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Lord & Taylor Settles FTC Charges It Deceived Consumers Through Paid Article in an Online Fashion Magazine and Paid Instagram Posts by 50 “Fashion Influencers”

Promotions Were Part of the Company’s March 2015 Design Lab Collection Launch

FOR RELEASE

March 15, 2016

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National retailer [Lord & Taylor](#) has agreed to settle [Federal Trade Commission](#) charges that it deceived consumers by paying for native advertisements, including a seemingly objective article in the online publication *Nylon* and a *Nylon* Instagram post, without disclosing that the posts actually were paid promotions for the company’s 2015 Design Lab clothing collection.

The [Commission’s complaint](#) also charges that as part of the Design Lab rollout, Lord & Taylor paid 50 online fashion “influencers” to post Instagram pictures of themselves wearing the same paisley dress from the new collection, but failed to disclose they had given each influencer the dress, as well as thousands of dollars, in exchange for their endorsement.

In settling the charges, Lord & Taylor is prohibited from misrepresenting that paid ads are from an independent source, and is required to ensure that its influencers clearly disclose when they have been compensated in exchange for their endorsements.

“Lord & Taylor needs to be straight with consumers in its online marketing campaigns,” said Jessica Rich, Director of the FTC’s Bureau of Consumer Protection. “Consumers have the right to know when they’re looking at paid advertising.”



Design Lab Paisley Asymmetrical Dress that was the subject of the Nylon social media campaign

According to the FTC, over a weekend in late March 2015, Lord & Taylor launched a comprehensive social media campaign to promote its new Design Lab collection, a private-label clothing line targeted to women between 18 and 35 years old. The marketing plan included branded blog posts, photos, video uploads, native advertising editorials in online fashion magazines, and online endorsements by a team of specially selected “fashion influencers.”

The complaint alleges that Lord & Taylor placed a Lord & Taylor-edited paid article in *Nylon*, a pop culture and fashion publication. *Nylon* also posted a photo of the retailer’s Design Lab Paisley Asymmetrical Dress on *Nylon*’s Instagram site, along with a caption that Lord & Taylor had reviewed and approved. The Instagram post and article gave no indication to consumers that they were paid advertising placed by Lord & Taylor.

Over the same weekend in March 2015, Lord & Taylor gave 50 select fashion influencers a free Paisley Asymmetrical Dress and paid them between \$1,000 and \$4,000 each to post [a photo of themselves wearing it on Instagram or another social media site](#). While the influencers could style the dress any way they chose, Lord & Taylor contractually obligated them to use the “@lordandtaylor” Instagram user designation and the hashtag “#DesignLab” in the caption of the photo they posted. The company also pre-approved each proposed post.

In addition, the FTC’s complaint charges that Lord & Taylor did not require the influencers to disclose that the company had compensated them to post the photo, and none of the posts included such a disclosure. In total, the influencers’ posts reached 11.4 million individual Instagram users over just two days, led to 328,000 brand engagements with Lord & Taylor’s own Instagram handle, and the dress quickly sold out.

The proposed consent order settling the FTC’s complaint prohibits Lord & Taylor from misrepresenting that paid commercial advertising is from an independent or objective source. It also prohibits the company from misrepresenting that any endorser is an independent or ordinary consumer, and requires the company to disclose any unexpected material connection between itself and any influencer or endorser. Finally, it establishes a monitoring and review program for the company’s endorsement campaigns.

The FTC recently issued an [enforcement policy statement](#) that businesses can use to ensure they make required disclosures in native

advertisements.

The Commission vote to issue the administrative complaint and to accept the proposed consent agreement was 4-0. The FTC will publish a description of the consent agreement package in the Federal Register shortly.

The agreement will be subject to public comment for 30 days, beginning today and continuing through April 14, 2016, after which the Commission will decide whether to make the proposed consent order final. Interested parties can [submit comments electronically](#) by following the instructions in the “Invitation To Comment” part of the “Supplementary Information” section.

NOTE: The Commission issues an administrative complaint when it has “reason to believe” that the law has been or is being violated, and it appears to the Commission that a proceeding is in the public interest. When the Commission issues a consent order on a final basis, it carries the force of law with respect to future actions. Each violation of such an order may result in a civil penalty of up to \$16,000.

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