

# INFLUENCER MARKETING

## Abstract

In today's dynamic digital landscape, influencer marketing has emerged as a powerful and transformative strategy for brands seeking to engage with their target audiences. This abstract explores the concept and impact of influencer marketing, elucidating its evolution from traditional advertising methods to its current prominence in social media platforms. We delve into the key principles, benefits, and challenges associated with influencer marketing, highlighting its capacity to drive brand awareness, trust, and customer loyalty. Furthermore, this abstract touches upon the ethical considerations surrounding influencer partnerships, emphasizing the importance of authenticity and transparency in maintaining consumer trust. As influencer marketing continues to redefine the marketing landscape, understanding its intricacies becomes imperative for businesses striving to thrive in the ever-evolving digital realm.

**Keywords:** Consumer, Customer, Influencer, Marketing.

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## I. INTRODUCTION

Social media marketing is about creating content that brings your audience together as a community and inspiring authentic conversations while increasing your brand's awareness (Krystal Wu). It is a form of marketing that makes your customers to speak about a product or service based on their experience. Today social media marketing cannot exist independently, but is a fine blend of influencer marketing and consumer purchase intent. It has created a powerful platform for consumers and companies alike to interact freely with each other, with the customers having the profound power of electronic word-of-mouth or e-WOM.

To understand the concept of *influencer marketing*, it is important to differentiate celebrity endorsements from *influencer marketing*. In common parlance, celebrity is a condition of fame and broad public recognition of a person or group, as the outcome of the attention they get from mass media. This status is conferred to a person, owing to his wealth, participation in sports or the entertainment industry, position as a political figure or even his/her connection with another celebrity. Celebrities are paid for their face value only though there existence not engagement between the audience and the celebrity. Until the outburst of technology, manufacturers and business houses depended heavily on the celebrities to brand their products and services. This era marked the advent of silver screen stars who endorsed brands.

- 1. Positive Takeaways of Celebrity Endorsements:** Certain brands have succeeded immensely with the use of celebrities as brand ambassadors. This can be well explained through the following live examples:
- 2. Cadbury & Amitabh Bachan:** In 2003, Cadbury suffered heavy losses due to its infamous "bar of worms". Its effort to revive was done by hiring Amitabh Bachan, who acted as its mascot. The concept of having a foil on the bar of chocolate was emphasized by him. This packaging is available only in India. This helped the brand to resurrect itself and bail it out of its highly criticized stage to become the most sought after in the chocolate industry.
- 3. BYJU'S & Lionel Messi, 2022:** Byjus took the country with a bang by capitalizing on the gaping drawbacks that lurked in the academic industry. Byju's Raveendran has succeeded in bringing quality teaching to the doorsteps of aspirant learners and though he was flooded with financial investment options, there was a question of sustaining the competition from other education online producers like Vedanta and Atha Guru etc. The opportunity of encashing the market standing and value of the status of Lionel Messi in 2022 was seized by Byjus to revive and rebrand the company and now there is no looking back, despite the fact that there is no relevance between him and the endorsed product.
- 4. The Coca Cola Strategy & FIFA World Cup:** Coca Cola has been one of the longest sponsors of the FIFA World Cup despite the product lacking any relationship with the sport. Their advertising team reinforced the association of consumption of Coca Cola with the state of happiness or euphoria. Their billboard advertisements in the stadium synchronized with the happiness of the players on scoring a goal, without actually signing up with them as celebrity endorsers. They were able to convince the viewers that Coca Cola equates happiness, leading to skyrocketed sales subsequently. When brands failed to

meet the standards of advertised, both the brand and celebrities were subject to a volley of accusations and criticisms.

