



How AI is Revolutionizing Influencer Marketing

Scaling Insights to Generate & Measure
Greater ROI for Brands

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Openinfluence

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Summary: How AI Drives Greater Influencer Marketing ROI



Introduction

Influencer marketing is one of today's most popular buzzwords, but leveraging celebrities to promote a product is something brands, advertisers, and marketers have done for quite some time.

For example, some attribute the success of Wedgwood dinnerware to endorsements made by the Royal Family in the 1760s. A modern example is Pepsi's 1980s deal with music icon Michael Jackson, noted by the Guinness Book of World Records as the biggest personal endorsement deal in history.

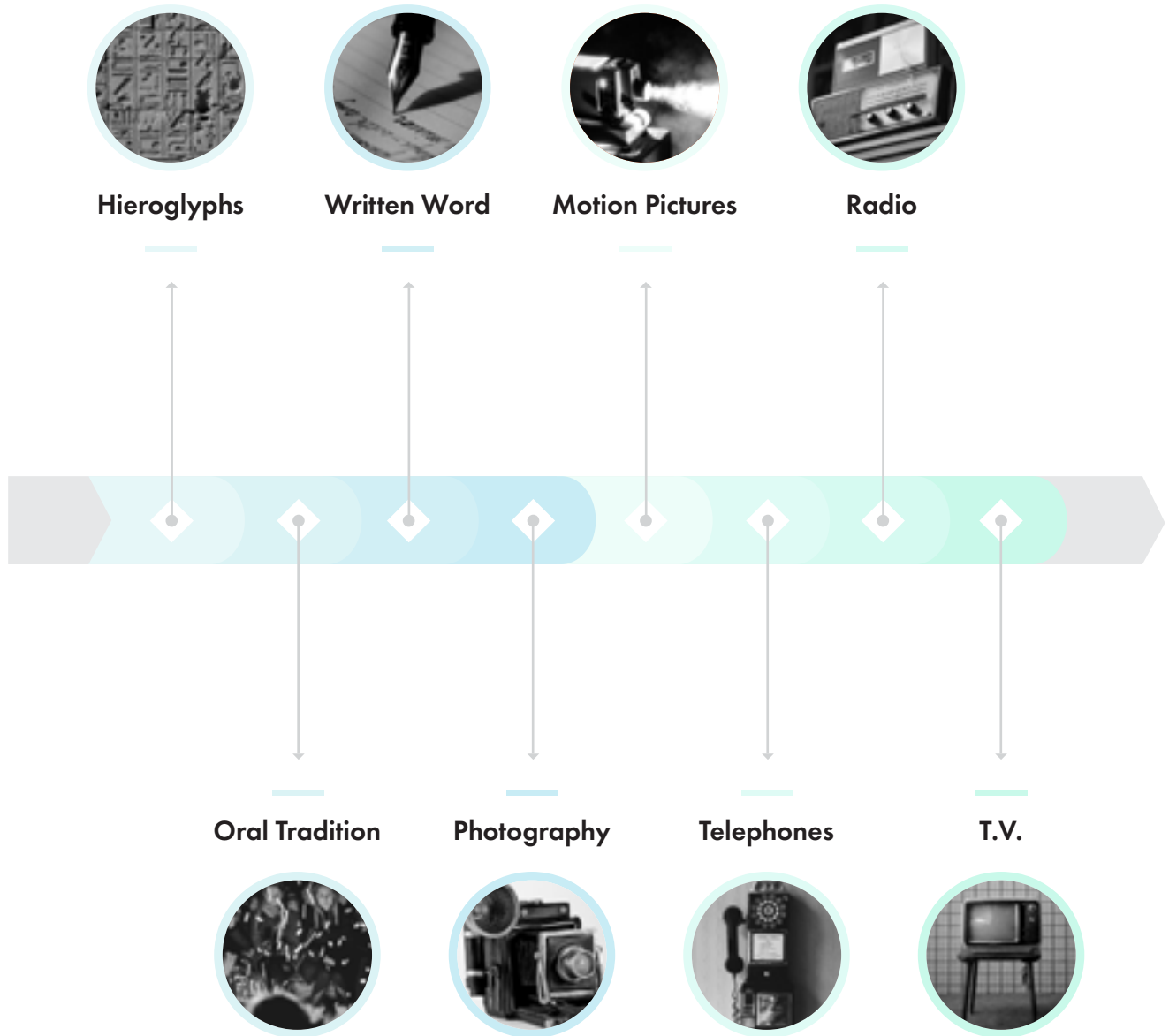
What has changed in recent years?

With the advent of digital communication technologies, people can produce, consume, and share information faster than ever before. The ease of content creation, paired with the prominence of social media networks, has democratized the fame model. Everyday people

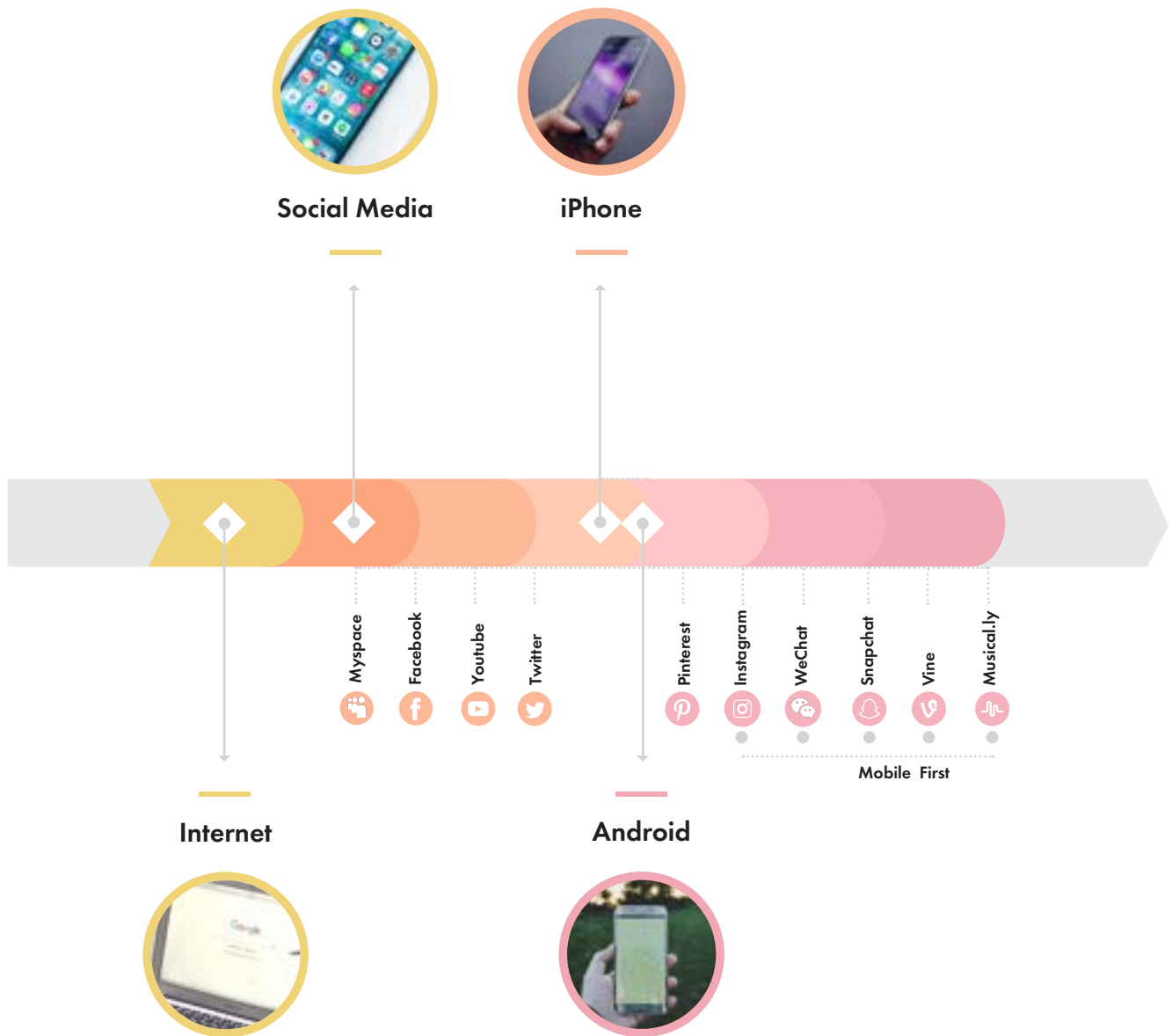
now have the chance to showcase their talents through a variety of channels. As a result, we have seen the birth of hundred of thousands of new influencers, who have gathered loyal audiences based on the merit of their content.

