



March 2018

INFLUENCER MARKETING ROUNDUP

Strong headwinds are certainly ahead for influencer marketers. For one, it's looking like this will be the year that the US Federal Trade Commission (FTC) will become more heavily involved. eMarketer has put together this selection of articles, insights and interviews so you can understand what will be critical to influencer marketing in the coming months to be prepared—and to avoid the risks.

presented by



OVERVIEW

All signs point toward 2018 being the year that the US Federal Trade Commission (FTC) turns more of its attention to enforcing existing rules—and creating new ones—about influencer marketing. At the same time, Instagram, one of the most popular places for influencers and brands to work together, will take steps to crack down on the organic reach of branded influencer posts.

The combination of those two actions will crimp influencer marketing's style. The activity has become big business—US marketers spent over \$500 million on Instagram alone in 2016, eMarketer estimates.

Last year, the FTC sent educational letters (and subsequent warning letters) to influencers regarding the necessity of disclosing sponsored content. In addition, two gamers settled the FTC's first-ever complaint against influencers in September 2017.

Some marketers and influencers have resisted labeling their sponsored content as ads because they are afraid it will affect engagement. However, a study by Open Influence in October 2017 found that such labeling didn't change the sentiment of most US social media users toward a celebrity or influencer they follow.

Meanwhile, Instagram is getting closer to making its paid-partnership label a requirement for branded influencer content.

In November 2017, it made the tool more widely available to creators but stopped short of requiring them to use it. However, it also said in a blog post that it was starting to let creators know “when our systems find content that falls outside of our policy,” adding that the content's creator “will be notified through the Instagram app and will have the option to tag a business.”

It's only a matter of time before this “option” becomes a requirement, something that could happen as soon as this year. Once that happens, Instagram will be able to track all

instances of influencer-brand relationships. From there, it's only a tweak of the algorithm to start limiting the organic reach of those posts.

Anyone who wonders whether this really might happen need only look so far as Facebook's drastic reduction of brands' organic reach a few years ago. And as in that scenario, it will be the marketers who will pay—in the form of ad dollars.

Strong headwinds are certainly ahead for influencer marketing. eMarketer has put together this selection of articles and interviews so you can understand more clearly what's happening in this area of marketing, and how to be prepared.

Primary Attitude Toward a Celebrity/Influencer When US Social Media Users Know Their Posts Are Properly Labeled as Sponsored Content, Oct 2017

% of respondents

Positively—I can trust that sponsored content is labeled

15.0%

Negatively—I don't like that they are getting compensated

13.6%

It does not change my sentiment

71.4%

Note: n=514 who use social media at least once a week and follow any celebrities or people they don't personally know on social media
Source: Open Influence, Oct 24, 2017

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Why Disclosure Is Essential When It Comes to Influencer Marketing

Many players still don't reveal their ties to one another

It's been called a fad, a bubble, a waste of money. But influencer marketing will remain immensely popular in 2018, and it's important to put the discussion of disclosure in the context of just how important the tactic has become—not just for the usual suspects (marketers of fashion, beauty and gaming products) but increasingly for marketers in other categories.

Influencer marketing has gotten big enough that disclosing ties between brands and influencers is a necessity, not an option. Although compliance is growing, there are many examples where it doesn't happen.

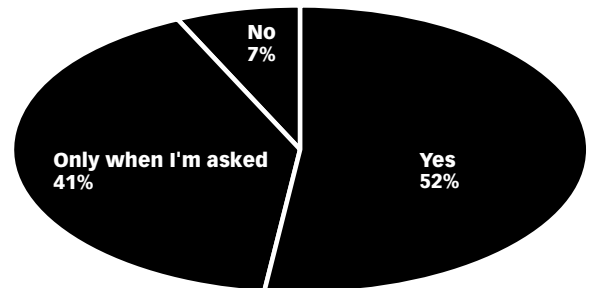
Marketers and influencers that don't disclose put themselves at risk for FTC scrutiny and consumer backlash, both of which are rising.

