



# How social media has created a new sect of marketers called 'Influencers'!

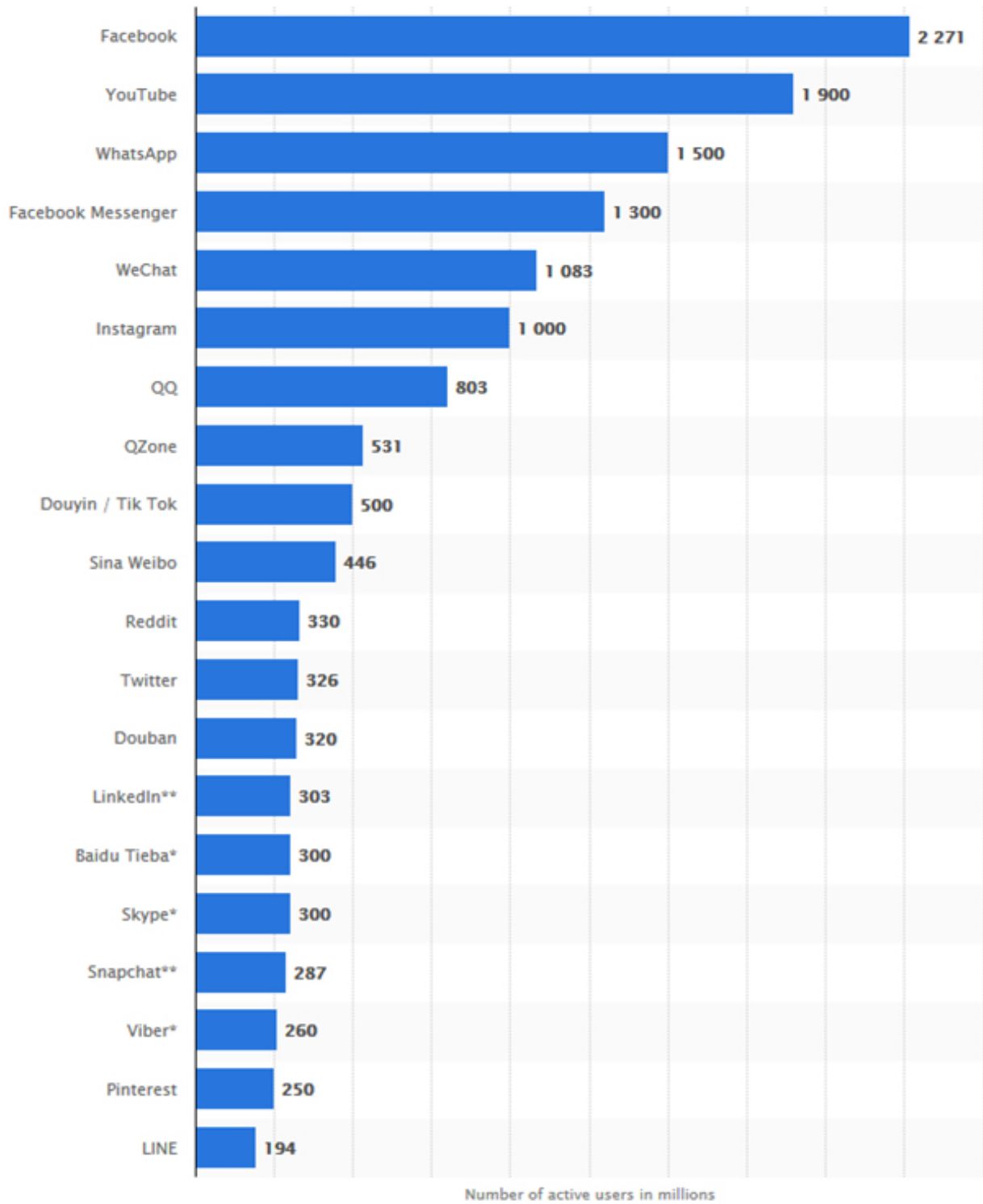
Table of Contents	
01	<b>Overview</b>
02	<b>Influencer Marketing</b>
03	<b>Importance of Social Media Influencers</b>
04	<b>The Art of Influence</b>
05	<b>Technology Enablers</b>
06	<b>Legalizing Influencer Marketing</b>
07	<b>Conclusion</b>

## OVERVIEW

Every decade brings with it newer job profiles. Software developers and software engineers were unheard of 60 years back. With the advent of the Internet, and more prominently, smartphones, we have newer roles of app developers and Big Data analysts. We even have Zumba and beach-body instructors to help us attain the perfect body type; these job titles did not exist a decade ago.