In this age of audience fragmentation, leveraging the power of niche influencers became a necessary tool for marketers to reach the most loyal and engaged audiences. Thus, it should come as no surprise that the influencer marketing industry has exploded.

Evolution of Communication



Evolution of Communication



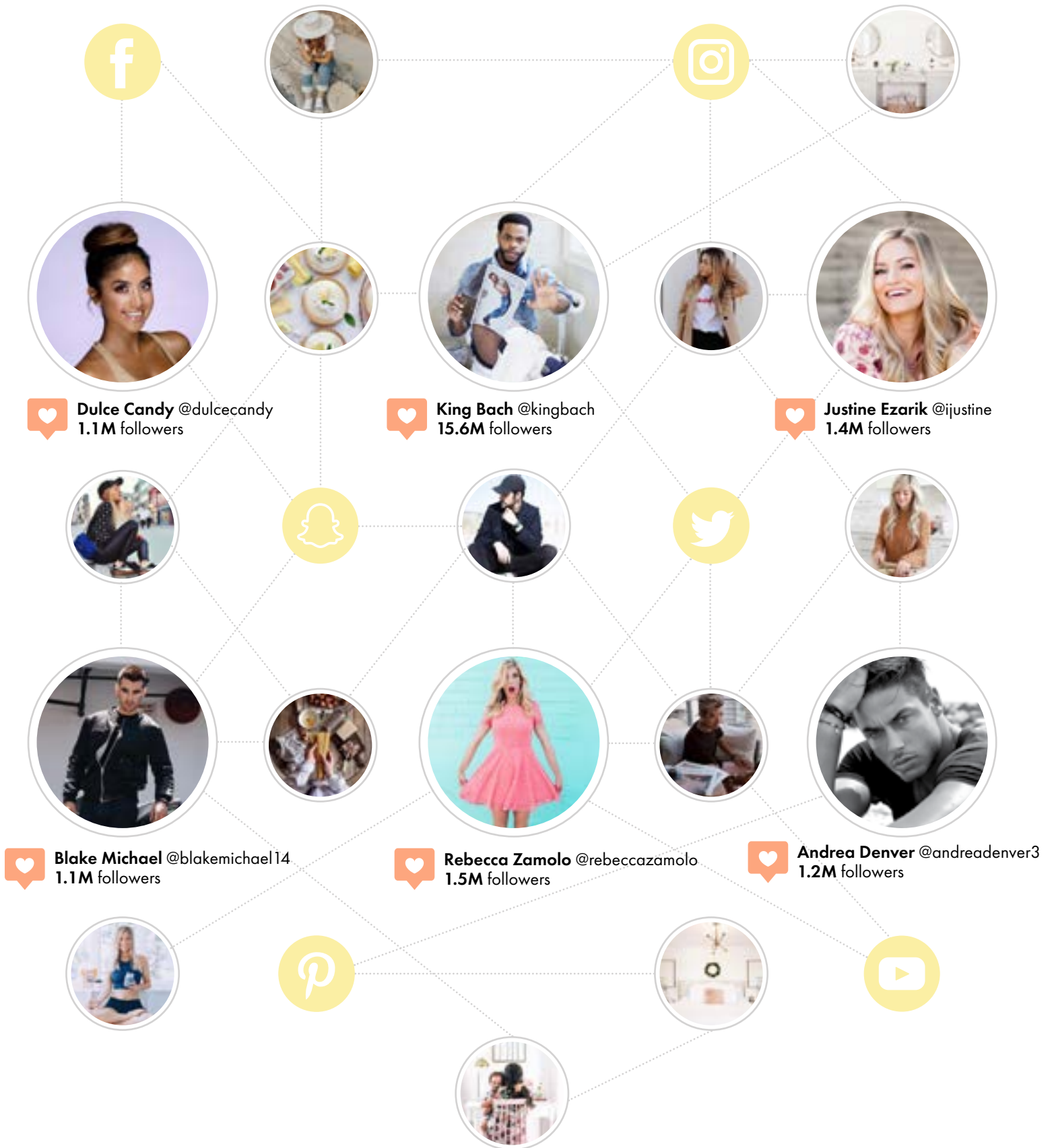


 @filippalagerback

As we enter this revolutionary period of digital marketing, new companies are emerging to help brands discover, engage, and measure activities associated with influencers in the online space. Due to the vast amount of channels and potential influencers, old methods of engaging with a handful of celebrities don't translate well to this new landscape. Scale is necessary in order

to gain the audience's divided attention.

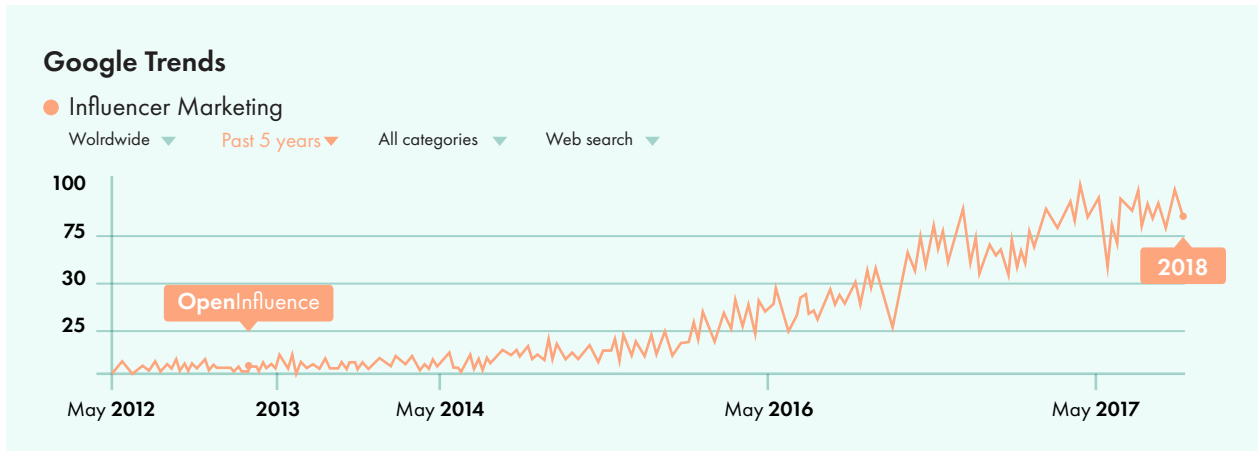
So how do you achieve that scale? While in some circles artificial intelligence is just an empty buzzword, in influencer marketing it has the potential to become an essential aspect in scaling beyond human capabilities, solve challenges, and maximize results.