According to a January 2018 survey of influencers worldwide from influencer platform Zine, 52% of respondents said they labeled their content as sponsored. But the role of marketers in encouraging (or discouraging) disclosure is strong. In Zine's study, more than four in 10 influencers said they only labeled when asked to, and 7% said they never did.

Although there is some evidence that disclosure will lead to lower engagement with branded posts, surveys also show that consumers generally appreciate transparency and honesty from marketers and influencers.

Branded content tools from Facebook, Instagram and others are helpful in providing additional clarity and access to metrics, but marketers should proceed with caution, since the FTC doesn't consider these tools adequate for disclosure.

Social Influencers Worldwide* Who Label Content as Sponsored, Jan 2018**
% of respondents



Note: *majority are from the UK and the US; **tagged with #ad or #sponsored
Source: Zine, "Influencer Marketing: Science, Strategy & Success," Jan 25, 2017
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Listen in!

Check out an episode of the "Behind the Numbers," podcast, in which eMarketer analysts Debra Aho Williamson and Nicole Perrin dig into influencer marketing: How influential is it, really? And are marketers taking the opportunities (and the risks) seriously?

For Influencers, Instagram Is the Clear-Cut Favorite

Nearly 80% consider it their primary platform for brand collaborations

How important is Instagram to the world of social media influencers?

A survey of social influencers worldwide from Zine found that nearly 80% of respondents considered the Facebook-owned property to be their primary way of collaborating with brands.

Blogs were a distant second, named by just 16% of respondents. And other social media platforms—YouTube, Facebook and Pinterest—fared even worse in the estimation of influencers.

Influencers likely favor Instagram because it provides an easy way to leverage their followings in service of brand campaigns. Generating branded content can be as easy as posing with a product, especially ones that have a strong visual appeal.

A recent survey from analytics and social media marketing platform Klear found that the number of influencer posts on Instagram nearly doubled to a little more than 1.5 million worldwide between 2016 and 2017.

But influencers—and the brands that work with them—need to maintain transparency and remain on the right side of regulations. Zine's survey found that only about half of influencers used the #sponsored or #ad hashtags recommended by the FTC to identify posts as sponsored content.

In late 2017, the FTC issued an updated version of its guide to endorsements. Among the recommendations in the document for influencers:

- Clearly disclose financial relationships with a brand.
- Don't rely on a platform's disclosure tool to do the work for you.
- Stick to unambiguous disclosures instead of vague or abbreviated hashtags.
- Don't make the user click to another page to see the disclosure.

But there's another good reason for influencers to clearly communicate their relationship with brands—it helps them to maintain an aura of authenticity, which is how they racked up their follower base in the first place.

Primary Social Media Platform Used by Social Influencers Worldwide* for Brand Collaborations, Jan 2018

% of respondents



Note: numbers may not add up to 100% due to rounding; *majority are from the UK and the US
Source: Zine, "Influencer Marketing: Science, Strategy & Success," Jan 25, 2017

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Here's Why Influencers Are Making Bank

And driving up engagement levels for brands in the process

Influencers are driving engagement with brands on Instagram at levels well beyond those seen by companies' own posts on the Facebook-owned social media platform.

According to a June 2017 study of influencers on Instagram from NewsWhip, engagement levels with paid posts made by influencers dwarfed those of owned posts made by the brands themselves.

For example, JetBlue Airways averaged 2,363 engagements in June on its owned posts, while influencer posts garnered an average of 241,226 engagements. That was more than 100 times the engagement level from the brand's own posts.

Influencers working for Wendy's also saw a similar gap between engagement levels for influencer posts and those generated by the company itself.

The difference was just as staggering for smaller brands as well. For instance, logistics company Postmates averaged far fewer than 1,000 engagements on its posts in June, while influencer posts garnered an average of nearly 27,000 engagements.

