one post, whether that be Instagram, YouTube, TikTok, there's so many different platforms, and I think that's where brands are starting to realise that the best way to reach an audience is by linking up with an influencer. And it's the content that they put out that will help that brand promote their product or promote awareness as to what they're trying to sell, and ultimately the return on their investment is going to be much greater by using an influencer. Whether it is just someone that you like and follow because you think they provide you with good content, or whether it is a celebrity that you almost look up. Yeah,

**Maia Olesen:**  
I think maybe if this is what advertising is going to be going forward, that you almost do away with advertising on old-fashioned tv and it's all on social media as the generation that tends to watch less TV is growing up and still continues to watch more online content on their computer rather than watching mainstream tv. And that more and. Advertising is going to be focused into that domain, whereas TV advertising will gradually diminish and stop. And could networks then really survive after that?

**Michael Treasure:**  
Most people that watch TV tend to fast forward the adverts anyway, so you might see the odd advert on tv, whether you've just put it on in the background or whether you happen to catch it, but really, they're targeting an audience now that spends their life. We spend on average two and a half hours daily online. On social media specifically. That doesn't seem like a lot, but when you add that up every single day, and that could be children spending it online, then asking their parents, I want this, I want that because they've seen something on YouTube. It does actually reach everyone, even people that might not be on social media, because they'll be connected.

**Maia Olesen:**  
Yeah, and I guess the, the power that the influencers have as well is, is their personal endorsement. And as they have more and more followers, they are more convincing because they are speaking almost as one person to another person, and the viewer will. Feel a lot more personally connected to the particular endorsement that they are watching because they almost feel that they have as a followers, as someone who has actually chosen to follow that person. They feel that they are more connected and will believe the endorsement so much more than someone who watches an advert. In between, you know, a murder mystery or something in between, that's two different, a particular thing that they're watching on tele because they're, they have not chosen to be advertised to, whereas the people who choose to follow are an influencer. They have chosen to sit and listen to what they're actually saying and what they're endorsing.

**Jo Kennedy:**  
I don’t know if you've heard of the Prime Drink. I have never heard of the Prime drink, and I went to the local supermarket with my eight and 10 year old a couple of weeks ago, and when they dived to the drinks aisle, wanting to buy bottles of Prime and I've never heard of it and I, I don’t know which influencers been endorsing it, but they're selling on Facebook marketplace for about £20 of bottle and it just shows the power.

**Michael Treasure:**  
Yeah. So, it's KSI and it's an energy drink. Yes. And really, it's no different to any energy drink that's out on the market, but like you say, people are spending hundreds of pounds to get their hands on one and it is all down. Who is endorsing it, the brand, and the publicity behind it.

**Maia Olesen:**  
It's very clever marketing as well, because the, because the prime drink itself is, is not available everywhere, so it, it's a higher demand than there is supply, which of course drives the currency of it up. My children are exactly the same and my eldest son who's. Has told me that children are selling these bottles to each other at school for 15, 20 pounds, and they're actually kids who are willing to spend all of their lunch money to get hold of one of these bottles.

**Jo Kennedy:**Yeah, the same same's happening at my daughter's school. I imagine the supermarkets must be doing quite well as well because. Sometimes we have to make trips just to go and see if the prime aisle has been restocked and pick up a few extra purchases whilst we're there.

**Michael Treasure:**I think it's all the small news agents as well, because they're, they can kind of charge what they want so they're able to make a little bit more money off the back of it. Because if they manage to get their hands on some, if they're adding a pound here and. They're laughing really, aren't they? They've got a queue outside their shop.

**Jo Kennedy:**Yeah,

**Maia Olesen:**Definitely. It's a KSI and Logan Paul here as influencers online, they've gone to a massive thing here. They eventually, probably the craze will die down, but I'm sure there'll be plenty of influencers who will pick up in this particular, in the, in a similar vein. But of course, you have to have an influencer or someone on board who is equally convincing and influential too. The prime target market as well to make them buy. I guess children are always an obvious choice because they're sometimes a little bit more gullible, but sometimes grownups are the same as well, aren't they?

**Jo Kennedy:**So as we've been saying, there's obviously been a huge proliferation in the activity of influencers in over, over recent months and months and years. I'm assuming that because there's so much more activity. That this is also bringing an increase in risk and exposure for these influencers. Be really interested to find out what you would perceive to be the key risks that influencers are facing at the moment.