The Current State of Influencer Marketing

Growing Influencer Marketing Industry



Influencer marketing—brands leveraging social media influencers to achieve various marketing objectives—is one of the fastest-growing marketing methods for a reason:

Numerous case studies have shown it delivers 6.5 times to as much as 11 times higher ROI compared to traditional digital banner ads alone. In a recent survey, 67% of marketers thought influencer marketing helped them reach a more targeted audience, leading to more impactful results.

As the world catches on to the significant ROI derived from influencer marketing, companies' spend on influencers will continue to increase across all platforms. It is hard to estimate the total size of the influencer marketing industry, but data does point to the fact that on Instagram alone, the spend for influencer marketing is predicted to exponentially grow from \$2 billion in 2017 to a whopping \$10 billion in 2020 (Source: Adweek).

Influencer Marketing Spend (Instagram)



As demand for influencer marketing services increases, so does the quantity of products and services offered in the market. The industry began with players offering supply-side solutions that ranged from niche talent agencies to influencer “networks.” As the market rapidly evolved, brands started to realize it was ineffective to have limited exclusive relationships with content creators; thus, demand-side solutions emerged to help companies find influencers based on their specific needs.

Until now, the only large-scale (but not scalable) solutions have been those representing talent. This is changing as the industry matures, with leading demand-side players that are helping to simplify processes and find a strategic and scalable solutions for advertisers.

Unfortunately, many of these approaches still have gaps that should not be ignored. Few of these companies actually address the specific concerns of large advertisers controlling influencer marketing budgets. Are they choosing the right influencers? Can influencers deliver consistent, effective activations? Do activations meet brand requirements and guidelines? Are the pricing and services reasonable and scalable?

These issues need to be resolved, so businesses and brands can enjoy an effective spend of their advertising dollars and more easily institute their influencer marketing programs as mainstream budget line-items.

Influencer Marketing Solutions



- Aligned with Talent Interests
- Exclusive Agreements
- Focused on Maximizing Prices



- Aligned with Advertiser Interests
- Talent Agnostic
- Focused on Maximizing Value

Issues the Influencer Marketing Industry Needs to Resolve

Let's take a deeper look into issues the influencer marketing industry needs to resolve today.

1

Lack of transparency around the “influence” of influencers: Large following does not always equate to significant influence. Influencer identification that relies solely on follower count can lead to over-estimating an influencers impact and often results in brands over-paying influencers and over-estimating results. Additionally, compensating influencers based solely on their follower counts creates a huge incentive for influencers to amass fake followers.

2

Lack of context in influencer identification: Most networks have filtered influencers by using a set of broad categories. This influencer identification analysis is not highly focused on how their influence is affected by contextual-related variables.

3

Lack of objectivity in analyzing visual content: Judging aesthetic qualities is a highly subjective task. Visual content can be perceived differently by individuals. Lack of objectivity may skew influencer identification, and as a result, campaign performance.

4

Lack of alignment between talent offerings and advertisers needs: When there is a limited supply of talent being offered, brands don't always pick influencers who are truly aligned with their business goals and values.

5

Lack of experience running influencer campaigns: Many say data is the new currency. Lack of experience means lack of first-party data regarding influencer campaigns, which provides valuable industry insight and therefore a clear path to better performance. The challenge with being a novice or working with only a subset of potential influencers is that campaign results end up in a black-box, unpredictable state.

6

Limited data around the influencer ecosystem and inability to accurately parse through this data: Marketers need a comprehensive view of the ecosystem to identify which influencers are best to partner with for a given activation. Many companies in the influencer industry have challenges building a large enough network of influencers to choose from and/or cannot effectively compare and contrast influencers from one another.



Working Through Influencer Marketing Challenges:

The Open Influence Perspective



Eric Dahan

CEO and CoFounder

“Since starting the company, we’ve approached the industry with a macro-view treating the influencer market like a dynamic economy. As such, we are constantly adding improvements to our offering that act as forcing functions to eliminate friction, increase transparency, and drive value for our clients. For us, AI is not a buzzword but a means to scale transparency to a level that’s not possible with humans alone.”



Felix LaHaye

CoFounder

“‘Content is king’ is a phrase often heard in the digital marketing world. Surprisingly, many players in the market are focusing more on other variables when they select influencers. Our mission has always been to continuously focus on developing an unparalleled ability to identify, source and manage content creators who share valuable creative abilities, values, and audiences most closely aligned with our clients. After a handful of years improving the process, AI appeared as the logical next step in maximizing efficiencies for all campaign elements, while minimizing human workload and powering creativity.”

Open Influence (OI) has emerged as a pioneer and leader in the influencer marketing space. A look at its evolution will clarify how far the industry has progressed since the emergence of social media influencers more than a decade ago.

As the co-founders recognized the potential of leveraging online influencers, they began offering solutions for brands who wanted to reach audiences in the social media space. Since their first customers back in 2013 were all results-driven startups with limited budgets, OI adopted a diligent approach in its early days that shaped its corporate DNA.

Like other influencer marketing companies, OI started by building valuable relationships with creators who could publish content on behalf of their clients.

However, they realized early on that there was a problem with this approach. They were limiting their clients' options to a finite set of potential influencers whose audiences or branding might not be an ideal fit for the client's needs.

Looking to find greater value for their clients, OI decided to reach out to more influencers and invited them to collaborate and register on the first version of their platform. This helped OI greatly expand the network of influencers with whom they could work. And while this significantly widened OI's pool of influencer partners, that group was still limited. In order to continue to grow, the company needed methods that were increasingly scalable.

Issues when working with a limited pool of influencers



Price Inflation

There's significant price inflation when working with a small subset of influencers. The costs of influencer services fall into a supply-and-demand paradigm; the fewer influencers for whom you artificially generate demand, the more expensive it will be for the end customer.



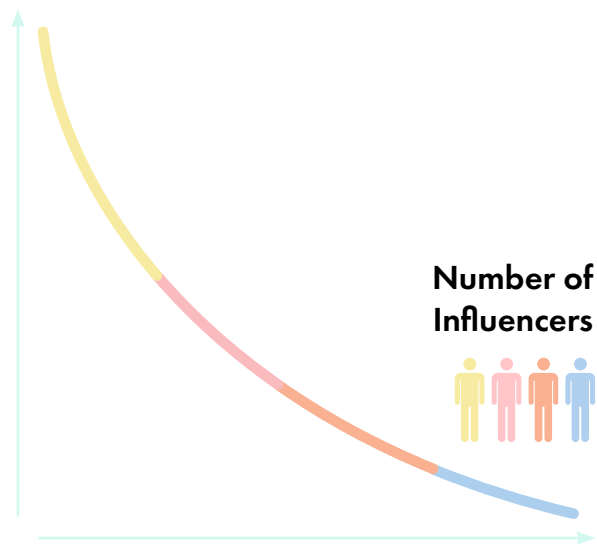
Working against clients' best interests

When you work with a small, "exclusive" group of influencers, transactions are based on the fact that you have a relationship with them, not necessarily on brands' needed value from influencers.



