

## THE EFFECTIVENESS OF THE INFLUENCER MARKETING

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### Abstract

According to the Influencer marketing statistics (Influencer Marketing Hub, 2021), 91% of marketers believed that influencer marketing can be an effective form of marketing. 89% of marketers said that influencer marketing ROI is as good or better than other marketing channels. 71% of marketers rate the quality of customers and traffic from Influencer marketing as better than other marketing sources. 76% of young people follow influencers, and 54% of them would like to become influencers if given the opportunity to do so. 49% of consumers today depend on influencer recommendations for their purchase decisions. 60% say they've been influenced by a recommendation when shopping in-store. Google searches for "Influencer marketing" grew 1500% in the last three years. In 2019, the term "Marketing influencer" was searched 70,000 times a month! More than 240 new influencer marketing-focused agencies and influencer platforms established in 2019! Influencer marketing industry is set to grow to approximately \$13.8 Billion in 2021. From these data it's obvious that Influencer marketing is widely popular and effective form of marketing. The popularity and use of Influencer marketing is due to the world massive spread of the pandemic and the change in consumer behavior last year, as well as the technological development and more intensive use of the Internet for the sale and promotion of products and services. This paper aims to analyze the use, effectiveness and future of the influencer marketing.

**Keywords:** Influencer marketing; Internet promotion; Influencer marketing effectiveness; marketers; recommendations; Influencer platforms

**JEL Codes:** M31, M37

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### Introduction

With the global pandemic, people are under pressure to change their behavior as consumers. Traditional shopping in some countries is limited and in some places impossible. **Consumers** from one side and **companies** from the other are looking for new ways to buy and sell products and services respectively. **Consumers** are increasingly

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buying from home or under influence to purchase what they have seen on various online social platforms, such as Instagram, YouTube, Facebook, Blogs, Twitter, LinkedIn, Pinterest, Twitch, Snapchat and others. On these platforms they follow the influencers, who attract their attention with their knowledge, skills, beauty, photos, pictures, videos, expertise in a particular field. Through regular following, they are building relationships based on trust, belief, liking. Most importantly, these influencers are not always celebrities, but ordinary people who have and share knowledge in a particular field. The possibilities are endless for influencers when it comes to finding creative ways to connect and share content with their audiences. Influencers give a glimpse into their everyday lives using a variety of mediums.

Adapt to the current conditions, it is necessary for **companies** to rethink and redesign their strategies, according to the new habits of consumers and their ability to make increasingly informed decisions. (Zlateva, 2020). Companies are looking for fast ways to adapt to new market conditions. On the one hand they are under pressure from the pandemic, and on the other hand they are under pressure from new technologies to offer the right products and services that consumers are looking for. As more companies begin to understand and see the potential for success with influencer marketing, they've shifted away from traditional marketing strategies such as radio, print, and TV ads. 89% of companies that have already implemented an influencer marketing program say it performs as good as, if not better than other marketing channels. (Influencer Marketing Hub, 2021).

**The increased importance of the influencer marketing** can be seen from the facts that well-known influencers earn up to \$ 1 million from a single post on social media, while lesser-known influencers earn "only" a few million a year. (Baker, 2021). This means that the impact of influencers on consumers and companies is recognized in this turbulent time. On the question whether this marketing tool would actually generate revenue for companies, the short answer is "Yes"! Studies show that "90% of people with access to the Internet trust recommendations from social media influencers.

**Related to the effectiveness**, 90% of marketers find Influencer marketing effective. (Influence Marketing Hub, 2021). Brands of all sorts are generating positive returns with Influencer marketing. The influencer marketing effectiveness is measured with ROI, and according to the surveys, a large portion (90%) of marketers find influencer marketing effective. Only a slim 5% reported influencer marketing to be ineffective and 0% of marketers said that influencer marketing was "very ineffective." (45% said it is very effective and 45% effective).

Influencer marketing effectiveness can be determined from **two main categories**: brand awareness and direct response. **Brand awareness** refers to social reach (number of

followers, subscribers, impressions), engagement (likes, comments, sentiment, shares, mentions) and press, media mentions and website traffic. **Direct Response** relates to sales/conversions, conversion value, leads, signups, downloads and click-through rate. A large majority (90%) of marketers find influencer marketing effective in achieving brand awareness and direct response goals.