Among the brands examined, cosmetics firm Urban Decay had the smallest gap in engagements between its own posts and those generated by influencers, but it was still sizeable: 66,440 vs. 101,408.

"Consumers have always been more likely to engage with other consumers than with brands; social media has just brought that to the forefront of digital," said eMarketer analyst Nicole Perrin.

NewsWhip also reported that Italian businesswoman and social media maven Chiara Ferragni topped its list of Instagram influencers worldwide, as measured by "likes" and comments on sponsored posts. She was followed by soccer player Cristiano Ronaldo and fashion figure Gigi Hadid.

NewsWhip's findings seem to mirror a November 2016 study from Launchmetrics, which measured the effectiveness of influencer marketing.

Nearly all the PR and marketing professionals polled worldwide described influencer marketing as at least somewhat effective in raising awareness about their company or its products.

Almost as many, 87%, indicated that influencer marketing was at least somewhat effective at driving sales.

But there are reasons for brands to be cautious when working with influencers.

"Brands risk losing control of their message and getting into serious brand safety issues. The brand can't really try to control the influencer too much, or you risk losing the 'authenticity' and risk the relationship itself," Perrin said.

She also noted that brands must take their time to vet potential influencers before moving forward.

"A big risk here has been marketers rushing in, thinking, 'Everyone has an influencer, I need an influencer.' When you really need to keep brand safety in mind," she said.

Effectiveness of Influencer Marketing According to PR/Marketing Professionals Worldwide, by Objective, Nov 2016

% of respondents

Raising awareness about your company or its products



Increasing customer loyalty



Driving sales



■ Extremely effective ■ Somewhat effective
■ Effective ■ Not effective

Source: Launchmetrics, "The State of Influencer Marketing 2017," Jan 2017
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Millennials Are Wary of Celebrity Endorsements

And nearly four in 10 think paid endorsements erode credibility

The practice of celebrity endorsements appears to be in trouble with at least one key demographic—millennials.

A wide-ranging survey of US millennial internet users from Roth Capital Partners found that with regard to making a purchase, the vast majority of respondents (78%) either had a negative view of celebrity endorsements or were indifferent to the practice.

That outcome actually seems to reflect a wider attitude in which celebrity endorsements are losing their sheen.

A separate survey of US adult internet users from Collective Bias conducted in July found that only 22.1% of respondents said they were more willing to purchase a holiday gift from an unknown brand or retailer on the strength of a celebrity endorsement.

Roth Capital Partners also found millennials were similarly conflicted about influencers, who don't always fit into the "celebrity" category. About one-third of millennials polled remained unconvinced that their best interest is top of mind for digital influencers.

And another 34% were indifferent to the idea of digital influencers looking out for them.

Pay for play similarly raised concerns, with nearly four in 10 respondents saying that paid endorsements erode both influencer and celebrity credibility.

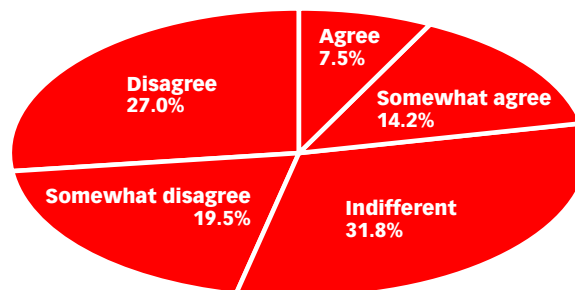
Zachary Cantor, director of decision sciences at digital marketing company GlobalWide Media, notes that identifying the right influencers can make all the difference for campaigns that rely on them.

"Influencer marketing tools can, for example, build a social graph to identify users—not necessarily celebrities—that are inclined to influence others, and then intelligently message those users through cross-device campaigns," he said.

Roth also found that repetition appears to play an important role in influencer campaigns. More than half of millennials surveyed said an influencer's repeated use of a product was more important than a one-time endorsement.

