# Affiliate Marketing Campaign
# With Social Media Micro-Influencers

## Case: Jerone Group Oy

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## ABSTRACT

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Tampere University of Applied Sciences
Degree Programme in International Business


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Affiliate Marketing Campaign with Social Media Micro-Influencers

Bachelor's thesis 48 pages, appendices 2 pages
November 2018

This Bachelor's thesis was conducted in cooperation with men's fashion E-commerce company Jerone Oy from Tampere, Finland. The purpose of this thesis is to test the potential success of utilizing affiliate marketing through YouTube and Instagram. The objectives of this thesis are to increase the global brand awareness of Jerone, so they can grow in other markets easier and to increase the global sales of Jerone. There are also research questions to be answered in this thesis about how to contact, negotiate, and collaborate with potential influencers, and how to implement an affiliate marketing campaign.

Although the selection of previous academic literature about affiliate marketing with social media influencers was limited, there was still some literature such as books, website articles, researches, and interviews that gave insight during the process of implementing our marketing campaign strategy. The theoretical framework was based on previous web-based articles, researches, and books about the internet as a marketplace, affiliate marketing, and negotiations. There is also background information about Instagram and YouTube which were the platforms used for this thesis.

Throughout this research there were a total of 9 YouTubers contacted for collaboration. There were 2 responses of the 9 contacted, and neither of the respondents collaborated with Jerone. On Instagram a total of 6 influencers were contacted and 5 of them responded and collaborated. The duration of the campaign was set for one month, and there was one purchase made due to an affiliate's advertising efforts during that time. The results of this research show that Instagramers were more reliable when it comes to responding and collaborating through an affiliate marketing campaign with Jerone. Although the Instagramers were more eager to collaborate, their marketing efforts had little impact on their audiences during this campaign.

In the discussion and conclusion there is a comparison of the platforms YouTube and Instagram, and of the influencers who said yes or no to collaboration. There is also a plan for an affiliate marketing campaign. The next possible research about this topic for Jerone could be to try affiliate marketing again focusing on Instagram in the Finnish and Swedish market. If they want to try entering the US market again, increasing efforts in marketing and brand awareness or utilizing an influencer marketplace may be beneficial.

Key words: affiliate marketing, micro-influencer

**CONTENTS**

# 1   INTRODUCTION

In society today, it is easy for almost anyone to be connected to the internet and utilize it's potential to achieve a variety of goals. Digitalization has become a big part of the modern world and allows the average person to communicate globally and access a plethora information almost instantly. The movement towards digitalization has played a big role for companies as well, since it can be used as a marketing tool for reaching potential customers. With the use of websites and social media, it is now possible for companies to be E-commerce companies and operate almost completely online. E-commerce is the process of selling, buying, and exchanging products and services online (Charlesworth, Esen & Gay 2007, 5). This is also true for the E-commerce company Jerone, which this thesis refers to.

## 1.1   Thesis Background

The topic of this thesis is about utilizing micro-influencer marketing through social media channels, particularly YouTube and Instagram. A micro-influencer is a relatively new term and is subject to interpretation, however it generally refers to someone who has larger following than average which they may interact with often, and usually they have consistent posts about a specific niche.  Micro-influencers generally have considerably smaller audiences than the more famous influencers. But for many companies, they can be a great marketing tool. (Izea 2018, 1.) Usually micro-influencers have more active communities where they may have a heavier influence on their audience than a celebrity endorsement which compensates for their smaller size, and they are often much cheaper to work with than someone famous. (Izea 2018, 1.) The statistic show that people often find micro-influencers more trustworthy than famous people or larger social media influencers which goes hand in hand with the fact that posts created by micro-influencers tend to generate more user engagement than other posts (Izea 2018, 5). It is also possible that micro-influencers are more trusted because they might seem more relatable to the average social media user than a rich and famous celebrity.

I am personally interested in this topic, because I wanted to see if using this method could be a successful and cost-efficient way to market products and reach new audiences. The reason YouTube was chosen was because the commissioner already uses other forms of social media such as Facebook on a regular basis for marketing purposes and wanted to

test the viability of YouTube. Another reason is because the nature of YouTube allows for influencers to truly show off the clothing by unboxing them, wearing them, and making comments about the quality and design. YouTubers also appear to have more loyal followers, because using video allows for the viewers to feel a personal connection with the content creator. The reason for using Instagram is because the platform revolves around pictures, which is a great way to showcase and market fashion. One goal of this thesis is to determine which platform would be better suited for Jerone.

Affiliate marketing is a marketing approach that is performance-based and used to endorse products on an online platform in exchange for payment for each established sale by the affiliate's marketing efforts (Catak 2017). In addition, a company may reward each customer or visitor brought by the influencers advertising efforts (Wiesman 2018). In this thesis affiliate Marketing is the strategy used when marketing with the micro-influencers due to risk management, because with affiliate marketing Jerone Group Oy doesn't have to invest as much money using this method which is very important for a small company. The initial investment that Jerone proposed was to give the influencers $100 worth of free clothing to use in their promotion video on their YouTube channel or Instagram account. The aim of this thesis is to utilize the strategy earlier mentioned in order to reach new potential customers, specifically people in North America where there is a large fashion industry market. The aim of this thesis is to get new customers for Jerone as well as to obtain information on how to organize an affiliate marketing campaign for a small company.

This thesis is topical because digital marketing and specifically affiliate marketing with social media micro-influencers, is a relatively new strategy for companies and influencers to earn a passive income which is generally commission-based. Not much previous research or framework on the topic of affiliate marketing being utilized with social media micro-influencers was found, however affiliate marketing programs have been used practically, worldwide by companies such as Amazon for many years, so analyses of previous literature on affiliate marketing will aid in the development of this thesis.

## 1.2   Jerone Group Oy

This thesis is based on a case study for the company Jerone Group Oy. Jerone Group Oy is a men's fashion company which sells unique and distinct clothes to a niche market. Jerone Group Oy has been utilizing social media marketing through the platform Facebook as their main source of marketing. Social media marketing has worked well for Jerone in targeting Finnish consumers as well as consumers from other European countries, however they want to increase their market-share in other markets such as in the United States. The U.S. market is particularly interesting for Jerone Group Oy because of the larger potential customer base, favorable currency rate, reduced costs because VAT is not necessary when dealing with the United States, and brands sold by Jerone Group Oy such as Carisma, Rerock, Young & Rich are not sold in the United States. In addition, the Jerone Group Oy E-commerce website has several domain names and language versions based on the IP address of the user such as Swedish, English, and Finnish. They also have many currencies available, so the user can pay with their own countries' currency. The currencies that a user can pay with include Australian Dollar, Danish Krone, Hong Kong Dollar, Japanese Yen, Polish Zloty, Pounds Sterling, Swedish Krona, U.S. Dollar, and the default option is Euro. (Alho 2018.)

Having these options, makes the purchasing process easier for their customers. Jerone Group Oy currently sells clothes worldwide but would like to increase the marketing awareness and sales internationally. Since Jerone Group Oy has had previous success with Facebook marketing, they wanted to utilize YouTube and Instagram Affiliate Marketing to increase the marketing awareness and international sales of Jerone Group Oy. (Alho 2018.)

Jerone Group Oy was established in Finland in 2010 by a couple of young entrepreneurs (Jerone 2018). Since the clothing industry has high competition, Jerone Group Oy has had to find the right niche with room to grow. They utilize a strategy that focuses on constantly changing and diversifying their items by following the latest fashion trends in Europe and refreshing the stocked items with new trends. Due to the constant change in product items, Jerone Group Oy keeps a relatively limited stock assuring their ability to adapt to changing trends and promote exclusivity in their items. The majority of clothes sold by Jerone are imported from Germany, and Jerone Group Oy has exclusive selling rights to these clothes in Finland. (Alho 2018.)

## 1.3 Thesis Objectives

The purpose of this thesis is to test the potential success of utilizing affiliate marketing through YouTube and Instagram. The main objective of this thesis is to increase the global brand awareness and sales of Jerone. Some of the other objectives of this thesis are to find out if there are micro-influencers who would be a good representative for Jerone, how many there are, how to contact and negotiate with influencers, and what kinds of influencers and size followings are most likely to respond and accept our collaboration offer. Jerone wants to learn how to plan and implement an affiliate marketing campaign and collaborate with micro-influencers and to see how an affiliate marketing collaboration through YouTube and Instagram with micro-influencers affects the global sales of Jerone and if it helps Jerone enter the US market. This information and experience can help Jerone with future collaborations or researches similar to this one. There are a total 4 research questions posited based on the purpose and objectives of this thesis.

1. How to contact and negotiate with potential affiliate promoters using YouTube and Instagram?

2. How to plan and implement an affiliate marketing campaign in collaboration with micro-influencers for Jerone?

3. What kinds of content creators and size followings are most likely to respond and accept our collaboration offer?

4. How does an affiliate marketing collaboration through YouTube and Instagram with micro-influencers affect the global sales of Jerone?

## 1.4   Thesis Structure

The structure of this thesis begins with research about YouTube and Instagram as well as micro-influencers and social media marketing. After this, there is a search for potential micro-influencers who would be an ambassador for Jerone. Once influencers are found, negotiations of the terms of the campaign are established in an agreement between Jerone and the influencer. The intention is to have both YouTube and Instagram influencers and then compare the results of each.

The first chapter of this thesis is the Introduction which discusses the background of the research and the motivation for Jerone to have this research carried out. The theoretical framework discusses negotiation and the steps and strategies to negotiate effectively. Another section of the theoretical framework includes internet as a marketplace which discusses the major shift to shopping online, and the overall use of the internet to buy and sell goods. The last subject under this chapter is analyzing the marketing practice of affiliate marketing and describing what it is and how it works. Next the research methods chapter will give a breakdown of the methodology used to carry out this research and including methods justifications for answering the research questions. The next chapter is about finding and contacting influencers. The results chapter shows the outcomes of this research throughout the process of contacting, negotiating, and working with the micro-influencers. There is also a comparison of the two social media platforms and about the influencers who collaborated with Jerone versus the ones who didn't. After the results section, a plan to execute an affiliate marketing campaign is shown which includes researching, contacting, negotiating, and collaborating with influencers. The last section is the discussion and conclusion chapter, which includes further explanation of the outcomes, discussion about what could have been done differently, and what useful information can be taken from this research.