Also, 89% of marketers who rate site traffic of influencers, qualified them better than those coming from other marketing sources, such as email, social media, SEO, PR, and paid search. Influencer marketing effectiveness is also determined by how well it reaches target audiences. One of influencer marketing's main benefits is the ability for brands to target both broad and niche audiences and demographics.

The facts prove that influencer marketing is a highly effective and viable marketing strategy.

### **Literature review**

The rise of social media and especially the pandemic period that has started in the beginning of 2020, has opened up a new channel for companies to connect with consumers more directly and more originally. As media and technology have become more advanced, companies can choose from a range of options in outlets to market their products. These options have also led to the evolution of social media influencer marketing. According to Forbes, **influencer marketing** can be defined as “a form of marketing in which focus is placed on specific key individuals rather than the target market as a whole” (Forbes.com). **Influencer marketing** (Baker, 2021) “employs leading, niche content creators to improve brand awareness, increase traffic, and drive the brand's message to the target audience”.

**Influencer** is “someone who has the power to affect the purchasing decisions of others because of his or her authority, knowledge, position or relationship with his or her audience”. (Influencer Marketing Hub, 2021). Influencers are people who have gained recognition and fame due to their interest, knowledge or skills in a certain field and who through frequent posts on social networks create a wide circle of followers. What makes influencers influential is the large number of their followers on the web or social media. Influencers, (Talkwaker, 2020) “who are not necessarily celebrities, perceived by the public to be an average person turned social media superstar, are able to bridge the trust gap between company and consumer by creating authentic relationships with their followers”. Within any industry there are influential people. Every industry, no matter what the market, has a potential influencer that can share products and services with their followers.

**The major types of brand influencers** include micro-influencer, celebrity influencer, blog influencer, social media influencer, and key opinion leader. (Baker, 2021)

**Micro influencers** have a relatively modest following of thousands or tens of thousands of people within their niche. They create relevant content for their audience and communicate with them via social media platforms, blogs, other written publications, websites, and forums. Having a smaller audience allows micro-influencers to bond with the people who follow them more regularly via their channel. Micro-influencers can be established on a variety of channels. Companies who like to work with micro-influencers can ask them to write a post about their goods, share an online review, or post a picture of goods on Instagram. Micro influencers are the cheapest, while still can produce quality results. Average costs for micro-influencers are approximately \$80-500 per piece of content.

**Celebrity influencers** are famous people with large followings, typically in the millions, who are known across many industries. They're widely recognized and, therefore, have the potential to be very successful in influencing a target audience. Using celebrities for promotion and/or use of company's goods or services is a powerful form of social proof. Celebrity influencers will cost the most money to work with, however, they will have more reach than the other influencer types, usually having access to millions of followers all over the world. Costs for celebrity influencer engagement are from \$3,000-\$500,000+ per piece of content (Selena Gomez makes up to \$550,000 per Instagram post!). Companies who like to work with celebrities can ask them to pose for pictures promoting the products, explain why they love the products, provide coupons and discounts or write reviews about the products. The company may even sponsor an event the celebrity is hosting or attending.

**A blog influencer** is someone who writes for their established blog and has thousands, or millions, of subscribers and readers. In order companies to collaborate with a blog influencer, they may write a guest post for their blog, ask to be mentioned in one of their posts, or sponsor a post about one of their products or services. Blog influencer can cost from \$400-\$5,500 per blog post.

**Social media influencers** are well-recognized on social platforms, such as Instagram, YouTube, Facebook, or Twitter, and are followed by thousands or even millions of people. Social media influencers share content about a wide range of topics such as health, workouts, cars, diet, outdoor activities, travel, fashion, art, beauty, and interior design. Social media influencer can cost from \$100-\$550,000.

**Key opinion leaders (KOLs)** are high-level experts on a specialized topic within a particular field. For example, a KOL might specialize in makeup application, the Paleo lifestyle, or Bikram yoga. KOLs are trusted contributors in their industries and have followings of people who are also invested in those subjects. KOLS, like micro and celebrity influencers, are present on many channels, such as social media, blogs, other

written publications (like academic journals), and ads. KOL cost is between \$500-\$5,000+ per piece of content.