US Millennial Internet Users Who Would Be More Willing to Purchase a Product/Service if a Celebrity Endorsed It, Nov 2017

% of respondents



Note: ages 17-37

Source: Roth Capital Partners (ROTH), "2017-2018 Millennial Survey" conducted by Research Now, Nov 6, 2017

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Female Influencers Sidestep Snapchat

But visual channels score well, study finds

Snapchat has obsessive teen users and a growing millennial user base, but one group seems to be resistant to its charms so far: female influencers.

In June, influencer-focused content marketing company Collective Bias polled its largely female stable of influencers to get a sense of their preferred social networks. (Collective Bias said it selected influencers for inclusion in its network based on “authenticity and original content,” but did not require that they meet a specific average number of followers on various social media platforms.)

The company found that Snapchat wasn’t considered the most important social network by any of them. Instead, Instagram topped the list, deemed invaluable by 28.4% of those polled. Pinterest also factored strongly in the survey results, named as the most important social media platform by 26.4% of respondents. Less visually-focused services like Facebook and Twitter fared less well.

The reason for Snapchat’s poor showing among influencers may lie in its very DNA. Unlike Instagram, which allows for the broadcast of content among a coterie of both followers and mere browsers of the platform, Snapchat was originally designed to let users target a narrow group of select recipients with ephemeral content.

As a result, it may not lend itself well to the type of content marketing model used by successful influencers on Instagram, who have figured out how to earn income by getting products and brands in front of as many people as possible. Instead, Snapchat relies on maintaining its air of exclusivity and a target user base that leans heavily toward the young. eMarketer estimates that 76.5% of the service’s US users this year will be ages 12 to 34, with 18- to 24-year-olds accounting for the largest chunk, at 29.4%.

Whether deserved or not, Snapchat has built a reputation for discouraging the influencer model on its platform, perhaps out of concern that a deluge of content originating with brands could damage its own reputation among younger users craving a more personalized experience.

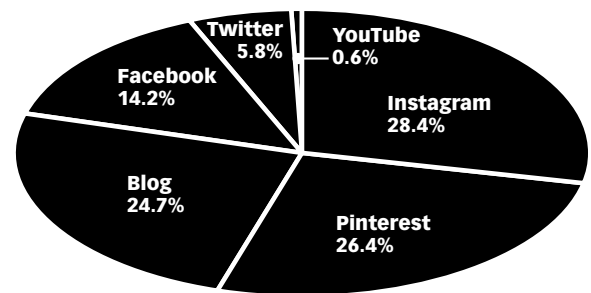
In practical terms, that’s translated to the firm reportedly trying to channel most marketing through its branded Snapchat Stories offering.

But that may be changing. In August, Digiday reported that Snapchat had begun extending its verified feature beyond pop culture celebrities to include influencers with significant followings. In addition, it started allowing these influencers to use its Official Stories feature, something once reserved solely for more widely known public figures.

Still, Snapchat will have some catching up to do. Collective Bias found that Instagram Stories, carousel albums and Instagram Live made up three of the top four social network features regularly used by the influencers it polled.

Most Important Social Network for Their Personal Brand According to US Female Social Influencers, June 2017

% of respondents



Note: n=550; numbers may not add up to 100% due to rounding
Source: Collective Bias, "Influencer Platform Preference Study" conducted by SurveyMonkey, Aug 21, 2017

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The 3 Step Guide to Incorporating Influencer Marketing Into Your Social Media Strategy

This post was contributed and sponsored by [Sprinklr](#).

Influencer engagement is important for companies of all sizes—not just to grow your brand’s reach through a vibrant marketing channel, but also to learn from thought leaders, stay up to date on the trends and maximize your brand’s relevance with your customers.

Here are three ways that companies can bring influencer marketing into their strategy to create a massive impact for their brand.

1. Look Beyond the Follower Count

A good social manager should also focus on building the right relationships with the right people, in order to grow their community and the brand’s social presence. Sometimes those people will be wildly popular—sometimes not. What’s key is relevance and credibility.