## 2 THEORETICAL FRAMEWORK

### 2.1 Internet as a Marketplace

The strategies of marketing have changed in the past decades, and Schultz and Schultz (1998) have identified three phases marketing has gone through. In the 50s and 60s manufacturers controlled the markets with promotional campaigns and in the 70s and 80s retailers were in control of which products were offered to buyers, but in the 1990s the internet changed the marketing field. When use of IT services increased, the consumers became more dominant in the marketing field. (Blythe 2012, 305-306). Because of online virtual communities and social media, consumers have a lot of power in internet marketing (Jepsen, 2006, according to Blythe 2012, 294-295) through "word-of-mouse which means consumers sharing their own experiences of the product online (Huang 2010, according to Blythe 2012, 294-295).

| Top 10 countries with retail E-commerce sales as %age of total retail sales | | | | |
|---|---|---|---|---|
| Country | 2015 | 2016 | 2017 | 2018 |
| UK | 14.4% | 15.6% | 16.9% | 18.0% |
| China | 12.0% | 13.8% | 15.5% | 16.6% |
| Norway | 10.7% | 11.5% | 12.1% | 12.7% |
| Finland | 10.4% | 10.8% | 11.2% | 11.5% |
| South Korea | 9.8% | 10.5% | 11.3% | 12.0% |
| Denmark | 9.3% | 9.9% | 10.4% | 10.8% |
| Germany | 8.4% | 9.4% | 10.4% | 11.2% |
| US | 7.1% | 7.7% | 8.3% | 8.9% |
| Canada | 5.9% | 6.6% | 7.4% | 8.2% |
| Japan | 5.4% | 5.8% | 6.2% | 6.7% |

*Table 1Retail E-commerce sales % of total retail sales (Saleh 2016)*

Nowadays the internet is increasingly being used as an online marketplace full of E-commerce sites. The internet is a fairly inexpensive and an easy tool for promotion, allowing even small businesses to utilize (Geuens Pelsmacker & Van den Bergh 2001, 420). The ability to sell online allows companies to reach more consumers and gives the consumers more options and alternatives when buying products, and this can all be done without having to step foot into a shop. Companies can also benefit by reaching new markets, reducing the use of traditional distribution channels, and lowering cost of operation (Geuens et al. 2001, 431). The convenience, ability to compare prices, and access to more products can give individuals motivation to shop more online. In 2016 as much as 79% of Americans shopped online which shows an overwhelming trend towards online purchasing compared to only 22% in 2000 (Smith & Anderson 2016). Online shopping seems to be a trend in other countries as well, and it is increasing each year. In 2016, 7.4% of global retail sales were purchased online, and by 2018 it had increased to 8.8%. When it comes to the top 10 countries of E-commerce retail sales compared to total retail sales in recent years, some of the countries included are the United Kingdom, Finland, and the United States. According to the information on (Table 1), the amount spent in each of the top 10 countries has also increased each year and seems to be trending to increased use of online shopping. For example, in 2015 in the United States the amount spent online was 7.1%, in 2016 it was 7.7%, 8.3% in 2017, and 8.9% in 2018. (Saleh 2016).



*Figure 1 Online Shopping Frequency (Saleh 2016)*

In recent years it has been noticed that some people tend to make more compulsive purchases or shop more often due to the ease and convenience of online purchasing. When shopping online 48% of customers have admitted to buying or spending more than planned (Wallace 2018). This shows that some people might spend more money when on shopping online compared to visiting physical stores. However, a reason for spending extra money when buying clothing for example, could be due to buying multiple sizes to try on and return the excess clothing. The trend towards shopping online more is good news for E-commerce companies such as Jerone.

## 2.2 Affiliate Marketing

According to O´Sullivan (2010), consumers who are part of an online community have a stronger brand commitment than consumers who are not part of any internet community (Blythe 2012, 294-295). Therefore, online communities are helpful to companies in many ways such as increasing brand awareness, providing opinions from loyal customers, increasing commitment towards the brand and creating revenue (Kim et al. 2008, according to Blythe 2012, 294-295). When done by a role model of a community such as social media influencer these effects might be even stronger. These social media influencers can be described as referral marketers which means people who are expected to recommend the company to others (Blythe 2012, 290).

The essence of affiliate marketing derives from the independent affiliates performing marketing tactics to achieve sales for a commission paid by the company based on the successful conversions through the affiliate's networks (Duffy 2005). An affiliate is a promoter of the product or service of a company. This partnership is a win-win situation if the affiliate can generate enough traffic to their website, blog, or social media page and the users click their affiliate link and make purchases. Most often, the sponsoring company pays an affiliate for promoting the sponsor's product on their website in the form of commission for the products purchased (Chai, Potdar & Chang 2006). This is the most common form of affiliate marketing called pay per sale or revenue sharing which makes up 80% of affiliate marketing programs used today, 19% make use of cost per action, and the remaining use other methods such as cost per click or cost per view (Colascione 2012, 108).

Affiliate marketing is favored because it usually uses a performance-based model, meaning the company doesn't endure marketing expenses after initial setup unless there are results from the affiliate (Taulli 2005). Pay per sale might be the most used form of affiliate marketing due to being potentially more efficient. There are many benefits from affiliate marketing for both the affiliate and the merchant. Affiliate marketing reduces many of the risks that come with other marketing techniques and provides people a way they can earn money with minimal start-up cash. This method is beneficial for the affiliate as well as the merchant because it brings the merchant new customers, and the affiliate can earn a commission without the difficulties and costs of having their own business.

Affiliate marketing is in many ways similar to sponsorship marketing, one main difference about being sponsored is that people are usually paid a salary. Companies sponsor people because it increases media exposure and brand awareness and it betters community relations and entertains clients (Zafer Erdogan & Kitchen 1998, according to Blythe 2012, 221). These benefits are also true for reasons to use affiliate marketing. Along with sponsors, affiliate marketers are also close to mavens which are knowledgeable people who advise others about the products (Stokburger-Sauer & Hoyer 2009, according to Blythe 2012, 221). Mavens create word-of-mouth which is powerful tool for companies to create brand awareness. Word-of-mouth, or word-of-mouse on the internet, is interactive, seen as credible, and allows confirmation which is why it is can be very helpful for companies (Blythe 2012, 219). Word-of-mouth can also be negative but in affiliate marketing there often is a deal between the influencer and company, that negative word-of-mouth should be limited.

Some of the benefits for the affiliate in affiliate marketing include low risk, low initial investments and operational costs, no logistical costs, passive income possibilities, and a global marketplace. The risk is low as an affiliate because the affiliate only needs a platform where they can market the products and place links to the merchant they are affiliated with. Some examples of these platforms include personal websites and blogs, and social media platforms such as Facebook and YouTube. Depending on how the affiliate wants to operate, there can be little to no initial costs or operational costs. The affiliate may want to purchase a website host and domain name, but this can be done quite cheaply. Fortunately for the affiliate, they do not have to consider any of the manufacturing, packaging, distribution, or customer services of the merchant, because their job only entails getting users to click their affiliate link and make a purchase from the merchants. Once

this process is completed and a transaction is made, the affiliate will be rewarded a commission for driving the sale. Since the affiliate does not need a store front and can operate solely online, they have a global marketplace to draw from and are able to earn commission passively once their platform is setup, given that the affiliate has traffic on their platform. (Charlesworth et al. 2007, 417-420).

There are huge potential benefits for the merchant as well through having an affiliate marketing program (Charlesworth et al. 2007, 417-418). Since this is marketing strategy can be performance-based, the merchant does not  necessarily need to risk big potential losses on an initial investment, however if they work with a celebrity, they may be required to make a larger initial investment. Several companies don't have the budget to pay for a top-level celebrity or even a top influencer. In certain situations, working with big-name influencer may not even be strategically advantages for a company. (Izea 2018, 1). If the affiliate is paid a commission-based salary on the converted transactions,  they will earn a percent of the revenue that the merchant makes due to their driven sales. If an affiliate does not perform well, the merchant will make no additional losses. This means that there are limited risks for the merchant.

Another benefit for the merchant is that in theory, the affiliate should increase the traffic to the merchant's website by encouraging their users to visit the merchant's website in hopes that the users will make a purchase. The affiliates are often experts in the use of search engines in their own field (Charlesworth et al. 2007, 420) which will help the company in many ways. Not only will this increase the traffic to the merchant's website, but it can also potentially increase the page rank of the merchant as well. This will make their website shown higher up in search engines when a user searches keywords for their website.

## 2.2.1 Affiliate Marketing Fraud

At hindsight, affiliate marketing seems to be a solution to the problem for many people, however with the benefits there are also some potential problems with this marketing strategy as well. When considering utilizing affiliate marketing, it is important that the company is aware of the potential risks. There are several ways that people are able to use schemes to make a commission through affiliate marketing frauds. Some of the most common scams people use for affiliate marketing fraud include adware, cookie-cutting, typosquatting, and loyalty software (Edelman & Brandi 2014, 5). There may be many more kinds of fraudulent affiliate marketing that we are unaware of, but we will focus on the 4 most well-known scams.

The adware fraud is when a user is visiting a merchant's website and is redirected to an affiliate marketer's link due to advertising software, so if the user makes a purchase, the affiliate earns a commission even though they did not cause or encourage the sale (Edelman & Brandi 2014, 5). Cookie-stuffing refers to when a user visits a website and small pieces of code called cookies are dropped from the server into their browser in an attempt to receive an affiliate commission if the user makes a purchase (Edwards 2017). The problem with this is that the cookies dropped in the user's browser can override another affiliate's cookies who actually did the work in encouraging the user to buy from a merchant. This means that a third-party could steal the commission without doing any work in the process of getting the user to buy. Typosquatting is when an affiliate registers a domain name that has a slightly different spelling to a merchant's domain name, so if a user misspells the merchant's domain name in the way the affiliate expects, they will be directed to the affiliate's website, which forwards them to the merchant's website using their affiliate link. (Brandverity 2017). Now if the user buys something, the affiliate will receive a commission without influencing the user to buy. Loyalty software fraud happens when a software is placed on a user's computer by an affiliated to remind users of benefits such as rebates. The loyalty software directs a user to the merchant's website through the affiliate's link instead of the merchant's website directly, so if the user makes a purchase the affiliate will earn a commission. (Edelman & Brandi 2014, 6.)

## 2.3   Negotiations

A good definition of negotiation was given in the book 'Bargaining for Advantage' (1999) by Richard Shell. The definition states that negotiation is a process of interactive communication that takes place whenever someone wants something from someone else. The process is then described in 4 different stages which include preparation, information exchange, bargaining, and closing and committing. (Shell 1999).



*Figure 2 Four Stages of Negotiation (Shell 1999)*

In the preparation phase, it is important to do personal research of the person/company and develop an understanding of what they do and their reputation as a person/company. The more known about the person's/company's past performance and future goals will give insight about whether it is a good idea to cooperate with them. Knowing as much information as possible will give confidence and clarity when approaching them. (Shell 1999).