**Influencers don't work for free.** However, there are several ways an influencer can be rewarded. They can be rewarded with money (payment prior to or after the content is created and shared), swag (such as clothing, accessories, or product samples), free product, access to discount codes and coupons, promotion on the website, blog, and/or social media platforms.

**The success of the Influencer marketing strategy is measured by:** audience reach, impressions, engagement (comments, likes, shares), sentiment and high-quality content. Also, depending on the company's goals, the success can be measured by the growth of the followers, brand mentioning, traffic to specific website, signups to a newsletter, subscriptions, increased sales, etc.

### **Methodology**

For the purpose of this paper, two sources of data were used:

**A) Secondary sources:** data from relevant literature on influencer marketing, like journals, statistical data, reviews, e-books, published presentations, blogs, FB statuses and YouTube vloggers. Secondary sources provide a lot of data from qualitative and quantitative research, historical reviews and comparisons.

**B) Primary data:** questionnaire that is divided in two sections: a) demographic data (gender, age, working status of respondents) and b) psychographic data on person's opinions, beliefs, attitudes, and preferences collected through open and closed questions. The questionnaire was randomly distributed to 125 individuals, in the period between 15th of September and 15th of October, 2020. Results were collected by e-mail and Facebook.

### **Analysis and discussion**

For the purpose of this paper, the questionnaire with standardized questions was disseminated through Internet platforms. Out of 125 respondents, 93 (74%) fully answered the questionnaire and only their answers are taken into account for compiling the statistical data and results. The online survey was used for data collection because of the nature of the questions, as well as the characteristics of collection – very fast and easy way to get responses from a large number of respondents.

The first part of the questionnaire refers to the demographic characteristics of the respondents. Questions were asked about their age, gender and employment status. According to age, 13 respondents (14%) aged up to 17 years, 22 respondents (24%) aged 18 to 20 years, 28 respondents (30%) aged 21 to 29 years, 11 respondents (12%) aged 30 to 35 years, 19 respondents (20%) aged over 36 years participated in the survey. The

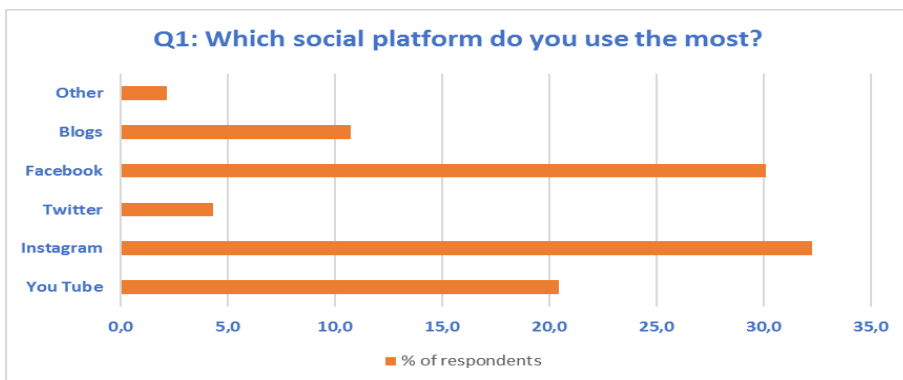
respondents between the ages of 21-29 has the largest participation. This is a good indicator of the reliability and accountability of the data given that this age group uses social networks and the Internet the most.

By gender, the participation of male respondents is 34%, and of female respondents is 66%.

According to the working status, 41 respondents are employed, 9 are unemployed, 32 students and 8 who did not comment on this issue, participated in the survey. Students have the largest share in the survey.

The second, essential part of the research refers to the collection of psychographic data from the respondents, regarding their opinions, attitudes, beliefs regarding the knowledge, followings and purchase of products from influencers. This part of the questionnaire contains 6 questions. The questions, their answers and analytics are given below:

