CREATOR RISK INTELLIGENCE

The Signal

Monthly intelligence on Creator Risk, regulatory change, and brand safety incidents. Issue 05 · May 2024

This month we turn to a risk category that gets less attention than scandals but costs brands more money: fraud. Fake followers, manufactured engagement, and the influencer programme budget spent on audiences that do not exist.

01 — THE AUDIENCE THAT WASN'T THERE

Influencer fraud · Scale and detection · May 2024

The scale of the problem is significant. Influencer Marketing Hub's research tracking fraud rates across the industry showed a near-doubling in brand exposure to influencer fraud between 2022 and 2024. Yet detection rates have not kept pace, and most brands continue to rely on follower count and engagement rate as their primary audience validation metrics. Both can be easily manufactured.

What fraud looks like in practice

The fraud ecosystem has matured considerably since the early days of simple follower purchasing. Modern influencer fraud operates across several distinct mechanisms that a follower count check will not detect.

Fake followers	Purchased bot accounts that inflate follower counts without contributing genuine reach. The most basic form, but still widespread. A creator with 500k followers and a 0.1% engagement rate on normal content is a red flag.
Engagement pods	Networks of real creators who agree to like and comment on each other's posts, manufacturing engagement metrics that appear organic. Detectable through comment pattern analysis — identical timing, generic comments, high comment-to-like ratios from the same small cohort.
View farms	Automated systems that inflate video view counts on TikTok and YouTube. Views with no downstream saves, shares, or profile visits indicate manufactured traffic.
Ghost networks	The most sophisticated form: large networks of aged, apparently real accounts used to simulate organic audience behaviour. These accounts have posting histories, profile photos, and normal-looking activity — making them significantly harder to detect.

The FTC's response

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The FTC's direction of travel is clear. Following informal hearings in February and March 2024 on its proposed rule targeting fake reviews and fake social media indicators, the agency has signalled that brands using influencer metrics they know or should know are fraudulent risk being treated as participants in deceptive advertising. The proposed rule — if finalised — would explicitly ban the purchase of fake followers and engagement metrics. For now, enforcement proceeds under the existing Endorsement Guides.

THE REAL COST

The cost of influencer fraud is not just the wasted media budget. A DTC brand that allocates £340,000 to a campaign built around fabricated reach has not just lost £340,000 — it has made product decisions, stock decisions, and sales forecasts based on an audience that does not exist. The downstream damage frequently exceeds the direct campaign cost.

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Follower count is a vanity metric and engagement rate is easily gamed. The question that matters is: does this creator have a real, engaged audience that is genuinely interested in my category? That question requires audience quality analysis, not a follower count check.

RECOMMENDED ACTION

Before allocating significant budget to any creator, ask whether your vetting process includes an audience authenticity check — follower quality, engagement pattern analysis, and geographic distribution. The tools to do this are available. The question is whether the process requires it.

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02 — REGULATORY NOTE

FTC · USA · EU · May 2024

USA	FTC informal hearings on proposed rule banning fake reviews and fake social media indicators concluded in March 2024. The rule is under consideration — if finalised, it would ban the purchase of fake followers and engagement metrics and expose brands to civil penalties of up to $51,744 per violation. The FTC's existing Endorsement Guides already establish dual liability for brands whose creators fail to disclose.
EU	EU AI Act formally adopted by the European Parliament in May 2024. The Act will require AI-generated content — including synthetic influencers, AI-edited imagery and AI-generated testimonials — to be labelled. Full enforcement timeline still being established, but brands running AI-generated creator content should begin auditing their disclosure practices.
ITALY	AGCOM Code of Conduct consultation continues. Ferragni criminal investigation remains open — Milan prosecutors confirm the case is progressing towards a potential indictment. Trial not expected until 2025.

The fraud numbers are not improving. Two years of data show a near-doubling in brand exposure to influencer fraud, while detection methods have remained largely static. The brands that close this gap in 2024 will do so through audience quality analysis, not follower count checks. The brands that don't will keep funding audiences that exist only on paper.

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