Next is the information exchanging phase, and in this part of the process it is vital to communicate effectively so each party understands what the other wants and expects. (Shell 1999).

When it comes to bargaining, there may need to be adjustments and compromises made so that both parties are satisfied with the deal. At this point the terms and conditions should be known so there is no confusion about what each party receives from the deal. The deal should be fair and provide mutual benefit for each party. (Shell 1999).

The last phase is closing and committing which may entail some minor adjustments and contracts to ensure each party holds up their end of the deal. There is ultimately trust that each party will do what has been agreed upon. At this point the deal is finalized and put into action. (Shell 1999).

## 2.4   YouTuber Negotiations Interview

An interview (McEachern 2015) has been conducted where a men's fashion YouTuber and blogger named Robin James, explained how to pitch to a YouTube Channel as a brand. This interview gives valuable insight in the mind of a YouTuber and what it takes to get their attention and cooperation. However, this is an opinion of one Youtuber and other might have different opinions about working with brands.

When contacting a YouTuber for business inquiries, the best channel for making contact is through the YouTuber's email found on the "About" page of their YouTube channel. This channel is preferable over attempting to reach a YouTuber through the comments section of their channel or other social media platforms. When emailing a YouTuber for business inquiries, it is important to keep in mind that YouTube is a business for many YouTubers and they should be treated in a professional matter. The email should be personalized and straight to the point, so the YouTuber knows what exactly the brand expects and if the collaboration would be relevant for their YouTube channel. (McEachern 2015).

When James was asked what makes him want to work with brands, he responded that it is not necessarily dependent on the payment received by the brand, but it is more important that what the brand has to offer is relevant for the YouTuber and their channel. For example, if the YouTuber believes in the products, uses the products themselves, or thinks that their viewers would show interest and benefit from the brand's products then the YouTuber would be more likely to agree to work with the brand. Special deals or early access to products also make an impact on the likelihood of a YouTuber to agreeing

to collaborate. When contacting a YouTuber proper research done about the YouTube channel is advised. (McEachern 2015).

The quality and type of video produced by the YouTuber will have an impact on the sales driven by the video which is the main reason for brands to want to work with a YouTuber. Keeping this in mind, the best videos for brands in James' opinion are tutorial and review videos because they provide social proof. However, creativity and expressing their own personality can be very important for a Youtuber. (McEachern 2015). Allowing the YouTuber to show off a brand in their own creative way can be beneficial so that the viewers do not get the impression that it is scripted or an advertisement. This makes the viewers more trusting of the YouTuber they follow.

## 2.5   YouTube

YouTube LLC was established in 2005 as a video sharing website and is headquartered in California. YouTube offers its users a wide range of content including but not limited to educational videos, music videos, documentaries, video blogs, clips from TV, and live streams. Anyone can upload their own videos and others can watch, save, share, like, or dislike the videos. (YouTube 2018).

YouTube uses Google AdSense to earn revenue from advertisements by targeting advertisements based on the audience and content. There is also YouTube Premium which is ad-free and based on a subscription, and premium channels providing exclusive content based on paid subscriptions as well. However, most of the content is free for everyone to access. (YouTube 2018).

## 2.6   Instagram

Instagram is social media service owned by Facebook based on photo and video sharing. It was launched in 2010 exclusively for iOS but was later released for android users as well in 2012. The users are allowed to upload videos and pictures to the platform using editing tools like filters, location information, and tags. Users are able to post publicly or to selected followers, and other users can browser their content by viewing trending feed or searching for tags or locations. These users can like and follower others to see the posts of the user they are following. (Instagram 2018).

## 3   RESEARCH METHODS

This thesis is a mix-method research using both qualitative and quantitative methods. Qualitative research tries to understand the phenomenon on a deeper level. Qualitative research has been criticised for lack of objectivity because the role of the observer has an important role in a qualitative research (Benzo Fourali & Mohsen 2018, 172-175). Quantitative research focuses on numerical data and compared to qualitative research method is a very objective method (Benzo et al. 2018, 301). In this thesis some of the questions will be answered with secondary research which means creating knowledge from previously published data (Benzo et al. 2018, 59). When combining several different research methods in a same research can insights to the researched phenomenon be deeper and more valuable (Benzo et al. 2018, 173). Before starting to collect the data for this thesis it is unclear how much quantitative data, we will receive which is why qualitative and secondary research methods are necessary.

### 3.1   Methods of Answering Research Questions

 The first research question is "How to contact and negotiate with potential affiliate promoters using YouTube and Instagram?" and it will be researched using books, past articles, interviews about working with micro-influencers, and previous  and knowledge and experience. The results of this secondary research method will be discussed in chapter "Planning an Affiliate Marketing Campaign". This is one of the most important questions, because it would be very difficult to collaborate with an influencer if there weren't contact details available. It is a good idea to have thoroughly researched everything available about the influencer beforehand, so that the first message sent can be personalized and unique. Checking how active the influencer is when it comes to communicating with fans in the comment section. Also, making sure that the influencer does not have any scandals or previous criminal record could be important to know before working together. When sending the first message it can be beneficial to give positive comments about the influencer and explain to them why you want to work with them specifically. It can also be beneficial to explain to them the benefits they can receive the collaboration. Some influencers have said in their videos that they were unlikely to even read collaborations that are too long, confusing, copy-pasted, or irrelevant to their platform. Prior knowledge or research of sales negotiations can be helpful to making the collaboration happen.

The second research question asked is "How to plan and implement an affiliate market-ing campaign in collaboration with micro-influencers for Jerone? This question will also be mainly based on previous literature on the subject but will also be partly based on the experience of the affiliate marketing campaign in this thesis. Throughout the process of this research some key insights to planning and implementing an affiliate marketing cam-paign will be discovered. The reason for this campaign being an affiliate marketing cam-paign is because Jerone wanted to try a new method of marketing through social media without having make a large initial investment. Affiliate marketing is a performance-based system in which an affiliate earns commission for each confirmed sale they bring to the company (Catak 2017). Using affiliate marketing there isn't much risk, because Jerone only needs to pay commission on confirmed sales. The only initial investment is free clothing to the influencers. The reason Jerone wants to work with influencers is be-cause there has been previous success using this method, and they wanted to see if it could be successful and help Jerone enter into the US market. When researching the audience size range, we found that micro-influencers could be the best way of marketing with in-fluencers without a large budget. Micro-influencers tend to have a small and active group of followers who may feel some loyalty towards the influencer. This loyalty to the con-tent creator can influence their followers to wear the same clothes as them for exam-ple. This plan is designed so that even if this campaign isn't successful regarding influ-encer sales, the only lost investment is clothing from Jerone. On the other hand, Jerone will still receive exposure on influencers' platforms and reach new audiences. The goal is that some of the influencers will be from the US, so there can be potential customers from the US.

The third question is "What kinds of content creators and size followings are most likely to respond and accept our collaboration offer?". Answering this question will take both qualitative and quantitative methods. When it comes to the influencer's content, it could be about traveling or fitness for example, as long as the influencer still makes style and fashion a part of their page. In addition, the Influencers should have a similar style to Jerone, and their platform can, but doesn't necessarily have to revolve completely around fashion. It is important that the influencer has style like Jerone's because it helps us choose influencers to contact, otherwise if the style is too different, they may be less likely to work with us. On the other hand, if Jerone's clothes are too similar to the clothes they already have they might not want to collaborate for that reason as well. The influ-encer´s content will be analyzed to see if there is a correlation between similar contents

who replied to our offer and made sales. Within the third question we want to know how the subscriber, follower, and viewing numbers affect the likelihood and the possible sales which is why we will analyse the subscriber counts carefully. The aim is to see if there is an ideal subscriber or follower number within the range influencers will be most likely to answer. However, determining the value of a content creator's true social media following can prove to be difficult because the influencer might have multiple different social media accounts, and furthermore if the followers are the correct target group for Jerone.

From the influencers who decline our offer but answer our message we will ask the reasons for declining he offer. This is important because there is limited previous information about negotiations with influencers about affiliate marketing collaborations. They will be the focus groups which means a small group of people associated within the research topic whose opinions will be analysed (Benzo et al. 2018, 183). All of the focus group will be asked what they thought of Jerone's offer to them for this affiliate marketing campaign and what they would have wanted to make it better. The hypothesis is that the higher follower influencers will most likely turn our offer down because they would only get a commission-based salary and the lower follower influencers´ possible reasons for turning our offer down are most likely the lack of brand awareness of Jerone or the difference in the style. For future affiliate campaigns it is important to try to find out what motivates the influencers to collaborate and, if someone doesn't want to collaborate with Jerone it would be valuable information to know if the reasons are because of money or other things like lack of interest or different interests in style. This interview question will be optional and anonymous, but it is aimed to serve the purpose in finding out how to negotiate with YouTubers to get the best results.

The last question is "How does an affiliate marketing collaboration through YouTube and Instagram with micro-influencers affect the global sales of Jerone?". If this campaign is successful, there should be a rise in international sales and brand awareness for Jerone. Depending on the amount of sales Jerone gets from this campaign, the results may be analyzed using Google Analytics where a variety of statistics regarding the Jerone website can be seen. Google Analytics can view statistics such as the location of users, how many pages a user views, the duration of time spent on the website, the number of clicks and much more. The main statistics that Jerone focuses on are the conversion rate and location of users which will be the main statistics we will also focus on in this research. The reason for this is that these statistics are what Jerone is most interested in

knowing and keeping track of, since our objective is to increase the global sales of Jerone. We want to know if our efforts in this research are bringing new international users, and what percent of the people who visit the website, buy something. One of Jerone's goals is to enter into the US market with the help of affiliate marketing with influencers and this information can be obtained using Google Analytics. One issue that may arise, is if a follower of an influencer does not use the discount code when making a purchase, it doesn't get recorded. If this occurs, the influencer won't be able to receive commission for that purchase, because Jerone will not be able to connect the purchase to the follower. Another issue that may arise is that no followers make any purchases, and if there aren't enough sales made during this campaign Google Analytics will not be used.

# 4  FINDING AND CONTACTING THE INFLUENCERS

## 4.1  Instagram and YouTube

When it comes to doing research about which influencer to contact for an affiliate marketing collaboration, it is important to decide which platform to market on, what is the desired audience size, and what influencer is relevant for the topic or product. In the case of this research, the platforms we are using are YouTube and Instagram, and we are looking for micro-influencers who are male and have content relating to fashion or style similar to Jerone's.

A good place to start when searching for a YouTuber to collaborate with is by searching for keywords related to the topic such as men's style. Next, browse different channels and videos until a potential influencer is found that would be good for the collaboration. Some important things to look at when researching a YouTuber can be found on their channel pages. The videos page pictured below shows relevant information such as the subscriber count and a list of recent videos. Comparing the list of recent videos can show how much time the influencer takes between uploading each video and how many views each video is receiving.