5. **Kickbacks of Celebrity Endorsements:** As much as reported spiked sales on several products were seen on using celebrity endorsements, several endorsers and the products faced a severe setback due to some unexpected reasons that made several celebrities re-visit their decision to continue their journey as endorsers. This can be better understood with the following examples:
6. **Pierce Brosnan & Pan Bahar:** The former popular James Bond 007 star Pierce Brosnan faced severe criticism and social media trolls for endorsing the Indian Brand Pan Bahar in 2016. It was only after this he realized that he was tricked into endorsing the brand as a mouth freshener, without being aware of the product being banned due to the health impairment of consumers on its consumption.
7. **Indulekha “White Soap”:** Bollywood’s Superstar Mamooty endorsed a bathing soap bar branded Indulekha. In the commercial, he was found endorsing the brand and assured beauty to the consumers on using the product. He was in for a rude shock when Mr. Chaathu, a 63 year old consumer sued him on the grounds of cheating, as the use of the product did not make him beautiful as promised by Mamooty in the commercial. Mr. Chaathu was finally given compensation of Rs. 50,000/- for his loss of mental peace due to consumption of a product that failed to match its promises.
8. **Rummy Circle & Kiccha Sudeep:** Popular Southern Star Kiccha Sudeep was subjected to repeated criticism in social media through trolls that did several rounds. Though he endorsed Rummy Circle as an entertaining gaming app, the resultant deaths of those who got hooked to the game that resulted in huge debts that could not be paid off, caught him unawares. Here he was lashed for advocating an app that made a normal person a debtor. The brand then changed its strategy and held daily and weekly competitions in their campaign that pointed out the fun element in playing and being user friendly. Celebrities became very sceptical and started stepping back from endorsing products and charged skyrocket financial compensations that burned a hole in the pockets of the companies.

These critical setbacks on the celebrities made the brands that spent huge sums of money on hiring the celebrities to scout for a cost effective and larger impacting medium to endorse their brand. This marked the advent of *influencer marketing* where an influencer was identified as a person who is a go-between a celebrity and the common man. Influencers who have huge audiences are used by the marketer to encash on that audience and credibility in a sensitive and considerate way. Marketers have understood now that consumers are not willing to buy what the brand says, but what consumers tell each other about it. The right connects established in a relevant way by the brand with the audience is the order of the day. The influencer is hence a person with a collective ear of a larger audience that comprises a group of potential buyers with a power to engage, enlighten and encourage the audience.

In the words of Philip Sheldrake, “The first thing to consider in any *influencer marketing* campaign is understanding why your organization exists, and what it is trying to achieve. Absent this, and you have yet to influence yourself, let alone others”. Today’s consumers want to listen to people whom they respect and idolize. They tend to trust the

recommendations from these influencers rather than the advertising from brands.

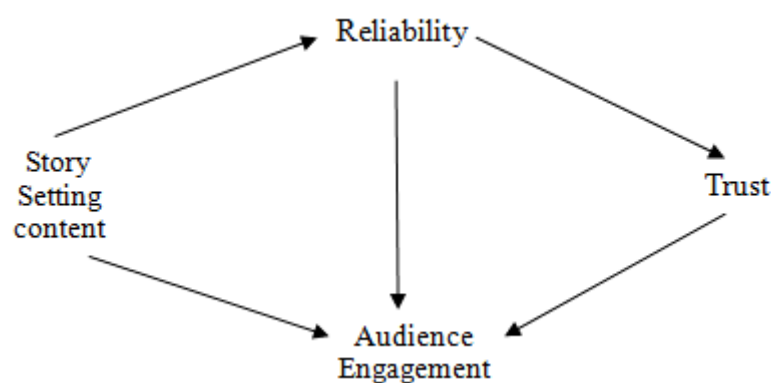
## II. DEFINITION

“It is a social media marketing type wherein influencers, people and organizations with expert level of knowledge or social influence endorse products or services.”

### 1. Who is an Influencer?

- An influencer is one who inspires or guides the actions of others by exerting influence.
- They are very dynamic and handle a variety of tasks with ease.
- He/She has high knowledge of social media optimization and marketing techniques.
- They create personal and promotional social media content for their followers.
- They are always updated in terms of emerging concepts related to their area of specialization.
- They have a huge social media presence and break traditional barriers in reaching out to their audience.
- They have permeated into every sphere of business activity and use novel means to create a ripple of attention. The rise in demand and prominence of influencers is happening everywhere. This paradigm shift can be explained with the example of popular Travel Vlogger Maheen who is a hitchhiking nomad. He has garnered social media attention by being the first non-Afghani of Indian origin to observe and publish life in Afghanistan after the Taliban takeover. He went on the guise of a travel nomad and exposed the news which was until then under strict vigil and wraps. He also reported live from South Sudan in the midst of a violent civil war, even when CNN journalists could not access information.