Engaging with influencer content on social is a great way to start conversations with the people you’d like to connect with. If you monitor the most relevant influencers by adding them to a Twitter list or social listening platform, you can monitor for opportunities to join their conversations.

Some brands commit to connecting with a certain number of influencers each month or week, and see what kind of doors you can open. Gestures such as replying to influencer comments with your own insights, or directly messaging an influencer to chat and say hello, can make all the difference and open a world of opportunity.

2. Curate Shareable Content Using Your Influencer Network

The posts you share across your social channels are important because they represent your brand identity. Sharing old, boring or unreliable content with your customers and followers suggests that your products or services are irrelevant.

Don’t just share content about yourself! In B2C and B2B, many brands follow a 4-1-1 strategy: they share 4 pieces of great content sourced from influencers (often with comment), for every 1 piece of promotional brand content and with 1 piece of informal personal content (think “a day in the life”). This ratio helps grow audience engagement many, many times over.

When you go straight to the content created by thought leaders in your industry, it almost guarantees readership and gets your brand on the influencer’s radar.

3. Become a Research Hub for Your Organization and Customers

With insights into who is truly influencing digital conversations, social media managers can spread valuable information across the entire organization and to customers.

Social media managers can share key insights and opportunities with other departments in their own company. With this information, your organization can access the latest industry intelligence and best practices.

We regularly post information curated from influencer social posts to executives, sales and the rest of the marketing team through our internal channels.

People [don’t turn to companies](#) any more to inform them about what they want or need, they look to their peers and influencers. By incorporating influencer marketing into your strategy, you’ll naturally see organic and valuable growth in your follower count, content engagement, lead generation and website traffic, and you’ll be a more reliable source of information for your network—both internally and externally.

Influencer Marketing Is About Data, Not Celebrity Deals



Rob Trauber
CEO
Johnny Was



Zackary Cantor
Director, Decision Sciences
GlobalWide Media

The influencer marketing space shows no signs of slowing down. But to have a successful strategy, brands need more than just celebrity endorsements. Identifying the right influencers is a science that relies on complex data, not just the number of social media followers a user has—that's why influencer platforms are becoming key components of companies' marketing stacks. Rob Trauber, CEO of apparel brand Johnny Was, and Zackary Cantor, director of decision sciences at digital marketing company GlobalWide Media, spoke with eMarketer's Maria Minsker about the value of influencer marketing technology.

eMarketer: Why should brands invest in influencer marketing technology?

Zackary Cantor: Influencer marketing often involves buying a list of influencer contacts and paying them to promote or support a product. But there's more to it than that. An influencer marketing platform can help brands leverage data to guide the conversation between consumers and influencers.

Influencer marketing tools can, for example, build a social graph to identify users—not necessarily celebrities—that are inclined to influence others, and then intelligently message those users through cross-device campaigns. It's a way to automate word-of-mouth.

"An influencer marketing platform can help brands leverage data to guide the conversation between consumers and influencers."

eMarketer: Should all brands consider using an influencer marketing platform instead of just, say, working with a celebrity?

Rob Trauber: It really depends on individual brands' target audiences, and who those audiences trust. Our clientele, for example, consists of high-class, established women with a strong focus on quality. They don't utilize Instagram or pay too much attention to bloggers, but they do consult an intimate network of influencers on their purchases.

eMarketer: What are some of the challenges associated with implementing influencer marketing technology?

Cantor: If a brand has a long history of purchase data via online channels, it doesn't take long to assess who that brand's influencers might be. In that case, getting campaigns off the ground just requires leveraging that past purchase data, associating two users within a social graph and then getting a history of leading and lagging in purchases to identify an influencer relationship.

It becomes more challenging when brands have offline retail networks, like Johnny Was does. They've got their own stores, and they've also worked with retailers like Nordstrom and Saks in the past. Without insight into data on those sales, it's hard to identify influencer relationships.