*Figure 3. Sample of a YouTube 'Videos' page (How to Beast 2018)*

Another important page to look at when deciding to contact a particular YouTuber is the About page because that is where the contact information can be found. Under "Details" an email for business inquires can be found to contact the YouTuber. Sending a message to the business inquiry might be a good way to contact an influencer about a collaboration. More information can also be seen under "Stats" which shows when the YouTuber made their account and total views on the channel. This information could be useful to know how long the channel has been operating and see the sum total of views on all their videos.
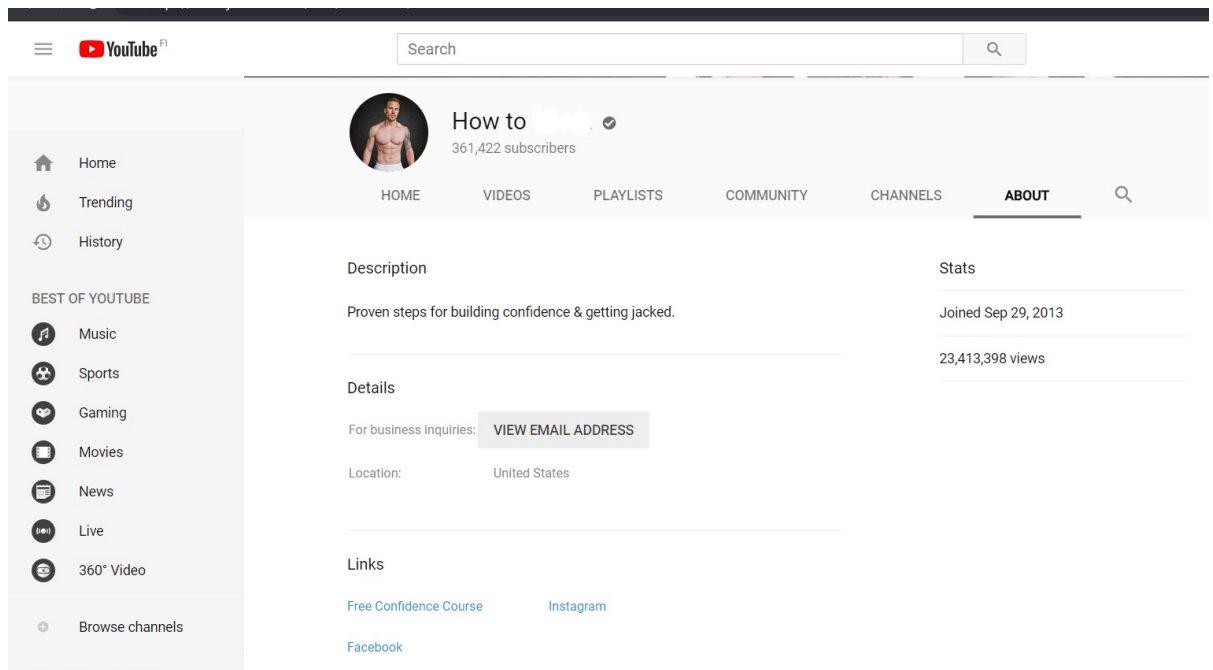


*Figure 4 Sample YouTube 'About' Page (How to Beast 2018)*

The research process for influencers on Instagram is a little bit different and potential faster than YouTube. It could be quicker to find Instagram influencers because it takes less time to view their profile pictures than watching several YouTube videos and learning about the influencer. There is generally less information and details about the influencer on Instagram. Depending on the product specific platforms may be better for marketing. In Jerone's case there are many YouTubers and Instagramers that have their platforms revolving around men's fashion. As seen below, when visiting an Instagram page there is information about the number of posts, number of followers, and room for text which may include location, links, or other details the Instagramer finds important. The number of posts may indicate how long the Instagramer has used the specific account, and the followers will tell how big of an audience they have. In addition, it is important to look at the content of the pictures to see if the product would be relevant on that profile.

In Jerone's case, we are looking for an athletic and good-looking male who has a style like Jerone's.
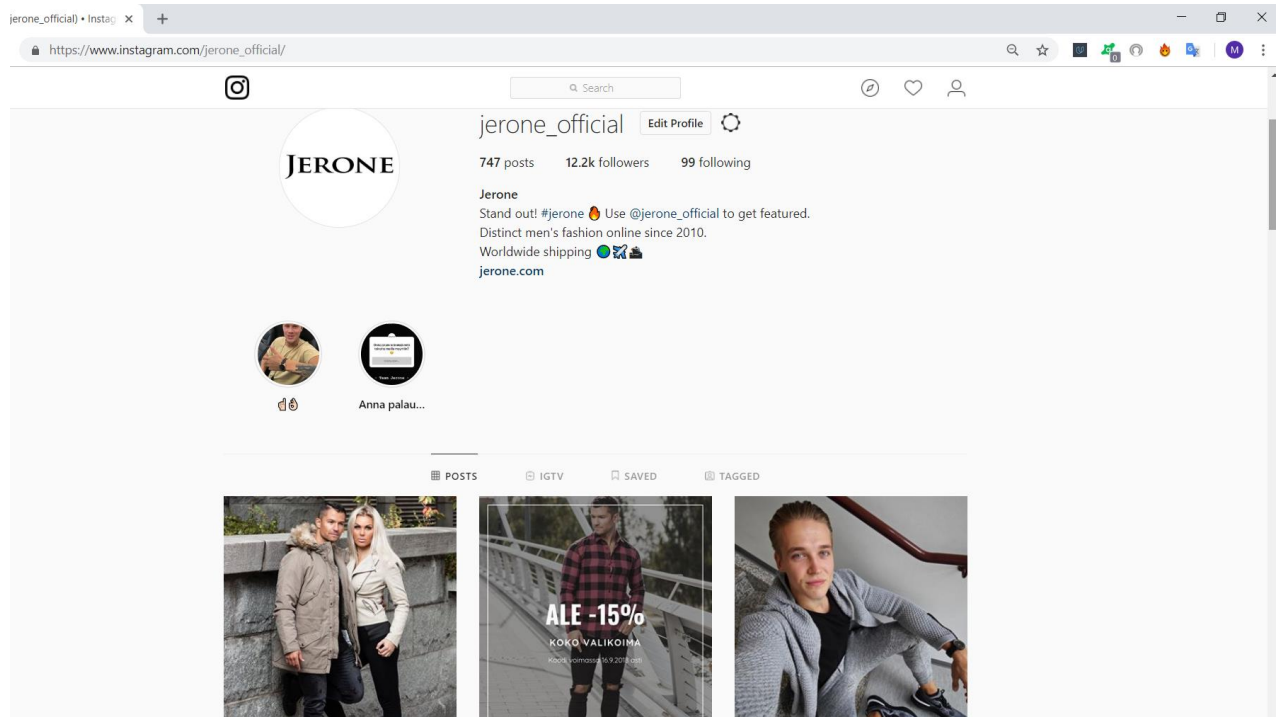


*Figure 5 Sample Instagram Page (Jerone_official 2018)*

When it is time to contact the influencer about a potential collaboration, a good way to reach them is through a direct message or DM on the Instagram app. The message should be short, friendly and direct about wanting to collaborate with them. Influencers might also be able to be contacted by reaching out to them in the comments if they don't respond, however this may be a less effective method for communication about collaborations.

Since Jerone does not have any experience in negotiating with micro-influencers and affiliate marketing, it is difficult to say if this campaign will be successful. It may prove to be harder than expected to find the right promoters for this campaign, and there may be issues in finding a participant who Jerone feels is compatible with their style and values. Some issues that may occur are that the potential affiliates are no longer active on their social media account or that they have too little or too many followers. The problem with having too little followers is that the potential affiliate does not have enough out-reach to bring any significant sales to Jerone, and it could be a waste of resources to send them clothes and have them participate in the campaign. However, we believe that micro-influencers with smaller-sized audiences are more likely to be willing to participate in this

campaign. When it comes to influencers that have audiences that are too large, there are also some issues that we might run into. For example, if the content creator has a big following, they may want more compensation than Jerone is willing to give, such as payment before they have brought any customers to Jerone. It is also possible that bigger influencers already have partnerships or collaborations with other companies, so they may not want to or be able to collaborate with Jerone at the same time.
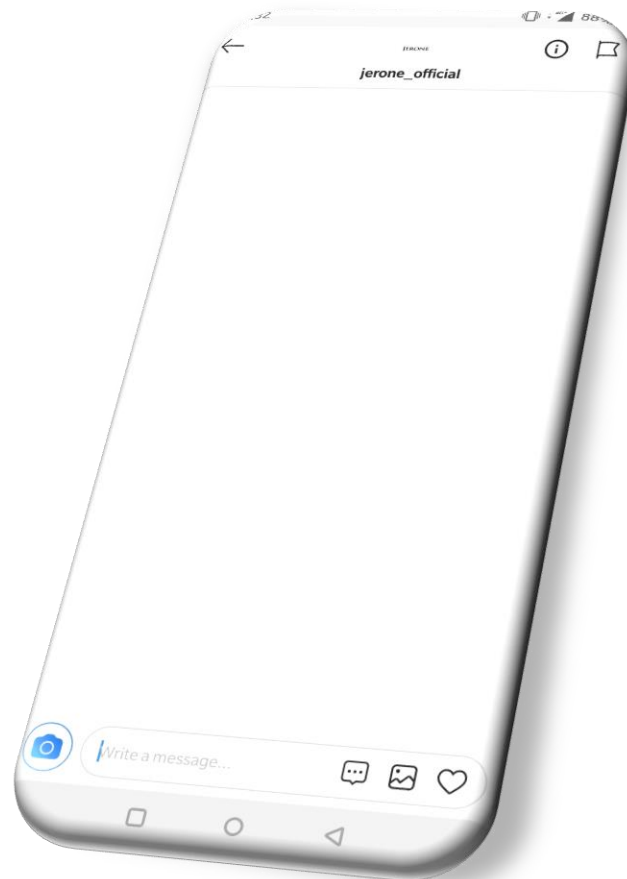


*Figure 6 Sample Direct Message Page (Jerone_offficial 2018)*

## 4.2   Process of Finding and Contacting the Influencers

First, we will discuss the process of contacting potential YouTubers for this campaign which begins with research into potential candidates. YouTubers will be found using keywords to find videos which talk about topics such as "men's self-development", "men's fitness and lifestyle", or "men's style and fashion". The goal is to find a confident well-dressed YouTuber who gives advice to other men about things such as confidence, dating, style, or self-care. The idea behind this is to find the viewers who would like to dress well

and uniquely so that they can stand out in a crowd. Jerone is looking for someone who is charismatic, confident, athletic, and has good quality content. When searching for potential candidates, the YouTuber's activity level on the platform and how many subscribers they have will be noted, as well as the amount of views they receive on individual videos. The activity level is an important factor to see if they are uploading frequently to keep their viewers engaged. This is important to notice, because it gives an estimation of how many people will watch the video including the campaign for Jerone. The goal for this research is to include 3-5 YouTubers with varying subscriber numbers. For example, one YouTuber could have 10 000 or less subscribers, the next could be 10 000 - 20 000, 20 000 – 30 000, and the last one 30 000-50 000. However, since I have not been able to find any other researches about YouTube affiliate marketing, I am unaware of difficulty of finding and successfully negotiating with YouTubers, it is hard to say if obtaining 3-5 of these YouTubers who are willing to do this deal would be possible for this research. Likewise, it can't be said yet if the Youtubers are obtainable within these subscriber ranges, but Jerone would like to see the success rate within different subscriber number ranges. This cooperation may potentially work better based on the number of subscribers a YouTuber has that isn't known yet. The number of YouTubers for this research as well as the number of their subscribers may have to be adjusted. It is unknown how realistic the numbers previously mentioned are when it comes to practically implementing this campaign. It should also be mentioned is that it is also not known how many potential candidates will have to be contacted before finding willing participants for this campaign collaboration.