Price

Influencer price decreases as supply increases.





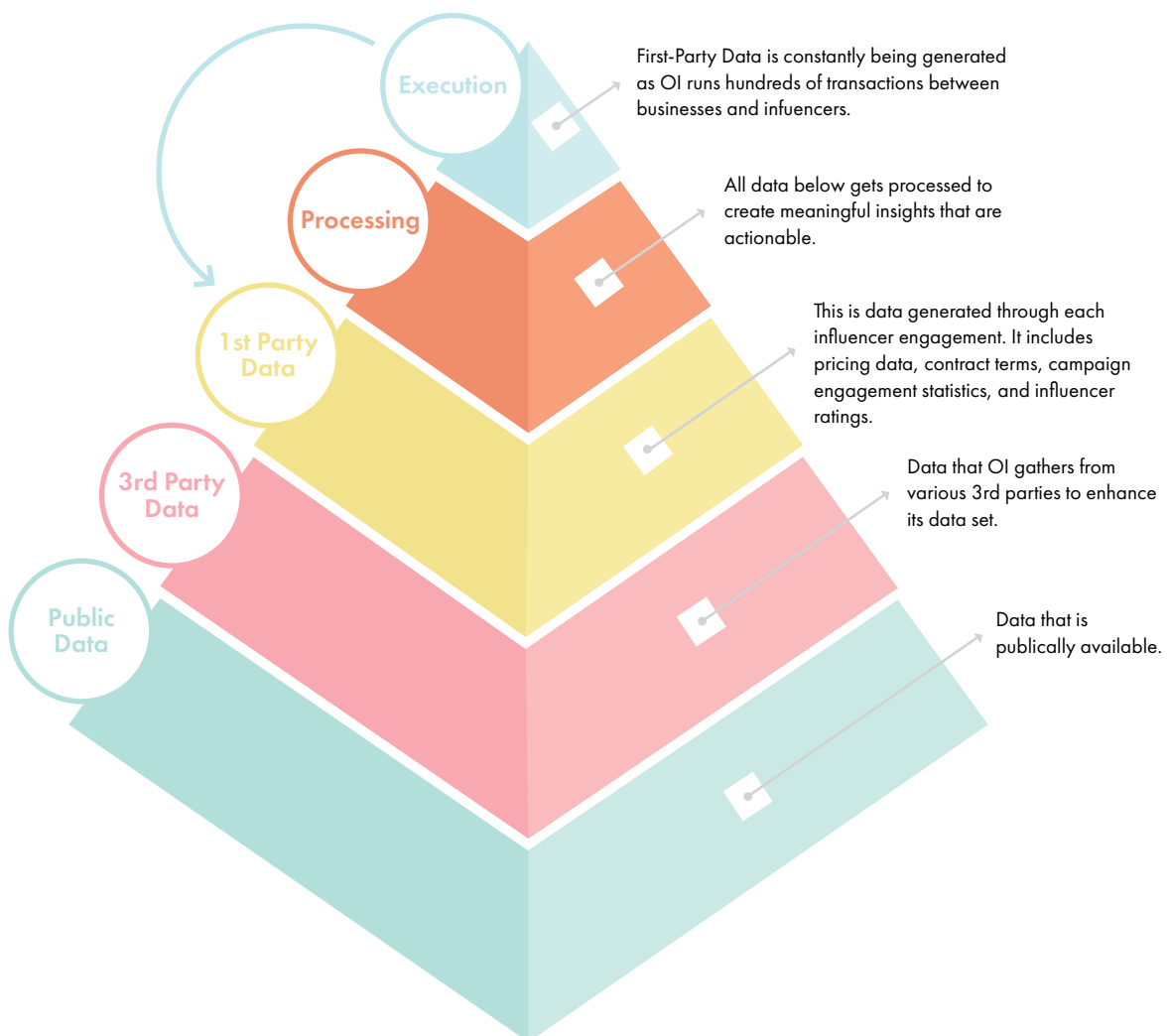
Although some talent agencies in the industry still adhere to this model, OI realized clients working with small subsets of influencers were disserved by their agents. They decided to branch out and reach out to more influencers, inviting them to collaborate and register on their platform. Many similar networks—or agencies leveraging networks—are the mainstream entities of the influencer marketing industry today.

This helped OI greatly expand the number of influencers with whom they could work, but they were still limited to people they could reach and who actually accepted their invitation. They realized there had to be a better way also aligned with their corporate DNA of diligence working with influencers on behalf of their customers.

Building Influencer Marketing Technology

Aiming to find a scalable solution that created greater value for clients, OI decided to invest in technology and lead the industry with a truly innovative influencer marketing platform.

The OI Data Pyramid



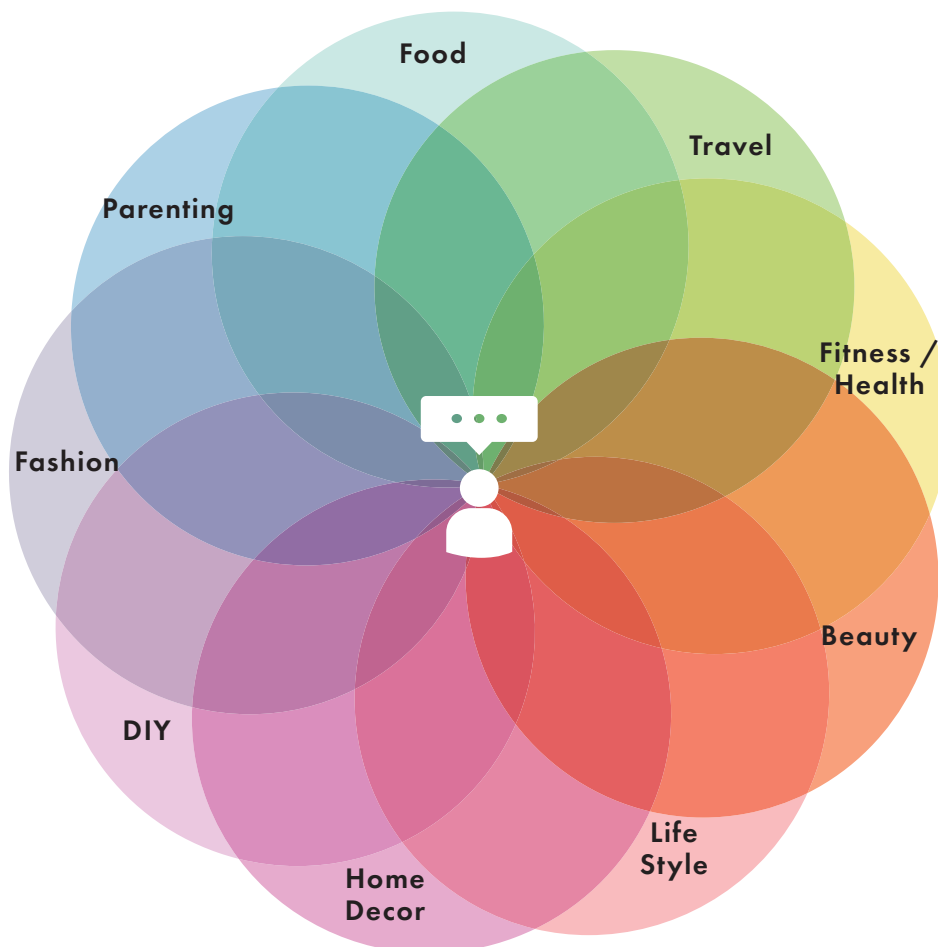
As a starting point, OI expanded its influencer base by tying into the various APIs (Application Programming Interfaces) that each social network made available to developers and proactively onboarding talent. They also created a first version of something other companies still promote in the influencer marketing industry today: a basic CRM tool to manage and measure their influencer marketing campaigns.