If we observe the trend carefully, it will become evident that newer job titles spring up either due to technological advancements or lifestyle changes. The current decade has been dominated by social media. Facebook has over 1,900 million active users, Instagram has over 600 million and it added over 100 million new users in the last six months (see image below). It is thus obvious that new job titles have cropped up to accommodate this change in technology and lifestyle. People have started to hire social media strategists, social media evangelists, and social media marketers to take care of their social media engagements. One role has particularly become popular among the millennials—that of the 'Social Media Influencer'. This brings us to the most pertinent question: who are these influencers and why have they become so popular?

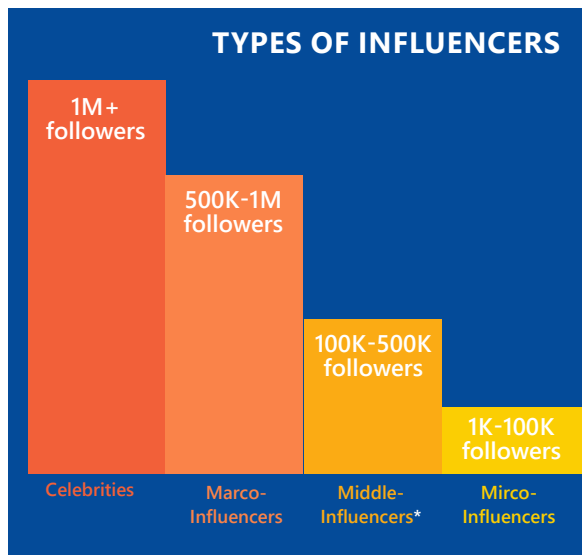
Number of active users (in million) per social media, as on January 2019



Source: <https://www.statista.com/statistics/272014/global-social-networks-ranked-by-number-of-users/>

## INFLUENCER MARKETING

Although Social Media Influencer is the latest buzzword, 'Influencer Marketing' has been around since the first advertisements were broadcast. Brands and advertisers have been engaging with celebrities, sports personnel, and leaders to endorse their products. However, with time, consumers have realized that the opinion of these celebrities cannot be termed credible because they endorse products for huge financial gains. Consumers now look up to their peers and favorites for their purchase decisions; they want to wear exactly what their favorites are wearing; travel in the same way their favorites travel; and so on. It is evident from this generation's buying decisions that they do not blindly trust the advertisers' claims or endorsements. They first check out the reviews, comments, and social media



engagement for that product and only then do they make a purchase decision. These peers and favorites are common people just like you and me. These are the people with a strong digital presence and opinionated voice, and are viewed as reliable sources. They have a high influence on their followers and are thus called influencers.

Social media and publishing platforms have made it extremely easy for influencers to curate their own content, publish it, and build a relevant follower base. They can create quality videos and other visual content on mobile phones, post about their experiences on their blogs, and share that content instantly with millions on social media. This has given rise to the term: social media influencers.

## IMPORTANCE OF SOCIAL MEDIA INFLUENCERS

Online content and social conversations have the maximum impact on purchase decisions. While product information and brand-crafted messaging is valuable, consumers want information that comes from like-minded people. Consumers trust the experience more than the verbal information imparted by advertisements. And it is not just common people who look up to them for their purchase decisions; brands too have realized the importance of having influencers onboard to endorse their brands. Influencers have some distinct advantages that brands do not; for instance, large communities of followers, trust from consumers, authentic personal experience, and presence on a variety of social networks. They are effective at starting, sharing, and spreading online conversations, which are incredibly valuable to brands. Brands have been piggy-backing on this value addition and follower base by involving influencers to launch products, create digital content, endorse brands, and sometimes even for manage crises.



New audiences and brand endorsements are not the only reasons why advertisers are turning to influencers for help. The top reason companies use social media influencers is: the rise in the usage of ad blocking and ad avoidance software. Advertisers and brands are looking for the best ways to reach audiences by circumventing ad blocking. In such cases, marketing through social media influencers presents a viable channel and strategy. Additionally, using influencers can also aid SEO efforts, with user generated posts accounting for 25% of search results (Erik Qualman, The Social Media Revolution) and ultimately every social like, comment, and share being targetable and trackable.

