

Business Briefing: the 'get rich quick scheme' influencing what you buy

Written by Jenni Henderson, Editor, Business and Economy, The Conversation



Advertising through online influencers is shaping consumer law, business models and people's careers. Nico Aguilera/Flickr, [CC BY-SA](#)

It sounds like a get rich quick scheme. Amass huge numbers of followers on a social media platform like Instagram and you can get paid like a celebrity to mention or feature products in your posts.

But this [industry of "online influencers" was worth](#) US\$500 million in 2015, and is expected to grow to be worth US\$5 billion by 2020, according to Sandra Peter from the University of Sydney. There's a well documented business model behind it.

Even though these online influencers might not be overtly endorsing a product, advertisers will still pay a lot to have something featured, even subtly, in their posts.

The relationship online influencers form with their followers is different to a regular celebrity because they have more leeway to talk about their own experiences. When the influencer industry was at its peak, about five years ago, the content was more about using your body or life to sell something, says Crystal Abidin from Curtin University. But this is now changing.

"Today it's expanded so much that even in the influencer scene there are hierarchies," she says.

"Big name influencers may not spend as much time investing their own narratives in these products, but they may just do a shout out, that is so impactful that advertisers don't mind."

This is indicative of a broader change to professionalism in the industry, where big internet companies like Amazon, Reddit and Youtube are starting influencer offshoots, says Abidin.

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With this growing industry consumers are starting to cotton on to the potential of being led astray. For example online influencers were mentioned in a lawsuit [against a festival in the United States](#), where consumers felt their expectations (including those set by prominent online influencers) weren't met.

“What we saw with the Fyre Festival really does highlight the dangers of the influence that these people wield on social media and if it's not absolutely made clear that they are promoting something...that has a material effect on consumers,” says David Glance from the University of Western Australia.

While there are laws in Australia to protect consumers in Australia from misleading advertising, Glance says social media platforms need to make it clearer when someone is paid being to promote. He says this should go beyond a hashtag to something written on the post, pointing it out to consumers.

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