However, like many other advertisers and companies, OI was labeling influencers by generic tags and categories. As client demands became more sophisticated, more categories and tags around the influencers were added. For example, tags like “dad”, “drinker”, “smoker”, “scuba diver” were used to further enrich the data around

influencers and make them more searchable. These tags were both assigned by the influencers themselves as well as by the OI talent development team. The tags quickly became imprecise due to their inherent subjectivity and the constant need to manually update each influencer’s profile.

OI quickly realized that a more elegant solution was needed to address some of the more complex client requirements. For example, trying to find “male influencers in Japan with beards” was not easily identifiable via generic industry tags. Finding them would have required months of manually combing through the entire data set.

The Challenges of General Categories





As a result, OI focused its R&D efforts on developing a platform that was objective, scalable, and precise to address the ever-increasing needs of the maturing influencer industry. OI started by looking at the captions of influencers' posts, identifying keywords in the text of each post to create a taxonomy of the influencer. For example, making it possible to search for influencers that were male and used "#beard" in one or several posts over the past 180 days. The added benefit OI realized was that it was able to analyze the relative performance of posts that included "#beard" over that of other posts for a specific influencer. This technology allowed OI to search from millions of objective keywords, and it was able to update its influencer tagging without any manual intervention. This approach was indeed a game changer back in 2015 and is still considered compelling functionality today.

However, being the customer obsessed organization that OI is, it wasn't fully satisfied. OI understood that influencers do not always tag everything with keywords. In the prior example of "male influencers in Japan with

beards," there are many influencers in Japan with beards who did not use "#beard" in any of their posts. Additionally, many influencers purposefully mistag their content in order to game the social platforms and make their post more discoverable. Unsatisfied with the remaining gaps, OI continued its search for an objective methodology that could further enhance its content tagging capabilities.

It wasn't until improvements in artificial intelligence technology that OI recognized it as a viable solution. After evaluating a variety of image recognition platforms, OI was determined to start a partnership with Amazon Rekognition. The accuracy of Amazon's label detection added real value. It drastically enriched OI's database, by adding more tags around each piece of content at lightning speed.

With more tagging and better data mapping came more transparency, and with that the realization that many marketers in the influencer industry were making completely blind investments with their client's budgets.



prettylittlefawn

aveenous

AI is a Natural Match for Influencer Marketing

Long before AI became a popular buzzword, OI had already built this powerful technology into its platform. As industry leaders, they recognized early on they could leverage the power of AI to help brands unleash potential for unparalleled ROI. What OI didn't realize immediately was how they were fundamentally changing the rules of influencer marketing — for good.

Influencer marketing simply couldn't exist without content created by influencers. If content is the currency of influencer marketing, being able to analyze it is critical for discovering and identifying relevant influencers. It is also the starting point to being able to predict what are the drivers of their performance.

Image recognition technology adds further meaning and value to content. As the world of social media is increasingly visual, textual analysis is inherently limited on a visual platform such as Instagram or Pinterest. Furthermore, influencers don't post consecutive streams of thought in their image descriptions, often limiting thoughts to just a couple of words or an emoji. Additionally, while marketers wish otherwise, hashtags aren't always used by influencers in every post. Even when they are, there is no guarantee that their meanings are aligned with that of the images.

Image recognition has typically been done manually, with an account manager looking at posts and subjectively assigning categories. Different account

managers undoubtedly have different understandings of what a category like fashion or fitness entails. For example, the type of fashion depicted by Forever 21 will be completely different from Chanel.



@whitneyfransway x @johnsonsbaby

Content is inherently subjective and cannot be purely metrics driven in its creation. However, metrics can help identify high-performing elements in an influencer’s post and recommend similar influencers based on those insights. AI helps us predict the viral potential of content, similar to the “K-factor” used in epidemiology - the study of how disease spread from one person to another.

Before AI, influencer content analysis was a simple exercise of placing influencers in category silos. AI offers marketers unprecedented analysis as well as value determining how content resonates with different communities. This data is invaluable in working with influencers but also can be utilized internally by brands to better align their own organic content with consumers they wish to influence.

“Analyze, learn, predict. At its core, that’s what our AI platform does at OpenInfluence. We take in vast amounts of data every day from disparate sources both automated and human driven. To be successful, we are constantly on the hunt for successful patterns in our process, execution and data. With AI, we’re able to programmatically train against successful models, which in turn allows us to discover new, more effective models, which ultimately improves our influencer matching accuracy. And after every campaign, it’s getting that much more intelligent.”
Micky Dionisio, CTO, OpenInfluence.

The scalability inherent in this objective solution cannot be valued highly enough. Without AI, image tagging would be subjective, and friction involved in manually tagging would be prohibitively enormous.

Look at the number of influencers, multiply that by the

number of content posts to tag per influencer, and then multiply that by the number of tags per content piece. Finally, consider the frequency at which you would need to dynamically update the data. This is why AI was needed. Moving from a database of 5,000 to 100,000 influencers requires a massive amount of time to properly and dynamically tag influencers and the ever-growing amount of content they publish. This was the challenge to which AI provided a compelling and scalable solution.

Read on to discover more details about why OI built this powerful platform, and how AI is truly changing the influencer marketing game and bringing exponentially better results for brands that tap into it.

