

**IT IS AN ISOLATED INCIDENT**

# Singtel says sorry over Gushcloud controversy

*Telco finds out staff who worked with agency had not adhered to its marketing standards*

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**SINGAPORE** – Singtel has apologised for the controversy stirred up by the actions of social media agency Gushcloud, which was accused of incentivising social media “influencers” to complain about rival telcos as part of a campaign for Singtel.

The telco, after further investigation, had found that the Singtel staff who worked with Gushcloud on the campaign had not adhered to Singtel’s



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GUSHCLOUD CEO

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marketing standards, said the company's vice-president of consumer marketing, Mr Johan Buse, in a statement last night.

The statement came a day after the telco said it did not issue the brief asking influencers — individuals with a substantial social media following — to complain about M1 and StarHub's services or network connections. The brief, written by a Gushcloud employee, went viral online and prompted M1 and StarHub to complain to the Infocomm Development Authority (IDA).

Describing it as an isolated incident, Mr Buse apologised and stressed that Singtel does not condone negative campaigns or publicity against any individuals or organisations. "We will emphasise to our staff and agencies our marketing standards and the importance of adhering to industry guidelines, including the Singapore Code of Advertising Practice (SCAP)," he said. The telco declined to say whether it would discipline the staff involved.

The Gushcloud brief came to light on Saturday after blogger Wendy Cheng, who is embroiled in a long-running spat with the social media agency, posted it on her blog. The brief promised perks, such as cash and discounts on mobile phones, for its influ-



encers if they drove new subscribers to Singtel's Youth Plan by complaining about the services of M1 and StarHub.

When contacted last night, Gushcloud said it had discussions with Singtel in preparing the brief. "But as an influencer marketing company, we should (have) known better and made better recommendations to our client. Because of that, we have let our influencers and our client down with the way the campaign turned out and we are sorry," said Gushcloud chief executive officer Vincent Ha in a statement.

The company also said it had initiated talks with industry partners, such as the Advertising Standards Authority of Singapore (ASAS) and companies, to create guidelines for the influencer marketing industry.

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PHOTO: REUTERS

Responding to the developments, the IDA said it was investigating the matter.

ASAS chairman Tan Sze Wee said advertisers are to adhere to the SCAP, such that all advertisements should be legal, decent, honest and truthful. But he felt the campaign did not constitute advertising, citing the SCAP's definition of an advertisement, which refers to any form of commercial communication for any goods or services, regardless of the medium used, including advertising claims on packs, labels and point-of-sale material.

"In this instance, the method employed by Gushcloud does not constitute advertising as it does not specifically promote Singtel's services," Associate Professor Tan added.

Singapore Management University marketing academic Seshan Ramaswami felt the campaign was similar to advertorials for products and services in newspapers written by journalists. The difference lies in how influencers do not post disclaimers informing consumers that the post has been paid for.

"Without such a disclaimer, an advertisement may be disguised as an editorial or a free and voluntary expression of satisfaction or otherwise ... that is unfair to consumers and certainly unethical," said Assoc Prof Ramaswami, adding that such stories should be considered advertisements as long as they have been paid for by an agent.

In the United States, the Federal Trade Commission's (FTC) endorsement guidelines require bloggers to

post disclosures when they act on behalf of advertisers, such as when they endorse a product. Such disclosures must be clear and conspicuous. The FTC disclosure guidelines were first updated in 2000 to take into account online activities, and again in 2013 to reflect changes in social media.

Assoc Prof Ramaswami supported more regulation on such practices — such as requiring disclaimers — but said it is difficult to tell from a post alone whether the content is genuine or from a paid agency. "At best, we could have self-regulation, with the agencies all agreeing that paid posts would be identified as such," he added.

National University of Singapore Business School marketing professor Ang Swee Hoon said a code of conduct would be a good start and that the Consumers Association of Singapore could step in where necessary. But legislation cannot keep pace with technology and the alternative may be for industry to self-regulate, she said.

Litigation lawyers whom TODAY spoke to said StarHub and M1 could have grounds for legal action against the influencers, Gushcloud and Singtel, if they can prove that the contents posted are defamatory. Clifford Law partner Michael Loh said such a case would depend on the damage caused to StarHub's and M1's business and reputation and whether the allegations are factual. Mr Patrick Tan of Fortis Law Corporation said the aggrieved companies could also take into account any malicious intent behind the posts.