



PHOTO BY DAVID SPRAGUE

**Influencers: Lynne Haaland, chief executive of Burbank-based social media market platform Vity, with tech consultants Austin and Zach Hurst at a meeting in Hollywood.**

# Internet: Advertisers Will Pay for Viral Exposure

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site and a dating site.

“Our focus is creating a marketplace to allow influencers and advertisers to interact directly,” said **Lynne Haaland**, chief executive of Vity. “We are also building a bridge to brand managers and have the door open to all the advertising agencies.”

The site is free to peruse and open to anyone who sees themselves as an influencer. Vity makes profit by taking a 5 percent cut from the fee advertisers pay to influencers, once a transaction is successfully completed.

First, the advertiser sets up a profile and uploads an advertising campaign they would like to execute. Then the advertiser waits for influencers to apply for the campaigns, or can search for influencers in the system and invite them to apply.

On the opposite side of the deal are social media influencers. They may be a home cook that blogs about her newest recipes, or a teenager who cracks jokes and plays pranks for laughs. With thousands to millions of followers, they can become a powerful source of word-of-mouth promotion for advertisers.

An advertising campaign on Vity can vary from one brand to another, and they are far from traditional. For example, **100% Pure**, a cosmetic manufacturer based in San Jose asked influencers to promote their “\$60 for \$100 worth of products” coupon code. Some makeup bloggers listed the code at the end of a product review, while others simply used Snapchat and alerted their followers. In the trial run with Vity, the company saw a 700 percent return on investment, according to Haaland.

In an upcoming campaign **Chapul Cricket Protein**, manufacturers of insect-based protein bars, will launch an “eating challenge,” daring various fitness influencers to integrate their products into their healthy lifestyle.

On the Vity site, influencers create a profile with links to their social media pages on Facebook, Instagram, Twitter, Pinterest or another platform. The influencer browses advertising campaigns and applies to ones that match his or her audience.

Assuming mutual interest, the advertiser and influencer negotiate on content, budget and pay-

ment terms. Once the two parties are in agreement, the advertiser is prompted to place the funds in to a holding account created by Vity.

“It’s like an escrow dynamic,” said Haaland. “And only at this point (when funds are held by Vity) are they effectually in a campaign relationship.”

Once the influencer submits work, and the advertiser approves, the funds are released to the influencer’s bank directly. According to Haaland, this transaction model was important, as it

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JASMYN WILSON, Srax

reduces the chance of payment disputes. Since a large number of influencers work independently without an agent or a manager, the company saw the need for safeguards.

“If an influencer posts for a brand, and it goes viral, it’s out there to millions. So, we have to make sure the influencer gets paid,” said Haaland. “On the other side, we have to protect the advertisers and make sure the influencer does their job.”

Haaland said unlike some other platforms in the market, the company does not have a minimum follower requirement for influencers who want to use the site.

“Influencers have a really powerful voice,” said Haaland. “We believe influence can happen at even 5,000 followers.”

### Whose influence?

Marketing through influencers is nothing new. Whether it’s an NBA star sporting the newest shoes from a sportswear brand or a beautiful actress claiming that they only use that one shampoo to wash their hair, celebrity endorsements have been around for decades.

**Jasmyrn Wilson**, head of media and influ-

encer relations at **Srax**, an advertising company in downtown Los Angeles, said what makes social media influencer marketing attractive to advertisers is its ability to target the right market segment.

“Marketers use social media influencers to reach their specific audience,” said Wilson. “You have a surefire way to reach the audience to engage with them in an organic way.”

That’s because a social media influencer usually has an accurate idea of his or her audience. For example, if a shoe company wants to target women ages 18 to 35 living in the Midwest, an advertiser can locate a fashion blogger who reaches that segment. Because the influencer has built a reputation on a point of view, and more importantly, on interaction with the audiences, the advertisement is more likely to generate a meaningful engagement.

As the influencer market has grown, new terms have emerged to segment different types. Wilson said the term “macro influencer” is used to label those with more than 200,000 followers. Everyone with less followers are called digital or micro influencers.

“It began as an organic community,” said Wilson. “In the beginning, (around 2007) it was more mom bloggers, sharing news, recipes and recommendations. It was a great way to connect with other people.”

Haaland saw the opportunity in this emerging market, in her role as chief executive of web design and development company **Mineral**, where she worked with companies such as **Walt Disney Co.** and **General Electric**. She is still chief executive at both Mineral and Vity.

“When this (social influencer marketing) hit, we wanted to get out to the market as soon as possible,” said Haaland. “We used all the lessons and experience we learned from developing for other companies, and applied them to this site. We literally coded everything in four months straight.”

Since the launch of the site last year, Vity has filed for four utility patents for additional web tools that will be added to the site in the future.

“After our big launch, we decided to stay quiet and have some organic traffic come in,” said Haaland. “We saw that we have lot of traction, so in that time we figured all our patents out.”

Haaland said the company is now actively

working to raise funds for growth and develop corporate partnerships. She retained **Austin** and **Zach Hurst**, the self-proclaimed “tech twins” who have launched user-generated video sites in the past, and have started an investment company to incubate companies such as Vity.

### Online risks

On the internet, the financial relationship between an influencer and advertiser is not always transparent. In fact, this year the Federal Trade Commission sent more than 90 letters to Instagram users to remind them to clarify and indicate their relationship with brands.

“To date, the cracking down has come down on advertisers,” said **Jeff Brown**, intellectual property lawyer at the firm **Michael Best & Friedrich** in Milwaukee. “I anticipate in the near future there will be regulation or actions against social media advertising.”

Brown added that inexperienced social media influencers can sometimes make false claims or fail to comply with advertising guidelines, which can land brands in legal trouble.

Haaland from Vity added that this is a market that still needs refinement.

“We want to guide the influencers to market correctly,” said Haaland. The site plans to provide educational guidelines for influencers newly entering the advertising market.

With regulations requiring social media influencers to clarify their relationships, the influencers are faced with the task of maintaining a “genuine” relationship with their audience, without looking like a walking advertisement.

Wilson at Srax said increased regulation may work in favor of influencers, as being transparent, open and real is a trend in itself.

“It doesn’t discourage the consumers because it’s becoming a norm,” said Wilson. “Especially for the younger generation, that’s what they know and what they are used to.”

Haaland at Vity is confident the social media influencer market will only grow and evolve, and her company plans to participate in the trend.

“We want the influencers to stick with their passion and not become a market for advertisement,” said Haaland. “They’ve built an emotional relationship with their audience and the influencers that stick to that model will always rise to the top.”