Once the potential YouTuber candidates are found and reviewed in-depth, they will be contacted through email with an introduction of Jerone and a customized collaboration proposal. The YouTubers generally share their email account to the public on their YouTube account of business inquiries. Then negotiations will begin if we get a positive response. If the YouTuber responds, but does not want to participate in this collaboration, they will be asked to participate in a scripted interview question through email. The goal of this interview question is to find out what the reasons are for declining Jerone's offer and if there was a circumstance where they would be more likely to accept. This interview is completely optional and anonymous, and the results will be used to improve the contacting and negotiation process. The approach to the contacting and negotiation process may be adjusted based on the results of the interview.

If the YouTuber responds, Jerone will offer the Youtubers free clothing to try-on and promote to their viewers. If they are interested, Jerone will make a contract with them and send them the clothes, and they will have a month to promote Jerone's clothes for their campaign. They should make an unboxing video where they try on Jerone clothing and tell their opinion on the style and material of the clothes. Then they will also provide a link to Jerone's website and tell their viewers to use a promotion code to use when they make a purchase to get 10% off their order. When the viewers use this code during the one-month campaign the Youtuber will get a 10% commission on the revenue for each confirmed conversion. The Youtuber will benefit from this commission as well as the free clothing that they will promote. The collaboration with the specific YouTuber may continue if this campaign yields good results and is profitable for Jerone depending on if the YouTuber would like to continue being an affiliate for Jerone.

The process of contacting Instagramers will be similar to how to contact Youtubers, however there will be some key differences due to the different natures of the platforms. For example, since Instagram revolves around photos rather than videos, it is easier for them to produce more content quicker because they do not need to write a script, record and edit long videos. This also means that they tend to not share their values and personalities as much as a YouTuber can in their videos. We will begin searching for Instagramers by using hashtags such as "#mensfashion, #menstyle, #menstreetstyle, #menstreetwear, and #menstreetfashion. We also use hashtags for clothing brands that Jerone sells such as #urbanclassics, #onlyandsons, and #jackandjones. Once the potential promoters are found we contact them through the Instagram direct messaging feature, and this same message was sent to all the Instagramers "Hey, I am contacting you on behalf of Jerone, a men's fashion company established in Finland. We really like your style and would be excited to collaborate with you on your Instagram. We would love to send you some free clothes from our latest collection and have an affiliate marketing promotion with you. Please check out our Instagram @jerone_official and visit our website at https://jerone.com/. We would love to hear your thoughts and ideas, and we are looking forward to your response. Have a great day". With this same message 4 out of 5 contacted influencers both responded and cooperated in this collaboration. There was one other person Jerone collaborated with and he was from Italy and contacted us for a collaboration, so he was included in the campaign.

When searching for Instagram influencers, it is important to make sure that they post regularly, and they interact with their followers in the comments. They should also have high quality photos with emphasis on their style and clothing. Influencers who live in the North America and specifically in the United States get priority for this research. The goal of collaboration with 3-5 people with varying followers on Instagram as well as YouTube. For example, one influencer could have 1500 followers, the next could be 3000 5 000, 10 000, and the last one 15 000. It is difficult to say if collaboration with 3-5 Instagramers is possible for this research, however we think that it will be easier to obtain Instagramers rather than YouTubers because it is a bigger commitment for YouTubers and takes more time and energy for them to make a video than an Instagramer to take a picture. Once the potential promoters are found, they will be contacted through Instagram direct message. If they decline, we will ask them for an interview and if they accept, we will negotiate the terms with them. After negotiations we will make a contract and send them their clothes. The Instagramers will be able to make posts and Instagram stories promoting the clothes for an entire month, and their followers will receive a 10% discount and the influencers will receive 10% commission on revenue for each of their confirmed sales. The collaboration with the specific Instagramer may continue if this campaign yields good results and is profitable for Jerone depending on if the YouTuber would like to continue being an affiliate for Jerone.

## 5   RESULTS

### 5.1   Contacting Micro-Influencers on YouTube

When contacting the influencers on YouTube, there was a total of 9 YouTubers contacted by Jerone of which two people responded. The YouTubers were selected to be contacted based a variety of their characteristics. The ideal influencer Jerone was searching for was someone who had a large and active following but not one so big that they required extra investment, someone who was charismatic and had good quality videos and content, and someone who was in good physical shape and had a similar style to Jerone's. In addition, it was a benefit if the person was from the United States since Jerone has an interest in increasing their customer base from the U.S.

The information and statistics used in this research includes subscriber counts, total views, total post count, average total views, and average views in 24 hours. For a few of the influencers contacted, there was more data obtained such as demographic statistics on gender, country, and age of the viewers.

The first social media influencers that were contacted were based on YouTube's platform. The first Youtuber contacted is a men's fashion and lifestyle content creator. He is from a large city in the United States and had 52,400 subscribers at the time of this research. He had a total of 2.3 million views in 58 posts, and his average total views per video was 29,200 views and within 24 hours the average was 3,700 views. He was contacted because his style has similarity with Jerone's, he has high quality videos, and he has an active and good-sized audience. By good sized audience it is meant that the he had a large enough audience but not so big that we would have expected him to request a higher pay or benefits than we were offering. This YouTuber replied to our email about a collaboration, but he rejected our offer, because he thought the styles did not match enough.

The next influencer that responded was a Fitness model and trainer and reality TV star in England. At the time of this research, he had 9,059 subscribers, a total of 3,267,240 views, 46 uploads, and 3353 daily views. The reason this influencer was contacted was because he is charismatic and fit and Jerone thought he would be a good representation for their company. In addition, he was a reality TV star so Jerone thought that he would have a

good outreach of followers even though his subscriber count was lower than other YouTubers contacted. However, we received a response from his manager saying that he doesn't work on an affiliate basis and would require additional salary in order to collaborate.

The other 7 influencers contacted for collaboration did not respond to our emails. The next influencer contacted is from the east coast of the United States and his channel is about building confidence and fitness. He was chosen for collaboration because he has all of the characteristics that Jerone wanted for an influencer which include things such as a large audience, similar style, charisma and good physical fitness. At the time of this research, he had a YouTube subscriber count of 229,400 subscribers with a total of 12.1 million views and 192 posts. His average total views per post were 63,200 and 7,400 within 24 hours. This YouTuber had the biggest subscriber count of the influencers we contacted but he was one of the best options for Jerone. The demographics of his following at the time of this research for locations included 34% from the United States, 13% from Germany, and 12% from United Kingdom. The gender demographic shows that 94% of viewers are male and 6% female. The age demographic includes 42% of viewers are in the age range of 25-34 and 27% from the age range 35-44. These demographics are attractive to Jerone because they are targeting males in the United States and United Kingdom from these age ranges and 69% of these viewers are in between these two age ranges. Unfortunately, this YouTuber did not respond to our collaboration requests.

The next YouTuber contacted is a friend of the previous YouTuber discussed, and he is an American living in Mexico. His channel is about tips on dating, business, lifestyle, and world travel. At the time of this research, he had 5,982 subscribers with a total view count 452,076 and 62 uploads. He didn't have a business inquiry email for collaborations, but we contacted him through YouTube messaging and he didn't respond.

After that, the next YouTuber who was contacted is a fitness & lifestyle consultant from the United States. He was chosen to be contacted because he is fit and puts an emphasis on style in his content. He had 190 uploads, 24,806 subscribers and 1,744,621 total views. He did not respond to our collaboration request by email. After further investigation he could have been contacted through Instagram as well since he has a bigger audience there of 81,600 followers.

Next, a model, photographer, and editor from the United States was contacted. He was chosen for a collaboration because he has high quality contact and street style similar to Jerone's clothing. He had 17,288 subscribers, 72 uploads, and a total of 950,754 views. This YouTuber did not respond to a request to collaborate with Jerone.