### 2. What makes Influencers “INFLUENTIAL”?



The current influencer marketing industry in India is valued at over 12 billion Indian rupees, with a projected annual growth rate of 25% during the next five years. This industry’s market value is estimated to 28 billion Indian rupees with a record of nearly 55 million urban Indians as direct consumers of influencers.

According to Bill Gates, “*Influencer marketing* is a great way to help you reach new audiences, increase brand awareness, and boost your marketing ROI and the bottom line”. While Facebook dominated social media initially, it is now engulfed by Instagram & blogs and Twitter. The new age marketers are still hunting for newer avenues that will give them a wider reach.

### 3. What is the Role of Influencers?

- They help to create a strong awareness of the product or service.
- They help build a community of people with similar tastes and preferences.
- They engage with their followers in terms of likes, shares and comments.
- A high rate of engagement reflects high engagement with customers.
- They give better customer insights to the marketer that help to take corrective action within a short span of time.
- Their feedback is a strong source that helps in new product development and marketing.
- They play a major role in cross linking different platforms in a cost effective manner.

### 4. Types of Influencers: There are predominantly five types of influencers who are categorized based on the size of their followers:-

- **Mega Influencers:** This category of people is more popular than influential. They are used to promote leading brands who have an impressive market share and revenue generation. They are usually celebrities who have over a million followers, but lack a warm engagement level with them, not subject experts but have a huge reach. Roping them is a costly affair for the brands, but ideal when a broader reach is desired on an immediate basis.
- **Macro Influencers:** They are on the path to becoming a celebrity and have a follower base between 500k to 1 million followers. They normally are early adopters to social media and know the nuances to connect the audience with the brand. They have risen to fame through the web, and comprise of podcasters, vloggers, social media stars and influential bloggers.
- **Mid-Tier Influencers:** Their followers count ramps between 50k and 500k. They normally represent an upcoming brand which is in its growth stage and have an impressive engagement rate. By themselves, these influencers have evolved and are in the process of creating a niche for themselves. They are also called as the Referrers who propel their followers to the brand’s website or store or online portal with a sound and trustworthy endorsement to it. They also double as Lead Magnets and their followers rely on their recommendations and act upon them. They tend to compare different brand under a similar product and promote the home brand by highlighting its features.
- **Micro-Influencers:** With 10k to 50k followers those who have started creating a niche for themselves and made their presence felt in social media. They have a high engagement rate and grow along with the brands, and are more effective at driving the

actions and help the business community to grow their ventures. These influencers are respected for their expertise on the topic and leverage that knowledge to build their thought leadership. Micro Influencers also make the brands to transition beyond the awareness stage and helps identify the leads, and bank heavily on the trust and expertise to make them brand advocates. These advocates adopt a positive approach to branding and will lead the conversations with their followers towards the brand by either promoting or defending it. They play a crucial role in delivering a positive image of the brand and direct conscious awareness towards it.

- **Nano-Influencers:** Nano-Influencers are those whose followers are between 1,000 and 10,000. They are new to the profession and have a very high engagement rate. They depend on their storytelling skills and reels for establishing a high connection with their followers. They don the role of a loyalist and get constant support from the brand they are highly involved with. Both the brand and the influencer grow simultaneously and are able to bond with the audience from similar background. They lend a human touch with both the brand and the followers, and build a strong and exceptional relationship with them.

The influencer category is determined by the audience size they interact with and their position in terms of fame.

## 5. Examples of Popular Influencers Branding

- **Cashkaro** backed by a heavy investment by Tata in 2016 has emerged as a successful startup that has tied up with over 1,000 online net users and over 10 Lakh registered users. Their transaction records nearly 3 lakh each month, where their customers get additional discounts on products besides cash backs, while they make online purchases. They have meaningful tie-ups with aggregators from diverse businesses and are hence able to pass on their cash benefits with their customers on a win-win basis.
- **Ultraviolette F77** is an e-bike which is funded by Dulquer Salman, the son of Bollywood Superstar Mamooty. Despite being a silver screen star himself, the unexpected backlash received by his father on endorsing a product made him wiser and resort to influencer marketing. For this product, a famous lady biker who goes on long road travels was identified and chosen. She not only highlighted the product features but also attached a video that shows her enjoying the ride. Her sheer comfortable experience was described to the audience and she either seconded the features that added to the driving comfort or pleaded to differ in terms of mileage.
- **Big Boss Reality Show** was the brainchild of Media Tycoon Rupert Murdoch who wanted to add a new dimension to reality shows and soaps. His idea of placing multiple cameras that capture the lives of people who are forced to live together conditionally grabbed the attention of millions of viewers across the globe. These individual participants went on to evolve as influencers and in some cases attained a celebrity status too. Advertisers identified the hidden potential to brand their products and began using this landscape to showcase their products. Dedicated episodes where competitions/fun games were coined that included tasks promoting the use of their