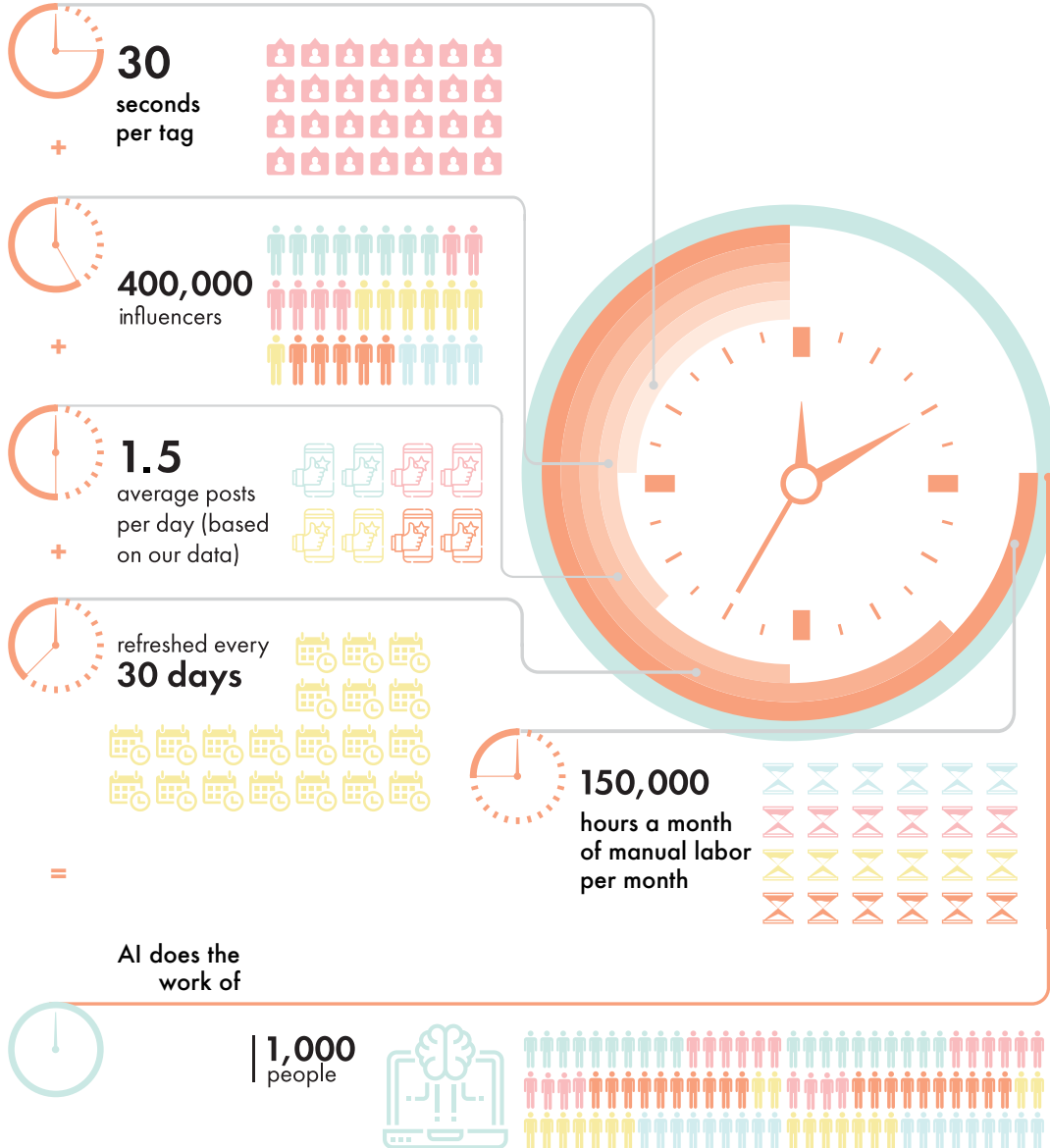
Q Search



♥ 💬 📌

openinfluence Sometimes everything matches.
 @alicedetogni x @theofficialpandora

How Much Would it Take To Do a Search Manually?



$$\begin{array}{c}
 \text{Human Hours} \\
 \text{Time per period needed} = \\
 \frac{\text{Number of Influencers} \times \text{Pieces of Content} \times \text{Tags (Average keyword per content)} \times \text{Time (Manually proceses content tag)}}{\text{Period (Time desired to refresh data)}}
 \end{array}$$



In-Depth Look At How AI Revolutionizes Influencer Identification

Instagram recently announced that it had reached 1 billion active users. 60 million photos are uploaded every day on the platform. These numbers will only keep increasing, making influencer identification a huge and continual challenge for influence marketers due to the sheer number of existing social media users and growing volume of user-generated content.

Let's take an in-depth look at how Artificial Intelligence is revolutionizing influencer identification, opening up countless opportunities for brands to reach a variety of engaged audiences.

Influencer Tagging Categorization

As humans, we are all multi faceted. Thus, categorizing influencers based solely upon industry classification standards or overemphasizing siloed categories is inherently an inadequate approach.

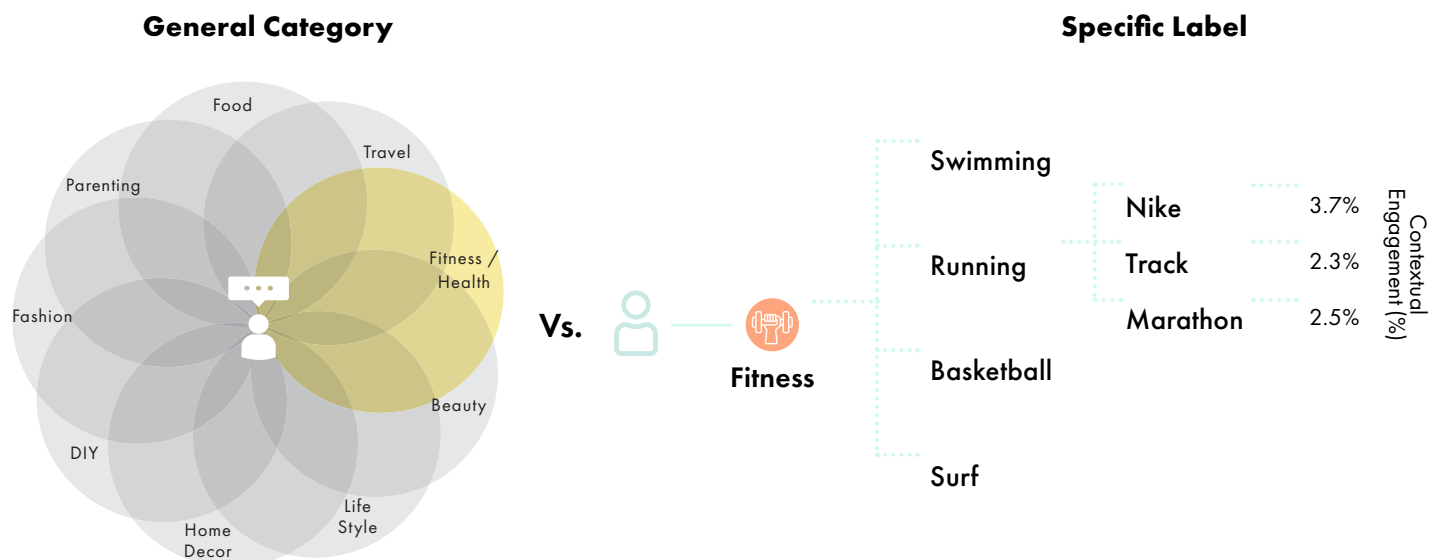
To identify the “correct” influencer match for a brand, influencers need to be tagged and analyzed objectively based on the elements found in their content, rather than just subjective categories or based on keywords search.

For instance, if an influencer was to self-categorize based on a preset list of categories, even though their “primary” type of posts were about fashion, they might also say they were into beauty, automobiles, and travel so that they would be considered for campaigns with a wider variety of companies. That same influencer might post a lot of fashion-related pictures, but those images

might also be related to parenthood as they feature young children or to sports as they showcase a new tennis outfit or swimwear at the beach.

Any company helping brands identify influencers are responsible for this due diligence in influencer-tagging categorization. To have accurate results that meet brands’ specific needs, we must go beyond industry-standard categorization. This can only be done with recent advancements in image-recognition technology, with which we can select and cross-reference millions of contextual data points.

Influencer Tagging Categorization Using Image Recognition Technology



Better Understanding Contextual Engagement



To discover and identify influencers who create relevant content, image-recognition technology is absolutely essential. But it is only the beginning.