A Swiss-born, U.S.-based self-help speaker, entrepreneur and dating coach was contacted next for a collaboration. He was chosen because he has a devoted group of followers and he wears clothing of some brands that Jerone sells already. At the time of this research he had 93,400 subscribers and 202 uploads. He received an average of 45,800 views per video and had a total of 9,300,000 views. This YouTuber also has audience demographics based on age, gender and location. The age rage 25-34 makes up 35% of the audience and the rage range 35-44 makes up 19% of this audience. This channel is predominately watched by males as they are included in 99% of this YouTuber's audience. The main locations of the viewers of this channel are the United states with 38%, the United Kingdom with 15% and Germany with 6%. This YouTuber's demographics are favorable to Jerone because at least 54% of the viewers are in Jerone's target age range and 99% are males which is Jerone's main target group. There is also 38% of viewers located in the United States and Jerone wants to increase their market share in the United States. Unfortunately, this YouTuber did not respond to our collaboration email.
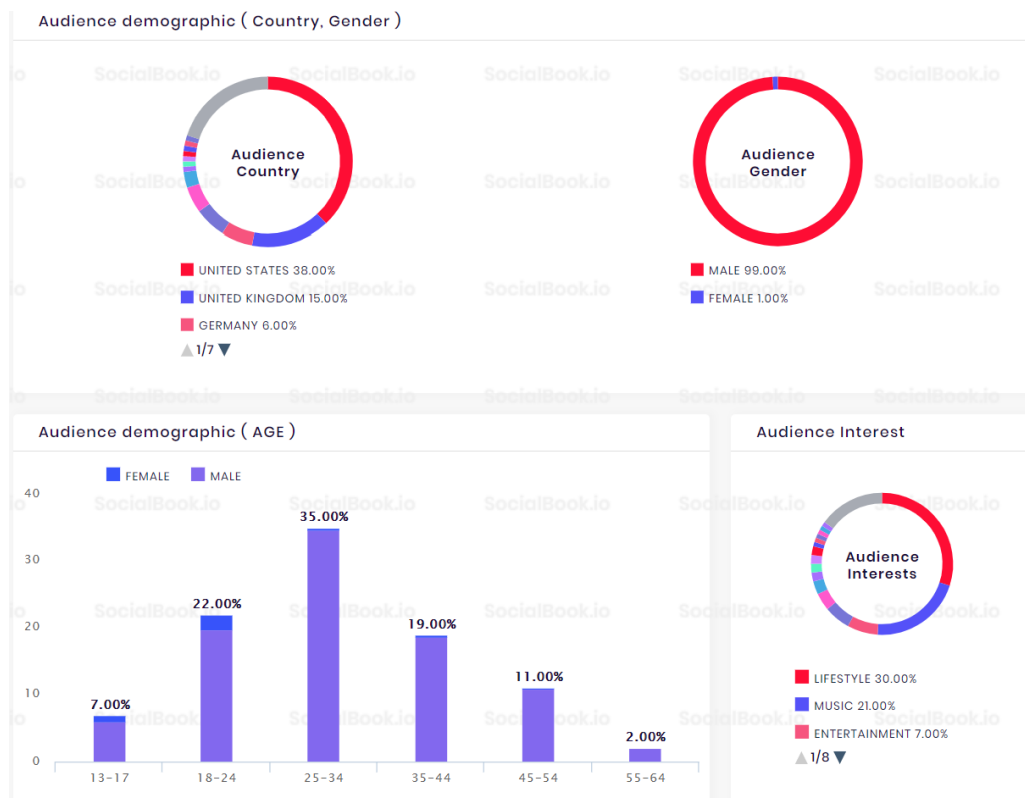


*Table 2 Sample of Influencer Statistics (SocialBook.io 2018)*

Another YouTuber was contacted after this, and he is a British vlogger, and fitness and fashion enthusiast. He was chosen because he is in good physical shape and makes many clothing haul videos. A clothing haul video is a video about trying-on and showing the clothing in the video, and it usually includes comments and opinions about the clothing from the YouTuber. At the time of this research, he had 8,375 subscribers, 265 uploads, and 862,932 total views. This YouTuber did not respond to our email request for collaboration.

The last YouTuber contacted is from the United States and he is a fashion vlogger. He had 421 uploads, 28,425 subscribers, and 3,631,562 total views at the time of this upload. He was chosen because he has a style that matches with Jerone's clothing and he has high quality video content. When contacted through email, he did not respond however.

Due to the lack of influencers collaborating with Jerone on YouTube's platform, there isn't any data to analyze about the type or size of influencers that would want to collaborate with Jerone. Only two out of the nine Youtubers contacted answered why they didn't want to collaborate. The other answer can be categorized as needing a better salary and the other as not fitting into Jerone´s style. It is worth noting however, that the respondents to the collaboration had 50 000 subscribers or less at the time of this research.

## 5.2    Contacting Micro-Influencers on Instagram

When realizing we had struggled to succeed obtaining collaboration with YouTubers, we started focusing more on Instagram to see if we could get better results. We thought we could potentially have more success on Instagram because it is much easier for the influencers to create content on that platform. For example, an Instagramer can snap a quick photo or make a short Instagram Story, and on the other hand YouTubers generally have to spend more time writing a script, shooting, editing and uploading the video in order to produce their content. When contacting Instagramers, we were pleasantly surprised that 5 out of 6 people that we contacted decided to do a collaboration with Jerone. All the Instagramers collaborated the same way. We wrote an agreement with each of the influencers and gave them a discount code and voucher for $100 to pick out some clothes to share on their social media. This campaign occurred for an entire month.
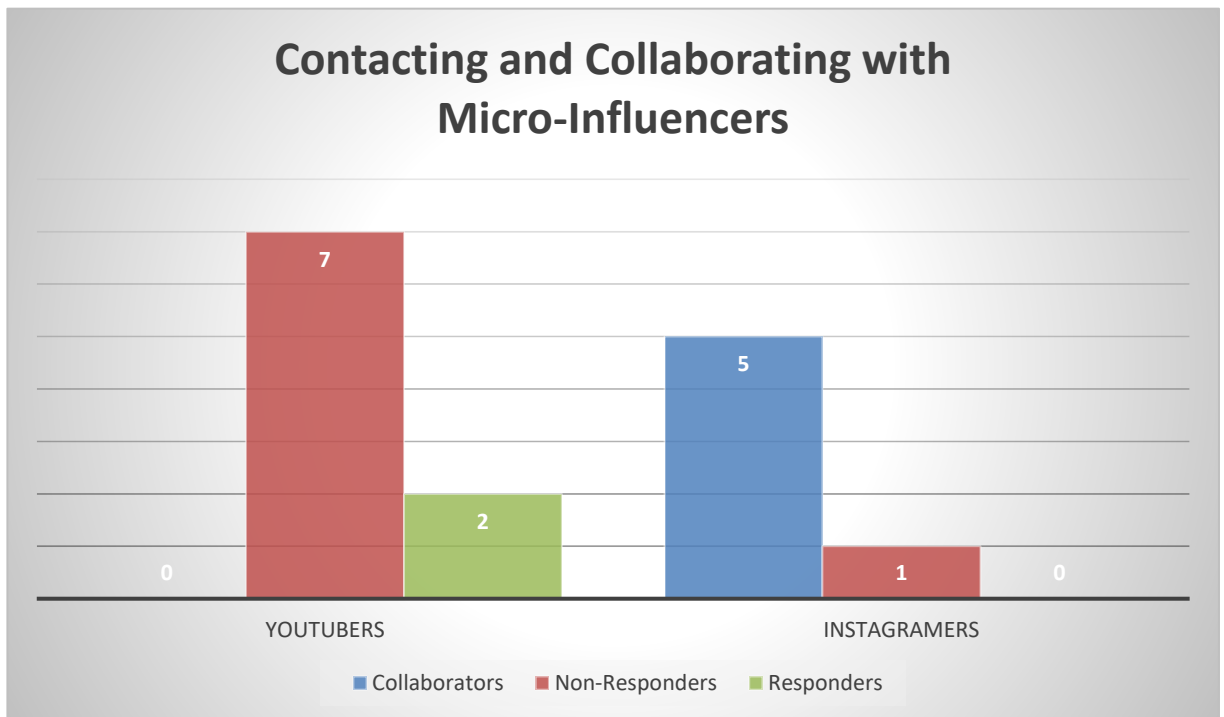
*Table 3 Contacting and Collaborating with Micro-Influencers. The number of YouTubers and Instagramers who responded but didn't collaborate (green), Non-Responders (red), and responders who collaborated (blue).*

The first person contacted by Jerone was a man from the east coast of the United States who had 1773 followers at the time of this research. He is a street style fashion enthusiast and was happy to work with Jerone. He mentioned Jerone in one story and he posted one picture with the neck bag he purchased from Jerone. This picture received 432 likes and 22 comments. Unfortunately, when receiving his clothes, he noticed that a pair of sweatpants and a long-sleeved shirt were too small on him. We apologized and offered to send him replacement clothing free of charge and he said that he would choose some replacement, however he did not order any extra clothes and broke contact with Jerone. His discount code was never used throughout this campaign.

The next person contacted is a fitness and fashion enthusiast located in Toronto and Miami, and at the time of this research he had 4158 followers. He mentioned Jerone in a story and made a short Instagram video wearing a Jerone shirt. In addition, he posted a picture of the shirt and received 606 likes 10 comments. After seeing his posts, we realized he posted the wrong discount code, but we quickly adjusted it, so it worked again, but his discount code was never used throughout this campaign.

A Canadian fashion enthusiast from Toronto was contacted next and at the time of this research he had 3043 followers. He mentioned Jerone in 2 different posts and the first one received 454 likes and 48 comments, and the second one received 321 likes and 30 comments. In addition, he mentioned Jerone in a story 4 different times throughout the month of June. Although he tagged Jerone in a total of 6 posts through the month, his code was never used.

The next influencer contacted was a photographer and street fashion enthusiast from the United States with 13,400 followers at the time of this research. He had the highest follower count of the people we collaborated, and he was very excited to cooperate with us. He mentioned us in a collaboration post the same day we made the deal. Then he tagged Jerone in three different stories throughout the month and received 1335 likes and 62 comments on the first post, 1316 likes and 46 comments on the second post, and 1283 likes and 59 comments on the third post. He was the first and only influencer that had his discount code used. His follower received a 10% discount for their purchase of a NASA beanie which was 19.90 pounds and he saved 1.99 pounds.
 on the Jerone website.

During the beginning of this campaign an Instagramer contacted Jerone for a collaboration so he joined this campaign. He is a fitness and style enthusiast from Italy and had 17,600 followers at the time of this research. Jerone was mentioned in a total of 4 stories and 2 pictures with 200 likes each from this Instagramer. In the end of the campaign, his discount code was never used.

The last Instagramer contacted is a fashion blogger from the United States and had 30,800 followers at the time of this research. He did not respond to our request to collaboration. His lack of response could possibly be because he has a larger following.

On the Instagram platform, the types and size influencers who would be willing collaborate with Jerone had more data since 5 out of the 6 contacted influencers participated with in the campaign. Each of the participating Instagramers was a fashion enthusiast of some sort, but some of their platforms were also geared towards things such as fitness, photography, and specifically street fashion. The range of followers the Instagramers had during this research was between  about 1700 - 17 000 followers with a mean of 7995 followers and a median of 4158 followers.