*Graph no. 1 Which social network do you use the most?*

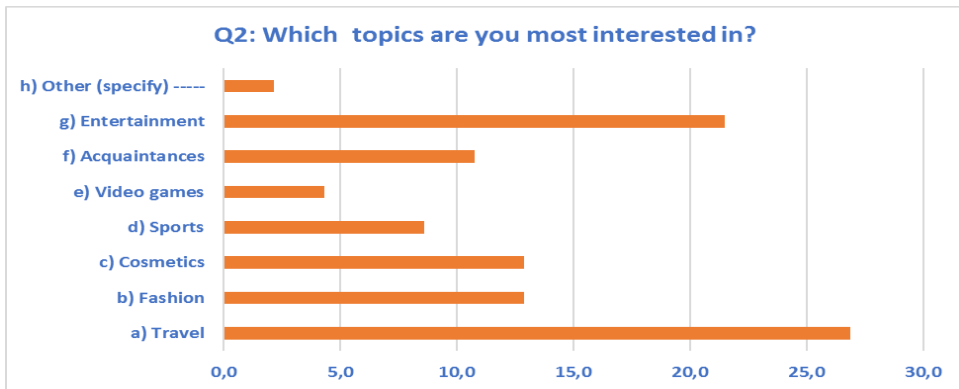


Source: Own research of the authors

According to the answers, almost all respondents use a social platform on the Internet. Most respondents use Facebook (30%) and Instagram (32%) or a combined 62%. The other respondents use Twitter, Blogs, You Tube, but also Snapchat, Pinterest and other networks.

Respondents on social networks mostly follow topics in the field of travel (27%) and entertainment (22%). After them, important topics for which there is interest among the respondents are fashion (13%) and cosmetics (13%), which is understandable considering that most respondents are female. The least interest exists for video games (4%). This data can help companies to decide in which areas to use influencers. Data, also, can help companies to know exactly where to focus their marketing activities - marketing programs and promotions.

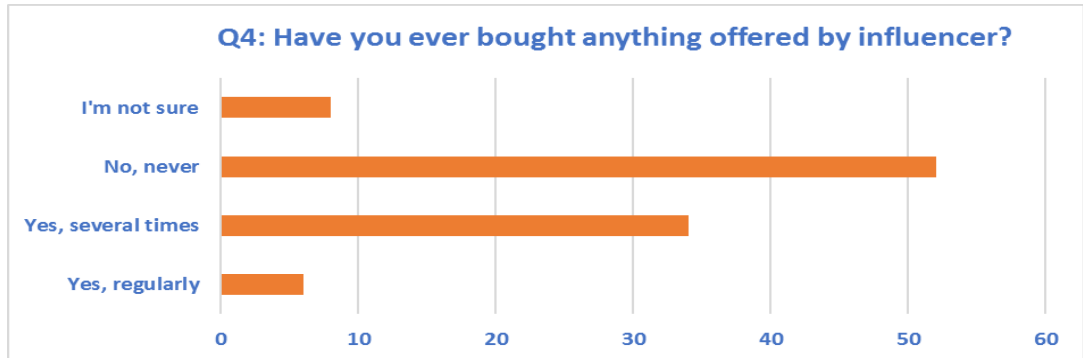
Graph no. 2 Which topics are you most interested on social networks?



Source: Own research of the authors

To the third question “Do you follow a person (influencer) on social networks who talks and knows the best about the topic of your interest?”, all respondents answered in the affirmative way, i.e. they like to follow the people who talk the most about certain topic or have the greatest knowledge about it.

Graph no. 3 Have you ever bought anything based on the recommendations of a social influencer?