"We saw a great return on ad spend from our RYPL-powered campaign—\$2.26 for every dollar spent, as well as a 39% lift in sales."

eMarketer: Johnny Was used GlobalWide Media's RYPL technology to identify influencers. What were some of the results of that effort?

Trauber: I was impressed that we were able to link even future customers with influencers. The level of detail that is used to determine who has an impact on a customer's purchase decisions goes beyond the people in their household, to co-workers, friends and peers. We were able to match all of these influencers to individual prospects to drive more efficient conversions.

We also saw a great return on ad spend from our RYPL-powered campaign—\$2.26 for every dollar spent, as well as a 39% lift in sales and the ability to attribute in-store and online sales to the campaign. It was also a pleasant surprise that this approach didn't require an increase in budget. Because we saw faster conversions from key targets, we didn't overspend by targeting the same user over and over.

eMarketer: What advice do you have for other brands looking for similar pieces of technology?

Trauber: It all comes back to authenticity. Finding technology that will help your customers make buying decisions that are right for them is key to maintaining trust, as well as a competitive edge in the market.

Cuteness Sells: The New Twist Scotch-Brite Puts on Influencer Marketing



Mindy Murray

Brand Communications Manager

3M

Influencer marketing is everywhere. Brands big and small are working with different types of influencers to attract consumers, and it's getting tougher to stand out among other influencer campaigns. Mindy Murray, brand communications manager at 3M, spoke with eMarketer's Maria Minsker about what the company's Scotch-Brite cleaning brand is doing to differentiate itself.

eMarketer: Tell us about your latest influencer marketing campaign. What made it different?

Mindy Murray: This year for our Scotch-Brite Lint campaign, we decided to focus on pet parents. Initially, we conducted a quick survey and found out that over 50% of pet parents have "no-pet zones," or places where they don't let their pets go. We wanted to enable them to break down those barriers.

To grow awareness about our Scotch-Brite Lint Roller, we decided to work with pet influencers instead of people. We partnered with pet influencers that already have a lot of credibility across social media, including ToastMeetsWorld, Goldens_Glee, LouboutinaNYC and Brussels.Sprout.

"Historically influencers have been celebrities, but today, thanks to millennials ... it's about relatability."

eMarketer: The term "influencer" now has a broad definition. How do you define and identify influencers for your brand?

Murray: Historically influencers have been celebrities, but today, thanks to millennials, it's not always about celebrities. Rather, it's about relatability. Influencers can simply be people who have similar lifestyles. In this case,

relatability came down to pet ownership, but we've also worked with cleaning experts and other folks who understand the challenges of our target audiences' lives.

eMarketer: What was the content strategy behind this influencer campaign?

Murray: The primary message of the campaign was that getting rid of no-pet zones is #WorthTheMess, and our pet influencers definitely helped us carry this message across social media [through different types of organic posts.] We told them the basics of the campaign, but we wanted it to be authentic and include their personality, so we gave them quite a bit of free rein.