products. Without their knowledge each of the participant became an influencer to his/her dedicated fan followers.

## 6. How to Choose the Right Influencer?

- **Reach or Niche:** The marketer will have to decide if the influencer's strength lies in his/her wide reach in terms of number of followers and their engagement, or their niche in terms of updated knowledge regarding the product/ service marketed.
- **Focus on Relevance:** When influencers are chosen, marketers should focus on their relevance in terms of the product/ service advertised. Care should be taken to confirm that there is no mismatch here.
- **Know Who Your Influencer Aspires to:** The marketer should take steps to ensure that the influencer has the required following and his/her endorsement in terms of storytelling or validating the product/service is relevant. A start-up company can best employ the services of nano or micro influencers rather than celebrities as brand ambassadors.
- **Consider Their Following:** The segment of followers of the chosen influencer should be aptly analyzed using market analytical tools to predict their effectiveness in the proposed endorsement.
- **Check Engagement Rates:** This is of top priority as the like, share and comments represent the engagement. Besides, the conversation carried out by influencers in the form of answers to queries raised should be considered. Marketers should exercise caution to identify fake accounts that maybe created to spike their engagement rates.
- **Understand the Content:** It is highly essential that the influencer has got the concept of the marketer right and it would be better if the influencer is given samples to use the product and share his/her experience. This adds more flavor and color to the endorsement made.
- **Look Out for Red Flags:** Marketers should be cautious when the actual response does not match the expected rate from the influencers through feedbacks and suggestions. Inexperience with the business side of influence when he/she promotes multiple brands or logos that may lead to breach of trust and contract. Missed timelines when the influencer fails to update the progress as promised. Ignoring the contract – if any influencer knowingly/ unknowingly overlooks the clauses of the contract, it should ring an alarm bell in the mind of the marketer. The contract should either be revisited or the influencer be replaced. Refusal to accept the feedback, especially when the influencers tend to violate the contract in their posts/ videos. In such a case, the marketer may request a re-shoot which may/may not be accepted by the influencer. In the latter case, it is best to end the contract before the brand takes a beating.

## 7. How to Collaborate with an Influencer?

The practical ways for collaboration by the influencer and the marketer are: -

- Hand out samples to the influencers and ask them to try them out within a stipulated time period.
- Ask for a genuine product review and if any minor changes can be done within reasonable time, accept the suggestions and proceed.
- Provide products to the influencer to give away. This helps to widen the reach within a short span of time.
- Sponsor the production of the influencer's video or podcast episode and try to encourage the use of your products or display products prominently.
- Give promo codes and special discounts to the followers of the influencer. This acts as a positive motivation for the followers and tends to expand their base and enhances their loyalty quotient.

**8. Whitelisting in Influencer Marketing:** Whitelisting is the latest trend followed in influencer marketing. There are certain niche influencers with a huge fan following in lines with that of celebrities. For example, in South India, there is a famous Chef named VenkateshBhat who has a special place in YouTube. Whitelisting in this case is when he endorses various brands of cookware range, mixer & grinder, masala powders, cooking oil, cutlery etc. So, cost wise it becomes effective and relevant for the marketer as his market segment is pre-determined and readily available. So, when the influencer shares his recipes by using certain brands highlighting their key advantages, features during the cooking process, it is a win-win situation for both the marketer and the influencer. Whitelisting is fast gaining momentum in specific niches, keeping in mind the runaway success witnessed by existing products. This works as it merely does not advertise a product, but offers the true value to the viewers, winning the trust and confidence of the masses, which is otherwise a tough task for commercials. The influencer promotes and amplifies the marketer's message and brand in a manner that enhances the credibility of the brand and eases the conversion process. The onus of building the engagement lies largely on the influencer which revolves around the impressions created and so brands don't hesitate to expand their budget in this marketing form.