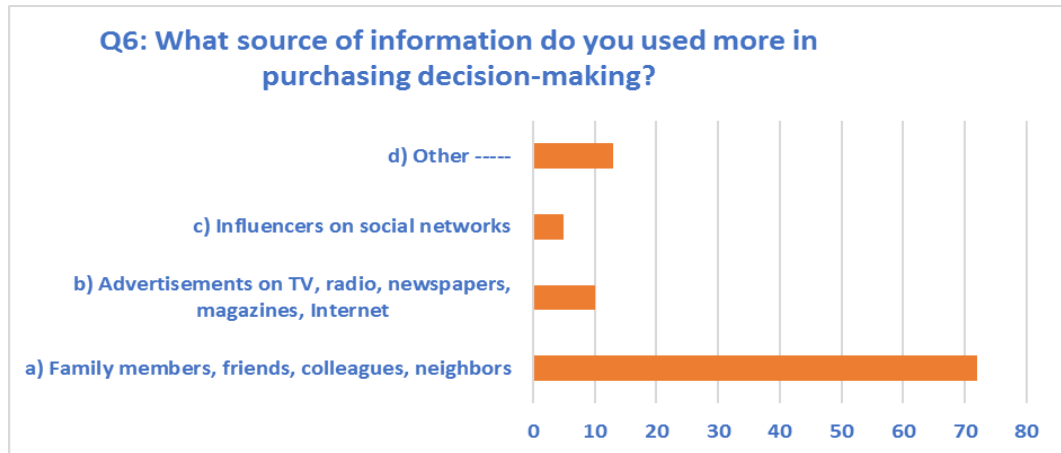
Source: Own research of the authors

According to the answers, most respondents (52%) have never bought products promoted or recommended by influencers. Only 6% of respondents bought a product or service influenced by a social influencer. This shows that in Macedonia, consumers follow what is happening, which is a trend on social networks, they follow the topics they are interested in, but do not buy under the influence of influencers.

On the fifth question: “Are you satisfied with the purchase under the influence of social influencers?”, only 23% of respondents are satisfied with the purchase of products

and services influenced by influencers. 39% of the respondents are not satisfied, i.e. what they bought online under the influence of influencers did not meet their expectations. And 38% answered this question with “I do not know”.

*Graph no. 4 When making a decision to buy products or services, which source of recommendations do you trust the most?*



*Source:* Own research of the authors

Most respondents (72%) consult with their closest friends, relatives, colleagues to buy products and services. This data shows how powerful “Word of mouth” marketing is still in Macedonia. Companies need to focus on this type of marketing the most. Influencers are watched and followed, they are interesting, they are fun, but they do not have the power, yet, to influence the purchasing decisions of the consumers.

This research is not representative of the entire population in Macedonia. The research was done in order to get an idea of whether the young population has any interest in buying products or services online, under the influence of influencers.

### **Conclusion**

Seth Godin, the guru of Marketing is right when he says that “People don’t buy goods and services. They buy relations, stories and magic”. This logic goes in favor of using influencer marketing.

Influencer marketing is currently the most popular marketing technique that possesses an incredible ability to connect with highly relevant audiences as well as create authentic content. It has been found that influencer marketing can generate eleven times higher ROI than any other digital marketing technique. Innovative industries are continuously changing; influencer marketing is no different. Influencers and marketers



alike are finding new ways to reach audiences and promote products, so much so that the industry is projected to reach up to \$13.8 billion by 2021. The world data show that consumers believe to influencers and they buy products and services they promote and advertise. Research shows that influencer marketing is increasingly replacing traditional marketing. It represents the Word of mouth, which is the most powerful marketing tactic, now transmitted online.

However, the research conducted in this paper, shows that Macedonian consumers follow and are interested in stories of social influencers, but they don't make purchasing decisions based on them. Only 6% of respondents replied that they have bought products or services based on influencer's impact. This is a very small percentage. The most of respondents based their purchasing decisions on sources that come from their families, friends, colleagues or closest ones.

Worldwide, the following trends can be expected in future related to the Influencer marketing:

**Micro-influencers will have a greater impact** – even though it may seem like the smallest players in the influencer marketing game, they pack the biggest punch. In a recent study, 82% of respondents said they were "highly likely to follow a micro-influencer" recommendation.

**Influencer activity will extend beyond Instagram** - almost 90% of businesses cite Instagram as the most important channel for influencer marketing. In future it will be joined by a few up-and-coming influencer channels, especially those that prioritize video capabilities. (Instagram only allows one minute of video.) Influencer marketing will be intensified on YouTube, Tik Tok, Snapchat, and Pinterest, especially if the audience leans more towards Generation Z.

**Employees and customers will become influencers** - customers are people who already know about products; this makes for an easy transition from customer advocacy to customer influence. The same goes for the employees, people who've invested time and creativity into growing the business. This factor alone gives the staff genuine credibility. As people who are already engaged with the development of products or services, employees can be natural advocates. In future there will be rise of these two parties as brand influencers.

**Businesses will invest in long-term relationships, not one-off campaigns** - In the past, brands usually hired influencers for one-time campaigns. However, in future there will be more brands building long-term relationships. Long-term relationships with influencers also increase credibility for whatever product or service the influencer is marketing.

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