Before engaging influencers with their brands and products, advertisers need to understand and analyze the following:

- **Relevance:** Is the influencer that is sharing content and developing a follower base, relevant to your business and the particular market segment that you want to target?
- **Reach:** What is the number of people you could potentially reach through the influencer's follower base that would bring value to the business?
- **Resonance:** What is the potential level of engagement the influencer can create with an audience that's valuable and relevant to your brand?

A popular influencer management platform, Traackr, has developed a framework that can help an advertiser to do the following:

- Define the audience
- Discover the right influencers
- Constantly monitor for opportunities
- Take action and engage
- Measure accurate results

(A Framework for Influencer Marketing, Traackr & Lewis PR).

## THE ART OF INFLUENCE

Advertisers are catching on quickly and beginning to seek out such tools and technologies that enable them to identify key influencers in their industries and form trusted relationships that help them stay close to their consumers.

### So, how do influencers do it?

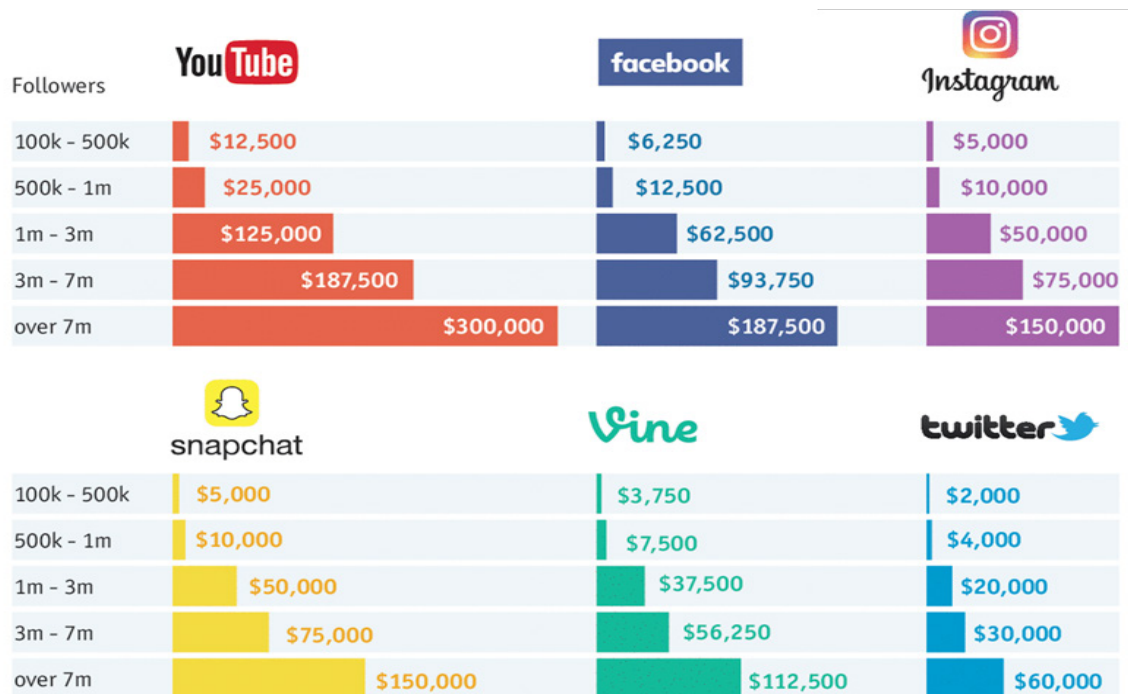
Advertisers and influencers can work in multiple relationships. One of them is through sponsored posts. Advertisers pay influencers fees or send them free products. Influencers can pose with these free products or click multiple images of them, write about them on their social media accounts, resulting in sponsored posts. In case of travel, sponsorships can include staying at a plush hotel or experiencing an airline carrier's hospitality or enjoying a meal at a restaurant, all for free. Influencers can then talk about their experiences, publicizing the brand or the product.

**Statistics:** *The social-media analytics firm Captiv8 estimates that big brands are spending a collective \$255 million per month for sponsored posts on Instagram alone. Captiv8 says Instagram influencers who have more than 7 million followers command an average rate of more than \$150,000 per sponsored post.*

Although the sponsored posts idea may sound very cool and stress-free, influencers have to go to great lengths to make sure their feeds feature only the most polished aspirational imagery. They have to make sure their postures are right; they have to constantly scout locations to make sure the outfit blends well with the scenery, and the light is perfect for clicking the best photographs. Influencers also have to be extra careful that they do not clutter their followers' wall with repetitive and irrelevant information. If not done the right way, such posts can alienate their readers and followers, destroying the influencers' credibility.