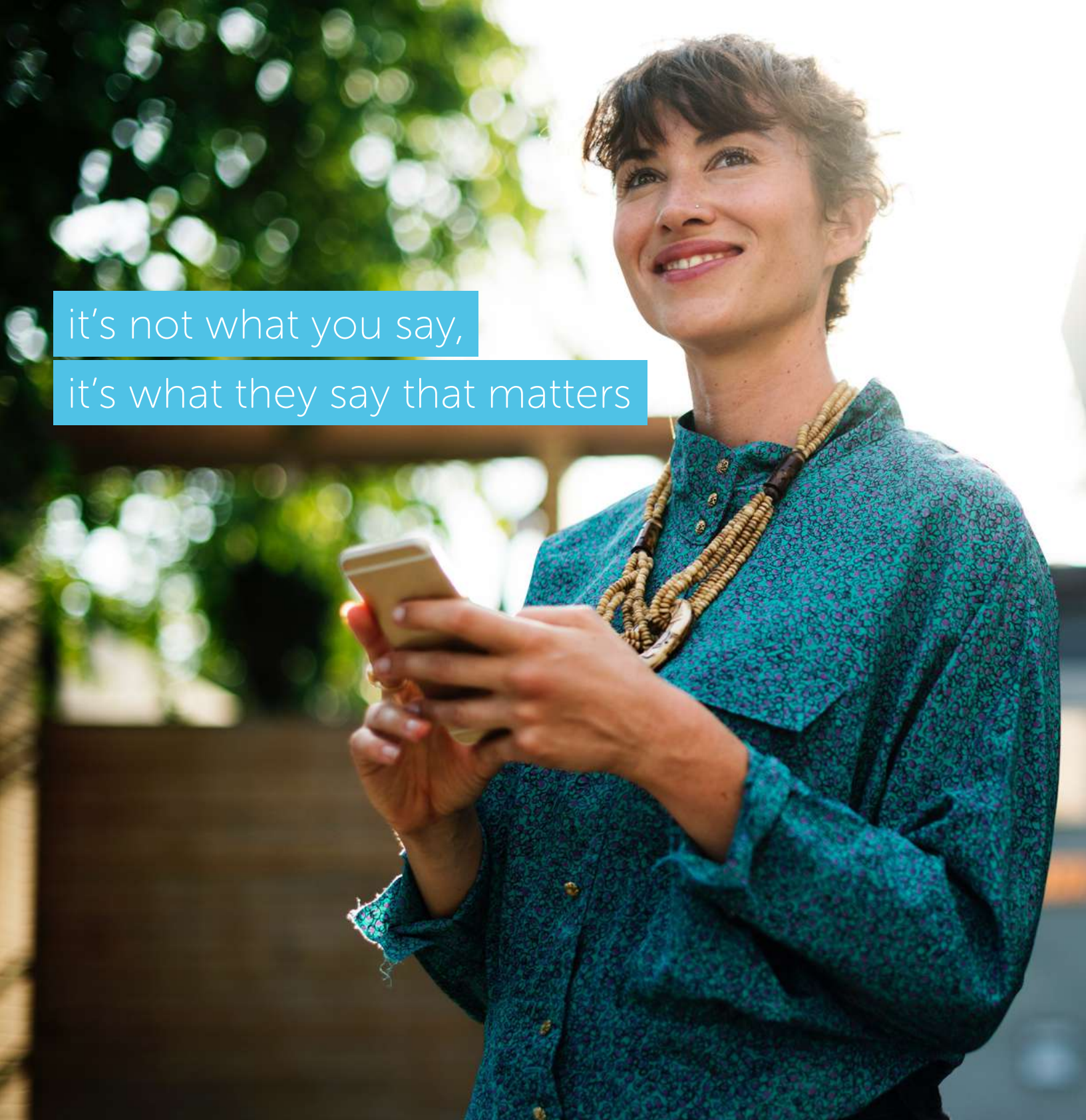
"We told [the influencers] the basics of the campaign, but we wanted it to be authentic and include their personality, so we gave them quite a bit of free rein."

eMarketer: How challenging is it to differentiate yourself when it comes to influencer marketing, now that so many brands rely on it?

Murray: It is challenging, and it's a big reason why this is Scotch-Brite's first foray into working with pet influencers. We're still learning what works, what doesn't work and what we could do differently, but aligning with pet influencers does set us apart.

eMarketer: Can you share your biggest takeaways from this campaign so far?

Murray: We are still looking at post-campaign metrics, but so far we're feeling good about it. At this point, we would probably duplicate it and do something similar again. By working with pet influencers, we're enhancing the messaging around our product.



it's not what you say,
it's what they say that matters



89% of organizations compete primarily on experience, and 95% of customers tell others about a bad experience.

To help brands compete in this new world, we spoke with 17 experts about the current state of customer experience and ways that brands can make – and keep – their customers happy.

Learn more at sprinklr.com



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