## 9. Interesting Statistical Trivia

- 40% of the millennials trust influencers over their friends
- 92% of marketers are happy with the results from influencer marketing
- 13% of businesses make \$20 or more on every \$1 spent on influencer marketing
- 53% of women have made purchases based on influencer posts
- 42% of customers use ad blockers
- 82% of people trust social media to guide their purchase decisions
- 57% of beauty and fashion companies use influencer marketing
- 93% of professionals say that influencer marketing is effective in developing brand awareness
- 26% of marketing leaders are focused on live streaming retail as a priority. This number is expected to double in the next 12 to 18 months.



- 70% of influencers feel that the most effective way to collaborate with brands is through an influencer marketing platform
- 95% of people trust the recommendations from influencers over brand content, even if they don't know them personally
- 86% of women use social media to make a purchase
- 71% of consumers make a purchase based on social media reference
- In India, Delhi and Mumbai are the highest users of social media
- 98% of beauty brands believed influencer marketing was effective for the beauty industry in 2018
- 78% of fashion/cosmetics brands worked with influencers in 2017 compared to 65% in 2016

Influencer marketing is hence a blend of traditional and modern marketing strategies using influencers with catchy taglines, exclusive content and trendy online campaigns. The brands leverage the relationships of key individuals to promote their product or service and they are recognized as a very powerful tool in brand promotion.

## **10. You Too Can Become A Successful Influencer!!!**

If you: -

- Are aware and deft with basic business tasks
- Create your own niche
- Get to know your audience, and can keep them engaged
- Create your own influencer brand
- Explore and enhance your content strategy
- Optimize your online presence
- Carefully select your channels
- Post unique content on a regular basis
- Be updated with the changing trends and practices
- Collaborate with other brands
- Refine and upskill your influencer skills and strategy

## **11. Merits of Influencer Marketing**

- Increases brand awareness
- Helps build trust and credibility among consumers
- Generates sales faster through a broader brand reach
- It is a successful cost-effective option to paid commercials
- Acts as a good shortcut to content marketing
- Uses generated content that is qualitative
- Contributes significantly in enhancing website traffic
- Increases the brand's social media presence
- It is an affordable and cheaper marketing tool
- Helps reach the relevant audience
- Predicting results and making corrections on content is easily possible
- Helps build engaging relationships

- The SEO ranking of the brand is spiked
- The expert's experience is weaved into the storyboard

## 12. Influencer Marketing Challenges

- Identifying fake followers and inauthentic engagement
- Updating and upgrading strategy rather than using one-off campaigns
- Spiraling influencer costs
- To create innovative and catchy strategies
- Reducing time spent on managing campaigns
- Being on alert to identify emerging channels for a wider reach
- Transitioning influencer marketing in-house
- Brands take a severe beating because of wrong influencer marketing mistakes
- Choice of wrong influencers do more harm to the brand
- Creating an innovative marketing campaign is time consuming
- Tendency to create influencer fatigue for followers
- Difficult to measure results
- Success depends on the alignment of ideals of influencer and target audience with the brand

## III. CONCLUSION

“The internet is becoming the town square for the global village of tomorrow”. Influencer marketing is currently emerging as the potent form of marketing which is strongly inclined to social media marketing. Studies have revealed that Instagram rules the roost as the most popularly used platform by influencers, as the posts are more trusted by the consumers to approach the brand on a positive note. This form of marketing helps to crumble the barriers within the prospective customers and pays attention to those individuals who guide decision makers. Web advertising, webinars, blogs and other social media are gaining momentum in the marketing sector.

Present day marketers have started using influencers or increased their usage in promoting their products and media mixes. Influencer marketing revolves around the audience, endorser and the social media manager apart from the brand. With companies vying with each other, influencers are compensated in the form of money, free samples/product hampers, services, rips or exposed to new experiences that are normally translated in their posts. These posts sync with the pulsating environment dominated by millennials. Their success moves around their access to a highly engaged audience, an established persona and skills in social media. It would do good for the advertising industry to “adapt to embrace the new reality of interactive content, emerging media and production/consumption methods”.

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