### 5.2.1   Comparing Followings of Influencers Who said Yes, and No

Overall 33% of micro-influencer contacted decided to collaborate with Jerone. In this chapter the popularity of the influencer will be analysed, and there is a comparison to see if there is a correlation with an influencer's popularity and their likelihood of collaborating with Jerone.
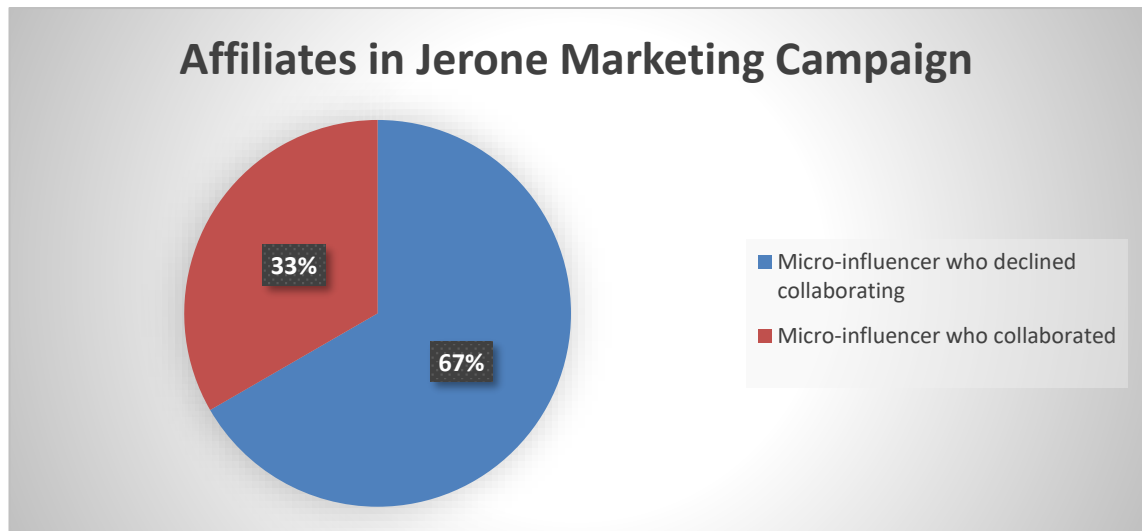


*Table 4. Micro-influencers who were contacted in Jerone marketing campaign. Influencers who declined collaboration are in blue and influencers who collaborated are in red.*

The first respondent for YouTube had 52,400 subscribers and 2.3 million total views at the time of this research which puts him near the median of followers the influencers have that Jerone contacted. His response was that he didn't feel like his style matched well enough with Jerone so there was no collaboration. The last YouTuber that responded had 9,059 subscribers over 3.2 million total views at the time of this research. It is worth noting that the first YouTuber had almost about 1million fewer total views than the second YouTuber who has a much smaller following. A reason for this might be because the second YouTuber has been a reality TV star so could be getting views for being known for something other than YouTube. He did not collaborate because he wanted an additional salary. When it comes to the YouTubers followings who didn't respond, the smallest YouTuber contacted had 6000 followers and the largest had followers 230 000 at the time of this research.

When it comes to Instagram influencers, the one with the lowest following had almost 1800 followers and the highest following had about 30 000 followers at the time of this

research. The only influencer to not respond was the content creator with the largest following. There was one sale during the campaign, which is credited to the Instagramer with a following of 13 000 which is the second highest following out of the influencers who collaborated with Jerone. The targeted range for Instagram is smaller due to adjustments made after previous experience with contacting YouTuber for collaboration. Working in this smaller range of influencers with lower followers could have had an influence on their likelihood to collaborate. Since these influencers are smaller and less established, they seem to be more willing to collaborate with previously unknown brands to them.

### 5.2.2 Working with the Micro-Influencers

When working with the YouTubers there was a very different outcome compared to the Instagramers. Out of the 9 YouTubers we contacted only 2 replied. The replies included one influencer saying that he doesn't feel like Jerone matches his style closely enough, and the other YouTuber had their agent reply and ask for a salary to be included in the deal. Jerone refused because they wanted to only provide clothing and discounts for the influencers during this campaign. Each of the 9 YouTubers were contacted through email that they provided on their YouTube accounts for business inquires. Each potential promoter was emailed multiple times and was given weeks to respond, but no responses ever arrived.
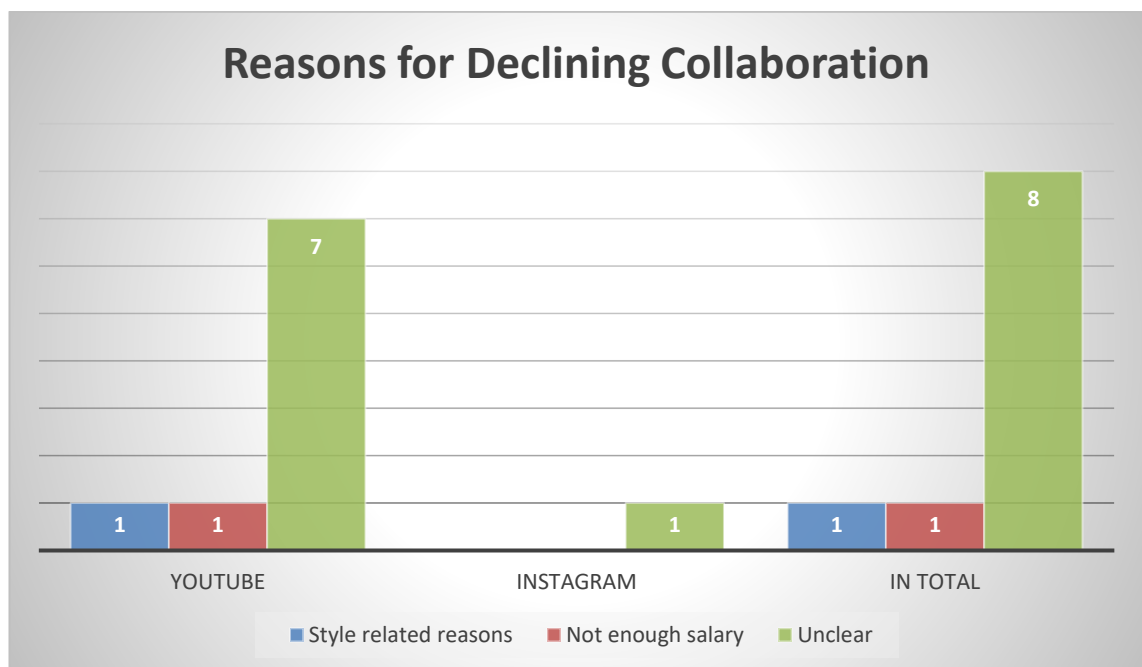


*Table 5 Micro-influencers' Reasons for Declining Collaboration*

The results on Instagram were almost completely opposite because 5 out of 6 of the potential promoters contacted responded within the same day of our message, and the other person contacted never responded. Each of the participating influencers agreed to our terms immediately with no negotiations or questions asked. We were caught by surprised that each of the people were so willing and ready to participate in our campaign and it seemed promising. However, problems occurred with the first Instagram influencer we sent clothes to, and the issues was that some of the clothes did not fit properly. We quickly offered to send him items of his choice to replace the clothing pieces that did not fit correctly. He said that he would take a look at the clothing on the website and tell us what to send him, however we were never able to receive a response from him after that even though we sent him several reminders about replacing the clothing. Another issue that occurred with the influencers was that one of them was posting and telling his followers to use a discount code which was incorrect compared to the one we gave him. This mistake was also quickly caught and updated so that his code would work properly. Finally, the biggest issue we faced during the campaign was that even though each of the influencers for Instagram posted Instagram stories or pictures around 4-5 each about Jerone throughout the span of the campaign month, there was only one confirmed sale by only one of the influencers.

### 5.2.3    Difference Between Instagram and YouTube

There are many differences between Instagram and YouTube when it comes to affiliate marketing with micro-influencers. For example, the nature of each platform differs greatly with the main difference being that Instagram revolves around sharing pictures and more recently short Instagram video called Instagram stories. On the other hand, YouTubers have to make quality videos, edit and upload them consistently in order to build a following. For this research the Instagramers were more reliable when it comes to responding and collaborating for this campaign however, they were not effective when it came to making sales. It is unknown if any YouTubers could have made any confirmed sales, because there were not any successful collaboration agreements with YouTubers. There were two YouTubers who responded, and one respectfully declined the collaboration proposal and the other responder was requesting a salary to be included in the agreement.

### 5.2.4   Success of Jerone's Affiliate Marketing Campaign

This marketing campaign did not successfully increase the overall global sales of Jerone, because only one purchase was made using an affiliate discount code throughout the one-month promotion. There may have been more purchases without the use of the discount code, however those results are unable to be recorded in the statistics. Due to lack of data from sales, Google Analytics was not used throughout the process of this research to analyse the results however some other statistics can be concluded. For example, out of the influencers who didn't participate, 10% was due to style preference, 10% was due to requested salary, and the remaining 80% didn't clarify the reasons for not collaborating. Overall, there was 33% participation of the influencers who were contacted in the collaboration.

# 6  PLANNING AN AFFILIATE MARKETING CAMPAIGN

When planning a marketing campaign, the company needs to consider many things such as size of a budget, size of an order, number of potential buyers, geographical spread of buyers and what is the firm trying to achieve with the campaign (Blythe 2012, 250). In this research, the strategy is affiliate marketing which can be done with a relatively small budget, can reach geographically wide audience and can have positive effects in brand awareness, positive image of the brand and create a lot revenue if done well. According to the findings in this thesis and the negotiations model made by Shell (1999), this is how I would recommend making a successful affiliate marketing campaign for Jerone or other company who wants to make an affiliate marketing campaign.
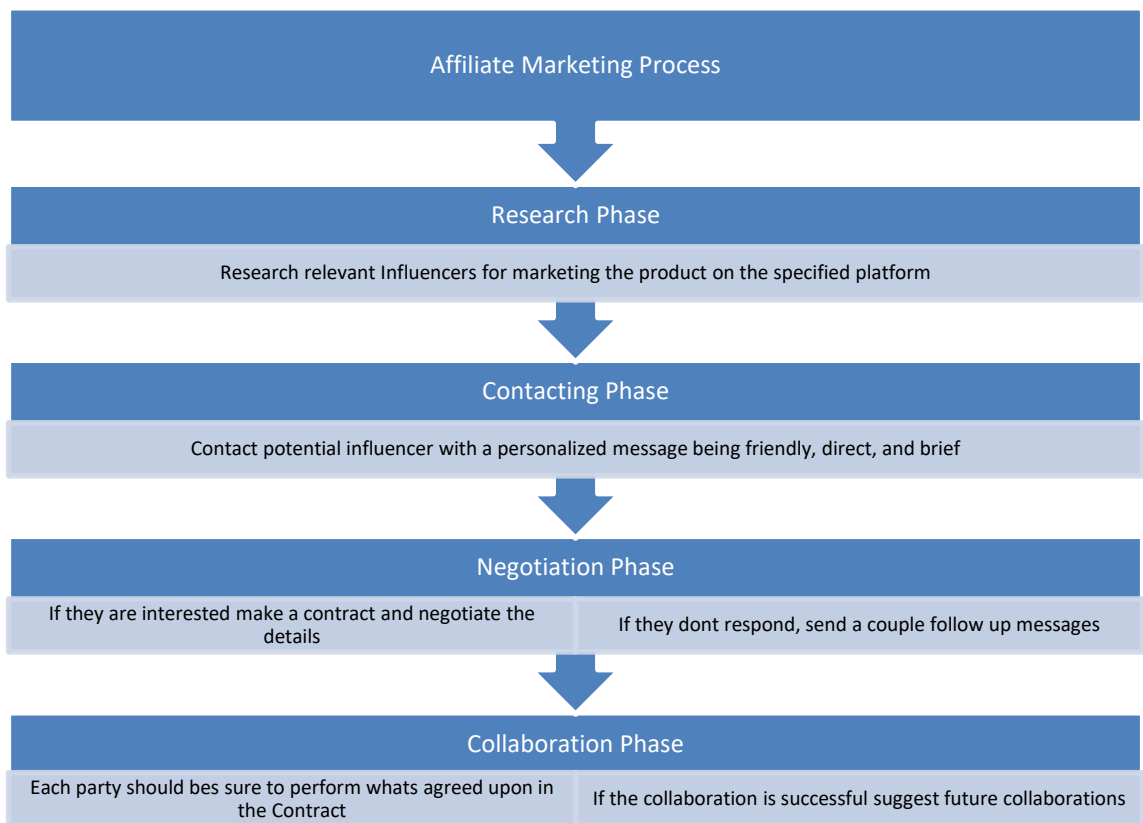
| Affiliate Marketing Process |
| :---: |