If an influencer posts an image with little text description and a generic hashtag like #tbt, without image recognition technology it would not only be impossible to fully identify the elements of the content, it would also be impossible to analyze the factors that drove the engagement.


Images are often comprised of a collection of various objects. Consider the above image. How many elements are you able to analyze? You can see the couple's outfit, the scenery, the bottle, the blanket, and so on. All of

these could potentially affect the performance of a post. AI helps identify how audiences react when influencers post about specific objects.

Visually recognizing an image is the gateway to uncovering unparalleled information from social media content. It can help marketers understand the most effective approach to engage with specific communities and audiences. The role that contextual information plays in measuring and predicting relevance can not be overstated.

When you can be this specific, a world of opportunities opens up for marketers to derive exponentially greater ROI.



 @shesthejam
Elevate

A picture is worth a thousand words, but influencers don't always type so many - or speak the most appropriate words. If an influencer posted this just by saying "Elevate," without being able to visually tag what the photo is about, it would be impossible to analyze why social media users engaged with this image or what the image is about. Is it because of the keyword "Elevate"? The great looking running shoe? The fact that it is sitting on fragile cherry blossom branches? Perhaps it's because the picture featured cherry blossoms? By tagging images visually we can get answers to these questions. By analyzing the different data points of an influencer's content, we can better understand and predict the visual elements that most resonate with an influencer's community.

Developing Accurate Lookalikes

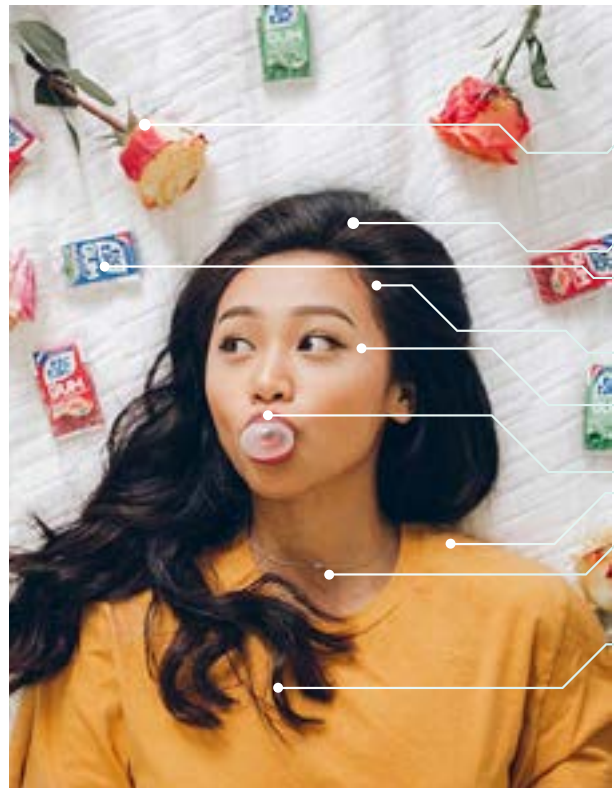
Facebook revolutionized social advertising by introducing the concept of a “lookalike” audience in 2013. In Facebook’s words, a lookalike audience is “... a way to reach new people likely to be interested in your business because they are similar to your best existing customers.”

Within the scope of influencer marketing, taking a lookalike approach helps marketers quickly and accurately discover similar influencers to those that have performed well in the past. This does not only greatly reduce the time taken during the influencer identification process, but more importantly ensures a higher degree of success.

AI plays a key role by analyzing all the variables of a given influencer, isolating the most relevant ones, and identifying similar influencers based on the overall weight of those variables. Specifically, this is done by looking at the topics a given influencer talks about determined via hashtags, mentions, and image recognition labels, weighing those topics based on frequency and relative engagement rates, and then finding influencers who are the most similar.

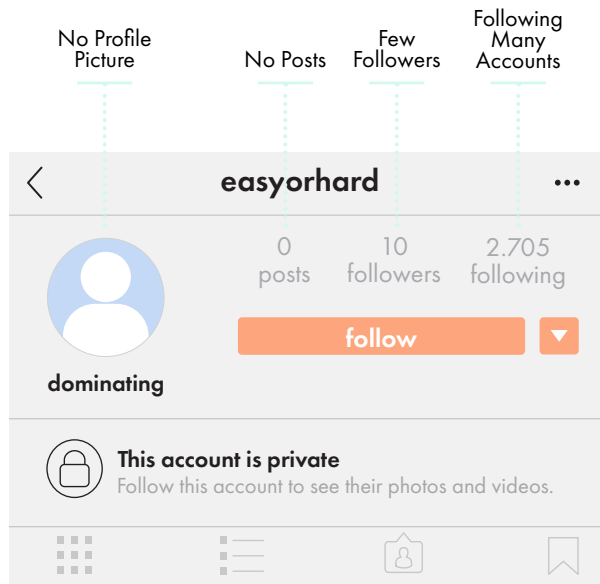
OI is currently leveraging lookalike modeling to help advertisers generate “smart categories.” For example, if a brand is looking to target new dads that care about fashion, it can continually and

automatically source new influencers that fit that niche by just selecting a handful of sample influencers that they feel fit the required aesthetic.



 @hangtw x @TicTacUSA

Preventing Fraud



Fake Profile Example






As the industry matured, it gradually became evident that every social media site is riddled with spam and junk accounts creating fake engagement. Ensuring your influencer marketing program does not fall victim to nefarious activities is critical to its success.

As more dollars are spent on influencer marketing initiatives, there's more incentive for users to try to cash in on the trend. As a result, we have witnessed how "wannabe influencers" have found ways to game the system. Bad practices range from buying fake followers, likes, and even comments. Strategies of misleading engagement like the well-known "Instagram Pods" are popular in the online space.

Inviting a fake profile with tens of thousands or even millions of fake followers to be part of your influencer initiatives will add nothing to your ROI. Of course, no one purposefully invites a fake influencer to a program, but how do you know how real is their "influence"?

Although, Facebook limited developers' access to APIs as a result of the Cambridge Analytica scandal, companies have found alternative ways to identify fraudulent activity, discovering yet another useful application of AI and machine learning.