The second approach that influencers can use to monetize their work is by joining an affiliate network that will allow them to earn on each click that they drive to the retailers' websites or derive commissions on the sales they facilitate on the retailers' websites. The common revenue models followed in affiliate networks are CPC (Cost per Click), CPM (Cost per mille impressions), CPA (Cost per Action, that is, if the product is purchased), and CPL (Cost per Lead).

One such affiliate network that is very popular in the fashion world is **rewardStyle's Liketoknow.It**. It enables shoppers to take screenshots on Instagram, Pinterest, Snapchat, and purchase the products featured in the screenshots and likes; all at one place. Currently, it has a network of more than 12,000 influencers and over 4,000 retailers. Since 2014, shoppers have purchased more than \$250 million in merchandise, enabling influencers to earn thousands of dollars.



Source: Captiv8

Economist.com

## TECHNOLOGY ENABLERS

Following this current trend of Influencer Marketing, many companies have either built platforms consolidating the inventory from various vendors or exposed their individual inventories for the influencer to directly share on social media and/or on their blogs (travelogues, vlogs, fashion blogs, among others). Some of the most

popular affiliate platforms are:

- ShareASale
- Commission Junction
- Rakuten LinkShare
- ShopStyle
- RewardStyle
- Google Affiliate Network

The aforementioned list contains networks that consolidate data from various vendors and make this data accessible to the influencers. Also figuring in this list are individual publishers who have initiated an affiliate program for influencers in which the latter can directly register themselves and earn commissions.

The following sites are famous for their commission programs:

- Booking.com
- TripAdvisor
- Amazon
- eBay
- Agoda
- Target

These platforms work in the following manner:

- Influencers can sign up or register as affiliates.
- Each affiliate is assigned a unique ID post registration.
- Influencers can embed a widget code on the website page.
- Commission rates are defined for different revenue models. These models could be clicks, impressions, conversions, leads, among others, depending on the business of the providers.
- Through analytics tools (such as Google Analytics) different parameters are captured and commissions are calculated for the affiliates. This is done for every affiliate based on their unique IDs.
- Some platforms also allow influencers to share the products directly on social media. This feature is important for affiliates who do not have a dedicated website; however, they engage their followers on social media channels.

The role of technology enablers is to build a platform that can make the inventory available to the influencers; bring about a seamless integration with analytics tools

and social media; and correctly calculate the commissions for influencers as well as providers of inventory. Accurate calculation of providers' commissions helps affiliate networks to cross-verify the analytics data with theirs and ascertain whether they are getting paid correctly for all the conversions (and other revenue models decided between networks and providers).

## LEGALIZING INFLUENCER MARKETING

Various regulatory bodies are taking note of the increasing activities of influencers in digital campaigns, and initiating action against brands that handle influencer marketing incorrectly. In the past, the Federal Trade Commission (FTC) in the USA and the Advertising Standards Authority (ASA) in the UK have stepped in and clarified the boundaries of influencer marketing. For the US market, the FTC published Endorsement Guidelines, which in essence, state that a failure to disclose the commercial relationships between companies and individuals who endorse them is deceptive.

In the UK, the Committee of Advertising Practice Code was set up to lay down rules for vloggers and brands. The rules outline that viewers must be made aware of the sponsorship prior to viewing the content. As a general rule, brands leveraging influencers should follow the same advertising rules that apply to offline campaigns. Additionally, the tax liabilities associated with the offering of free products to influencers should be considered along with the international nature of online content—what might be unregulated in one country could lead to serious issues in another. Ultimately, influencers should be monitored by the brands that they endorse, and brands should follow up on erroneous behavior on a regular basis.

## CONCLUSION

This trend is not limited to mainstream and popular markets such as fashion, athletics, or entertainment. Influencers focus on everything from bass fishing to hot yoga to mindfulness and spirituality. In fact, calling the trend “influencer marketing” is just the tip of an iceberg. What’s truly happening is a broader shift, as more and more people are discovering the art of personal branding. The best influencers work to integrate brand campaigns into their unique stories, without

skipping a heartbeat. They know their audiences are fickle, so they treat each and every post with care.

In the near future, such collaborations between big brands and influencers will only increase. So much so that, if influencer marketing is the beginning, then what’s coming next is a shift from social media to social marketplaces. For a generation that reads before traveling, researches before eating, asks before buying, social media influencers are here to stay.



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