**Maia Olesen:**Definitely. I was at a-round the table discussion a couple of years ago where there was a QC, um, a media lawyer who gave a great analogy, which I thought was really poignant, that the influencers that lifecycle had gone through it. Sort of innocent infancy really, where people didn't take much notice if an influencer used third party branding or songs or anything like that to then going through adolescents and now influencers really seen as grown up who need to take proper responsibility for their actions when they are in speaking in the public domain, endorsing products and everything else because there is so much money now involved in it, and there is so more consequence if they get it wrong.

So, promoting brands in the wrong way is, is a major risk now, and showing products in the wrong way, saying derogatory things about them is, is definitely something that could have serious consequences. Inadvertently talking something down by defaming it, comparing two different products and, and showing one in a derogatory manner compared to the other one could definitely have consequences as. Slander is another big exposure as well. Making a full statement about someone or something and potentially damaging a person's reputation as a result of that could really lead to quite nasty legal battles or retribution. In some ways, an IP infringement as well, using music images or brands for promotional game without having the right licenses when they are doing. Also has financial consequence for influencer as well. So, these are all things that they need to consider now, and

**Michael Treasure:**It's affecting both the brand and the individual influencer. As we touched on earlier, brands want to work with influencers because they see that as the future and the way they can reach their target audience.

But really, if their influencer doesn't adhere to the rules and do the right thing, that could all come back onto the brand and it could damage their reputation as well as the influencers, but also have cost implications, whether that be by a fine or lost sales. It's quite interesting when you look at influencers, you have to look at the difference between when it's their own view, when it then becomes a branded post or something that is promoting a product or a brand, and there's two things that you need in place for it to change from being your personal view, and that's if you are being paid to say something or do something. So that could be money, that could also be gifts. So you might be sent a t-shirt and asked to promote it. You might not earn anything for doing that, but the t-shirt itself becomes your payment equally.

The other thing you need to have is there needs to be some kind of control over what you say or how you say it. Now that could be the brand asking you to do an unboxing of the product, they've sent you. It could be them asking you to say where you use it, how you use it, any kind of control like that. If that goes side to side with some sort of payment.

Well, whether that be money. Or a gift that then is no longer your view. This is now a promotion for the brand, for the product, for both. So, there's then certain rules that you have to adhere to and. Potential pitfalls. You, you have to make it clear to your audience that everything you're saying is a promotion. You need to make it clear if it's paid for. So that could be using things like hashtag ad on your post or gifted, but again, it can't be hidden in the comments somewhere. It needs to be clear in the front of your face really, so people can see. What you are saying is not your personal view, but this is potentially where things can go wrong, because if you miss that as an influencer, if you don't have hashtag AD on a particular product, So a claims example was where an influencer had promoted something on their page, but they hadn't included a hashtag ad and the ASA, which is the Advertising Standards Authority, investigated this post, realized that it didn't adhere to the code, but they actually went after the brand because it was the brand ultimately that were in control of what the influencer was and it was the brand that got a fine by the ASA and this post was taken down. So, the brand has been fined. They've lost a bit of their goodwill and their reputation, but they've now gone on and sued the influencer for breach of contract. So, there's two sides to it. So, you've really got the individual trying to protect themselves from these situations, but you've got the brand as well that potentially could have the issue come back onto them If the influencers, they engage with aren't doing things by the book.

**Maia Olesen:**And that's probably where brands also have to be quite aware of which influencers, they're using to promote their brands. Because an influencer who has a large following of people could still be, you know, sort of a high risk because they might be so popular because they are deliberately controversial or because they have strong opinions about certain things and therefore for the brand to control what they're saying and how they're saying it can be quite difficult as well. So, a choice of influencer there and also to create the parameters around how messages can and should be delivered really is down to the brand as well to control, which brings with it a different kind of risk as And certainly consequences for both the influencer and the brand is, as Michael said, is the ASA pulling a particular endorsement and also finding the influencer and or the brand for breach of laws and regulations. It also, the consequences are bad press in some situations which cause brand damage and breach a.

And also, the reputational damage to the influencer themselves being in the main media for having caused outrage or having caused the brand to lose a lot of money like can Kayne West did in the autumn when he was very. Expressive in his views, which caused Adidas to withdraw their contracts with him, as well as Gap and the number of other brands as well.

These situations do have vast consequences at times and reputational damage for an influencer. Means loss of followers quite often as well, where some people give up following that particular person, and then with a loss of followers then comes a loss of income as well, and as probably lesser of brands want to be associated with that person, or they're no longer attractive because they don't have the following that they're used to anymore.