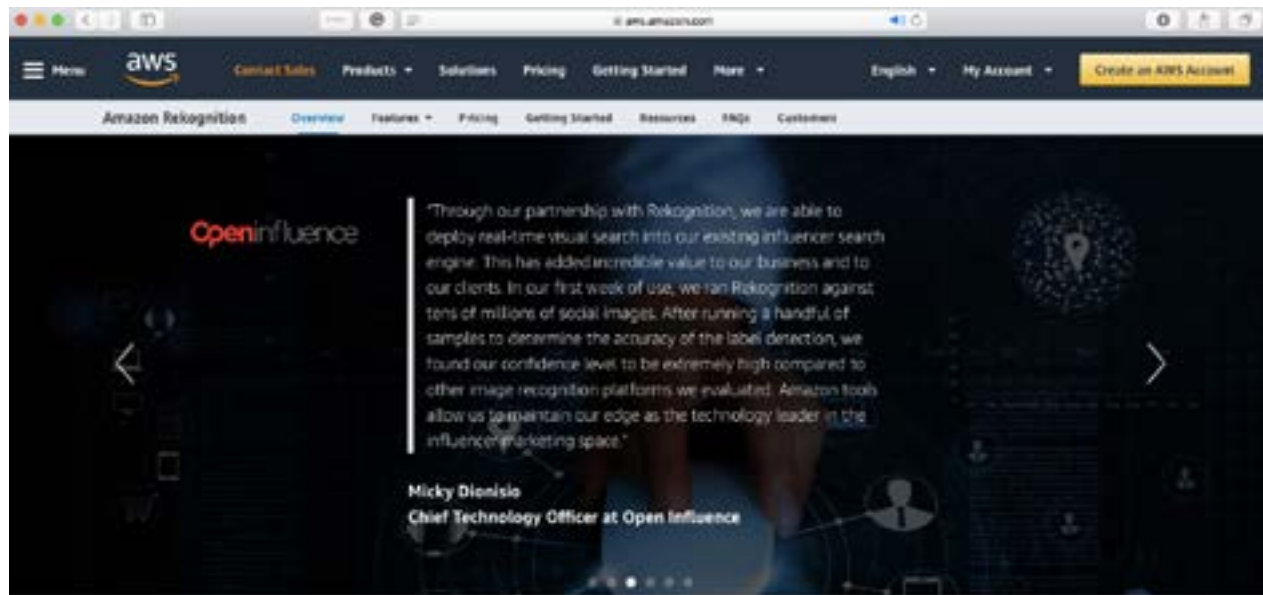
According to OI, AI and machine learning has allowed it to make valuable predictions. It gives it the ability to track data points in order to assign a strong signal for "fake engagement" or "authenticity score." Here is an example of the variables they consider:

-  Engagement over time on various topics and image recognition labels.
-  Follower count over time.
-  Proprietary influencer ratings based on past campaign performance.
-  Number of repeated sponsored posts over time (the more the better).
-  Proprietary database of vetted influencers due to fraudulent behavior.

OI's application of this technology brings enormous benefits. It helps it make smart decisions and ensure results. As influencer marketing grows, AI is critical to ensure success for campaigns and programs. AI can help you accurately identify the "right" influencers while also uprooting potentially negative effects—like fake followers and gamed engagement—on your influencer marketing ROI.

“At Amazon we build products focused on serving customer and their needs. Open Influence gained 2.6x more insight on each post, for 30% more posts using Rekognition. It was really great to see the impact Rekognition and other AWS products have had on Open Influence in their journey to become the leading name in Influencer Marketing.”

Ranju Das
Director at Amazon Rekognition





Summary: How AI Drives Greater Influencer Marketing ROI

AI raises the bar by virtually guaranteeing results for influencer marketing in an unprecedented way. It's hard to imagine how brands today can invest in influencer marketing without utilizing solutions that leverage AI in some way. Proper AI truly helps solve issues affecting influencer marketing today, including:



Accurately identifying influencers: Finding the right influencers means there is a greater chance they will participate in your program and succeed.



Vetting influencers: Being able to vet influencers for inappropriate content or fraud will mitigate the risk of working with those who might not yield influence.

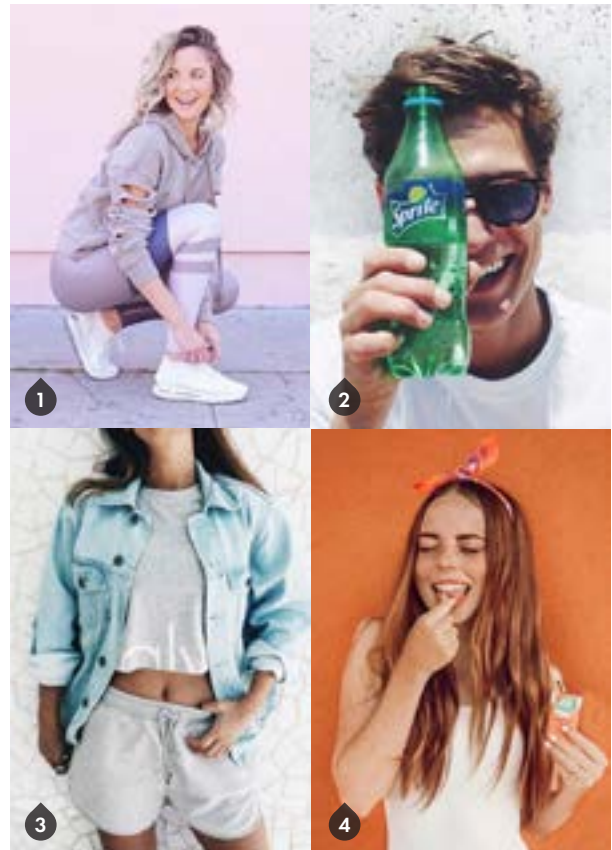


Predict influencers performance: Analyzing an influencer's contextual engagement and post frequency helps predict content relevance and audience engagement.



1. @shaylaquinn x @underarmour
2. @paolofaccio x @spriteitalia
3. @collagevintage x @calvinklein
4. @jacimariesmith x @TicTacUsa

Without AI, your influencer marketing program bears risk and uncertainty inherent in utilizing people to complement advertising. Once you deeply understand how AI can be utilized with influencer marketing, you will never want to go back to the early days of influencer marketing when such analysis was simply not possible. Instead of blindly throwing money at social media users who might be influential, marketers can rest assured they have leveraged as much data and AI as possible to ensure the highest possible ROI for their influencer marketing spend.



As a full-service agency with technology at the core of its DNA and a mission to solve business issues facing the influencer marketing industry, OI gives us a lesson: brands need a data-driven approach to be successful with influencer marketing. It is evident that by continually optimizing their AI engine and technical approach to influencer marketing, OI has found game-changing solutions that they offer their clients worldwide.

I hope you are as excited as I am about the potential AI holds for marketers who tap into its power today.



Neal Schaffer

Neal Schaffer is a leading authority on helping businesses through their digital transformation of sales and marketing through consulting, training, and helping enterprises large and small develop and execute on social media marketing strategy, influencer marketing, and social selling initiatives. President of the social media agency PDCA Social, Neal also teaches digital media to executives at Rutgers University, the Irish Management Institute (Ireland), and the University of Jyväskylä (Finland). Fluent in Japanese and Mandarin Chinese, Neal is a popular keynote speaker and has been invited to speak about digital media on four continents in a dozen countries. He is also the author of 3 books on social media, including *Maximize Your Social* (Wiley), and in 2018 will publish his 4th book, *The Business of Social Influence*, on educating the market on the why and how every business should leverage the potential of influencer marketing.

Learn more about Neal at www.NealSchaffer.com.



About Us

Open Influence is a data-driven global influencer marketing company that helps brands and advertisers engage and grow their desired audiences through social media. Open Influence is both platform and talent agnostic, and works with the entire spectrum of influencers; from social celebrities to micro-influencers. The company's proprietary platform boasts the industry's largest collection of influencer data, and leverages machine learning and image recognition to analyze more than 100 million pieces of content from over 465,000+ influencers and counting. Its team collaborates closely with every client to develop award-winning creative strategies, and its advanced audience analytics allow brands to target based on location, education, age, gender, consumer preferences and more. Headquartered in Los Angeles with satellite offices across the globe, Open Influence offers support in 15 languages and has managed campaigns for top brands from a variety of industries including Calvin Klein, Hyundai, Corona, AirBnB and Verizon.



Get Started Today!

For more information on Open Influence
and its services, please visit

www.openinfluence.com

or contact us at pr@openinfluence.com.

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