| Research Phase |
| :---: |
| Research relevant Influencers for marketing the product on the specified platform |

| Contacting Phase |
| :---: |
| Contact potential influencer with a personalized message being friendly, direct, and brief |

| Negotiation Phase | |
| :---: | :---: |
| If they are interested make a contract and negotiate the details | If they dont respond, send a couple follow up messages |

| Collaboration Phase | |
| :---: | :---: |
| Each party should bes sure to perform whats agreed upon in the Contract | If the collaboration is successful suggest future collaborations |

*Table 6 Affiliate Marketing Process*

## 6.1  Research Phase

When researching for the potential affiliate, it is important to find the best people to represent the brand. It´s vital that the affiliate is profitable (Blythe 2012, 222) which is why a carefully prepared budget is significant for an affiliate marketing campaign. The affiliate should also be dependable with staying on track with the marketing plan (Blythe 2012,

222) which is why their overall social media content creation should be relevant to the brand. The affiliate's main objective is to bring sales and positive brand awareness to the business which is why it is necessary that they can reach the target viewers (Blythe 2012, 222). Therefore, the affiliate should be professional, reliable and have a large enough audience in the desired target group.

In addition, there are websites to find information about influencers and get statistics of their audiences. For example, statistics like the country, demographics, gender, and interests of the audiences can be found for some content creators. These statistics are important because a company could lose money if they aren't reaching the correct audience but continue collaboration with the content creator. In Jerone's case, we were looking for influencers who have an audience with a majority of their viewers from the United States who are male, in the age range 20-40, and interested in things like fashion or fitness.

## 6.2    Contacting Phase

According to Blythe (2012, 194) when developing effective marketing communication these six steps should be followed 1. Identify the target audience 2. Determine the desired response 3. Decide the message 4. Select the channel 5. Choose the sources characteristics and 6. Gather feedback. The same can is applicable when contacting  possible affiliates. The first step should be already done in research phase but when planning to contact the affiliate it is important to personalize the message according to the affiliate´s character. In step two the marketer should think how the affiliate might react to different messages. If the message is too long or has many mistakes, the influencer may not want to spend the time reading it or even dismiss it if they think it doesn't sound like a professional and reputable company. Include positive comments about the influencer's previous work  or what makes them stand out can show them that the company is invested in them specifically instead of just sending messages to any influencer they can find. In step three, a copy of the message is written and in step four the channel through which the message is sent is decided. The influencer should be contacted based on the contact details given whether it's an email, phone number, or direct message through an app (Izea 2018, 8). For example, in Jerone's case, Youtubers were contacted through email, and Instagrammers through direct message in the app. Step five details what needs to be discussed about how the product or service will be represented by the affiliate collaborating. This is useful also for the negotiation phase. After the message is sent a follow up phone call could also

increase the chance of the influencer getting the message. There is always a chance that the content creator would want to collaborate but doesn't see the message. If there isn't a phone number to follow up with, a follow up email can also be beneficial to send in case the person didn't see the first message or if they saw it and didn't get a chance to respond it can be used as a good reminder. If the message is directly to the point and easy to understand, it would be more convenient for the influencer and minimize confusion. After communications with the affiliate has been opened it is useful to carry out the step six and collect feedback about the message for example in the form of a market research.

## 6.3 Negotiation Phase

During the negotiation phase, we wanted to offer the potential influencer several motivators for collaborating with Jerone. The initial benefit the influencer receives is free clothing. With the free clothing the influencers will have content use for a video, and they will have a discount code to give to their followers for Jerone. Many content creators really care about their fans and want to give them exclusive offers, so this may be another motivator for the influencer as well as their fans. Even though Jerone wasn't offering salaries for the influencers, they did have an opportunity to make a salary through commission on the sales. Jerone was hoping that the affiliate marketing opportunity and idea of making commission would make the influencers want to try their best to confirm sales. The reason given for why Jerone is doing this campaign was because they want to enter in the US market. If the influencer agrees to our collaboration offer, we ask them to sign a collaboration agreement. It is important to have an agreement, so each party knows what each is responsible for during the campaign and it is vital that both parties understand what the other expects from them. Both parties should be ready to compromise though the deal should always be fair and provide benefit for each party. (Shell 1999).

## 6.4 Collaboration Phase

If the negotiation phase has been done well there should be a trust and commitment from both parties (Shell 1999). During the collaboration phase, each party should meet the requirements included in the agreement. For example, Jerone and the influencers agreed that they would have one month to post as much as they want about the free Jerone products they receive. They get a discount code which would be valid throughout the entirety of the month. It may be beneficial to agree on the number of posts and what kind of posts

are made throughout the given time of the collaboration. Staying in contact with the influencer throughout the collaboration process can help minimize issues (Charlesworth et al. 2007, 419) for example, giving feedback to the influencer can keep the company and content creator on the same page during the process. Affiliate marketing campaign marketers should treat the affiliates as part of the sales team and help them with making sales with sales tactics and quality advertising materials. It also goes without saying that the affiliate should have access to the product or service marketed so. (Charlesworth et al. 2007 419). If the collaboration is successful, addition collaborations or continuation of collaboration could be beneficial.

# 7   DISCUSSION AND CONCLUSION

When writing this thesis there are a few things I would have done differently such as not waiting for YouTubers to respond for such a long time or possibly focusing more on Instagram for this research. In my opinion the reasons why, the YouTubers did not respond or want to work with Jerone might be because they are a smaller unfamiliar brand from a foreign country. Many of the YouTubers only show popular name brand products and they might make a salary from other companies so being that Jerone is an unknown company to them and Jerone didn't give a salary offer might also be a reason why the YouTubers did not find our collaboration appealing. Another reason they might not have answered could be due to them not seeing the email in their inbox or being aware of the offer.

It is interesting that almost all the contacted Instagram influencers wanted to collaborate even though most of them couldn't make any confirmed transactions throughout the campaign month. It should also be noted that many of these Instagramers do collaborations with companies on a regular basis, so it shows that the followers are not interested in buying these clothes even when they post positive comments about the outfit. This shows that in this case the influencers couldn't have enough of an influence on their followers to encourage them to make a purchase even with the limited time discount. The influencers were also offered 10% commission on revenue of sales, which we thought would be enough motivation for the influencers to try to push, sales but the results show that they were possibly not. However, each of the influencers for Instagram did post several times about the collaboration with Jerone, but only one follower ever made a purchase.

This research was useful to Jerone to show them the applicability of utilizing social media influencers to market their products and help them enter new markets. The results of this research show that it might not be a good strategy to continue using and Jerone should possibly look for new alternative methods for increasing their international sales. This thesis might also be useful to show other small companies the difficulties and risks that may arise when trying to produce a marketing campaign similar to this one.

 If there would be another research on this topic of affiliate marketing with micro-influencers, it may be beneficial to increase the resources used to find influencers and promote the collaborations. Due to the nature of this research, testing the objectivity, reliability,

and validity can be quite difficult. To further explain, a repetition of this research may have a completely different outcome because of the high variety of variables when dealing with different influencers and their followings. The next possible research about this topic for Jerone could be to try affiliate marketing again focusing on Instagram in the Finnish and Swedish market or if they want to try entering the US market again but increase brand awareness and possibly use an influencer marketplace. Marketers may find relevant micro-influencers easier through an influencer marketplace. These influencers are actively searching for potential collaborations with companies. (Izea 2018, 8).

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**APPENDICES**

Appendix 1. YouTube Collaboration Sample Email

Dear_____,

I am contacting you on behalf of Jerone, a men's fashion company established in 2010. Recently we have begun expanding to the United States and we would like to collaborate with your YouTube channel.

WHY WE WANT TO COLLABORATE WITH YOU?

-       Our brand comes from the Spanish name Jerone and it represents strength, confidence, and breaking out of your comfort zone. We feel that our values align with yours when it comes to helping men become the best version of themselves.

-       We really like your energy and determination in your videos and feel like your pep talk style of talking is a great inspiration for young men.

-       You have a nice balance in your videos of fitness knowledge and motivation, lifestyle and dating advice, and men's fashion and style tips.

-       You video aesthetics improves on every video and we really like that you incorporate new editing techniques and drone shots on a consistent basis.

WHY YOU MIGHT WANT TO COLLABORATE WITH US?

-       Jerone's slogan is "Stand out from the masses" (referring to our unique style and sense of confidence it brings) and we believe that this is a similar core value you are passing on to your viewers.

-       We have a distinctive European style and we want to give your viewers early access to hear about Jerone and an exclusive discount.

-      We allow you to incorporate Jerone in your video using your own creativity. (i.e. no script for the video)

HOW WE WOULD LIKE TO COLLABORATE WITH YOU?

-      Affiliate Marketing campaign where you earn 10% commission on revenue.

-      We send you some free clothes to keep and use in a video.

-      Your viewers get a 10% discount code for any purchases to our website throughout the duration of the campaign.

Please check out our fashion sample pictures attached and visit our website at https://jerone.com and let us know if you are interested in working with us. We are willing to hear your thoughts and ideas. We are looking forward to talking to you in the next email.

Best Regards,
CEO Petro Mäntylä