**Michael Treasure:**Exactly, and I think that the loss of reputation and the damage for the influencer and the brand is the biggest point here, really, because brands, as we've said, are using influencers to try to increase their sales of a particular product or get their name out there. So, it's when it goes sideways, that's damaging both sides and going against everything that they've set out to but there is a lot of onus on the influencer getting it right first time, and it's the innocent mistakes really that are something that you would want covered and would be picked up by some sort of insurance policy. It's. Not the deliberate and the reckless breaches like the Kanye West incident we spoke about. That's not something that would want to be picked up by insurers because you are trying to be outspoken. You are trying to damage a brand yourself or just doing it purely to get. the media attention and a bit of talk around it.

**Jo Kennedy:** So Maia and Michael, from what you've been saying today, it really does sound as if in terms of risk, it's a very complex world for both influencers and brands, and that there are some quite serious consequences involved in these risks that generally people wouldn't think of. And so I would assume that quite a lot of guidance will be needed and probably more as the world of influences. It'd be really great if you could just tell us a little bit about what brands and influencers might be able to do to protect themselves against these risks.

**Maia Olesen:**  
Yes. Actually, as it happens, the insurance market has put out a, a very specific policy for this kind of risk, which is called Influencers, indemnity insurance, and it actually will cover off most of the risks that we've been talking about today. It has an element of professional indemnity insurance, which will cover off defamation, libel, slander, IP infringement, innocent mistakes of course, and not the deliberate, reckless, or dishonest acts that Michael was referring to earlier. But what is quite unusual is that there has been such little uptake on these policies by. Constantly increasing number of influencers that are out there, and this has led to quite a bit of debate in the insurance industry as well, how to, a, reach those people and B, how to convince them that this is a good idea. I think that one of the greater drivers around this will be, Brands requesting or requiring under contract that influencers have got insurance cover so that they can protect themselves, but also that the brand's investment in working with the influencers is in some way protected if there are innocent mistakes done, which then have wider reaching consequences.

**Michael Treasure:**  
Completely, and I think that the bigger brands out there will probably have this in place already with the influencers they choose to work with because there's such a bigger risk involved and a lot more money involved. It's everything in that small to mid-market where things can maybe fool through the gaps because brands might not be dictating a particular influencer has a policy in place, but it can still come back on the brand and that's their investment. And you know, like we touched on earlier, they could get fines as well as the individual themselves. So, I think it will be interesting to see how things evolve over the next few years. Things will start to trickle down. I'm. , but there's not much uptake or interest from the individuals themselves. And maybe there's not been enough in the press, in the media of where things have gone wrong, or maybe it's just not happened enough yet, but it could be interesting to see how things develop.

**Maia Olesen:**I definitely think that there's also a lack of conversation around the remedies that are available to influencers and how important it is for them to have the insurance cover and how much help the new start-up influencers need just to circumnavigate the legalities around the responsibilities that they have when they start making money as an influencer working on behalf of brands, and that's probably where the insurance market should.

As well as us as brokers that we do give a little bit more advice, some more steer around what's available and what is needed in order to protect what is an influencer's livelihood and business.

**Michael Treasure:**Definitely. And I think a lot of it still goes back to when an influencer becomes an influencer, when their opinion is no longer their own, but it is actually, you know, out there in the wider audience and there's so many situations where you. I guess normal people going onto these reality TV shows, but because they're then in the public eye, they're coming out and they have a deal with a brand that could be worth millions of pounds, they're then forced into this world that they might know little about, and it's how they understand how to navigate their way through that world and what they should do, shouldn't do, can do, can't do is all of the legality around it. I think that's maybe where, as Maia mentioned, the insurance industry, but also as brokers, we need to put that awareness across so people know that there is something out there that can protect them, because ultimately, it's going to be them that is out of pocket if something does go horribly wrong, which it can always do two.

**Jo Kennedy:**  
Thank you so much Maia, Michael. Learning about this continually evolving world has been really fascinating. There's truly so much for both influencers and brands to think about. I'm delighted to be able to tell you that in our next voice of the Verlingue, Maia and Michael will explain how production companies can protect themselves in the of a key personality dying or disgrace themselves during production.

If you'd like to find out more about insurance for media businesses, then please visit our website. Thank you so much for listening to our first episode of The Voice of Verlingue. We really look forward to speaking to you again soon.