



VAASAN AMMATTIKORKEAKOULU
UNIVERSITY OF APPLIED SCIENCES

Caro Pankka

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Sosiaalisen median vaikuttajamarkkinointi on otettu käyttöön yritysten toimesta, jotka haluavat markkinoida kohderyhmilleen sitouttavalla ja luotettavalla tavalla. Kuitenkin vain pienellä osalla näistä, sosiaalisen median vaikuttajamarkkinointia hyödyntävistä yrityksistä on todellista tietoa toimintojensa keskeisimmistä suorituskykymittareista. Opinnäytetyön aihe valittiin aiempien tutkimusten puutteen ja toimeksiantajan tarpeen perusteella, jotka toimivat myös motivaationa opinnäytetyön toteuttamiselle. Vaikka toimeksiantajayritys on tehnyt yhteistyötä sosiaalisen median vaikuttajien kanssa jo useiden vuosien ajan, se ei ole aiemmin mitannut suorituskykymittareita yhtä laajalti, eikä siksi tiedä onko markkinointitapa kannattava heidän tavoitteidensa osalta.

Opinnäytetyön teoreettista viitekehystä koskevat keskeiset käsitteet ovat sidoksissa sosiaalisen median vaikuttajamarkkinointiin, sosiaalisen median vaikuttajiin sekä teorioiden keskeisiin suorituskykymittareihin ja niiden laskentamuotoihin. Empiirisessä osassa opinnäytetyön tekijä on kerännyt numeerista tietoa yritykseltä suorituskykymittareiden, sitoutuneisuuden, myyntikonversion ja bränditietoisuuden mittamaiseksi sekä pyrkii analysoimaan tulosten taustalla olevia syitä. Kvantitatiivisen menetelmän lisäksi, opinnäytetyössä käytettiin myös kvalitatiivista menetelmää vaikuttajien seuraajien reagointien analysoimiseksi, jotka ovat erittäin olennaisia tekijöitä sosiaalisen median sitoutumisen tulosten ymmärtämisen kannalta.

Tutkimus paljasti hyödyllistä tietoa yrityksen sosiaalisen median vaikuttajamarkkinoinnin suoritustasosta sekä pystyi vastaamaan etukäteen määriteltyihin tutkimuskysymyksiin. Kerättyt tiedot ja data-analyysi tarjosivat tietoa suorituskykymittareista sekä antoivat mahdollisuuden esittää lausuntoja siitä, miten toimintoja voitaisiin kehittää ja jos tulokset osoittautuvat luonteeltaan negatiivisiksi tai positiivisiksi, mitkä voisivat olla syitä niiden taustalla.

ABSTRACT

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Social media influencer marketing has been adopted by companies willing to market to their target customers in an engaging and reliable manner. However, only small share of the companies currently using social media influencer marketing have actual knowledge regarding the key performance indicators of their activities. The title of the thesis was chosen based on the lack of previous studies and an actual need from the subscriber of the study which also was the motivation for conducting the research. Although the case company has collaborated with social media influencers for multiple years, it has not measured the key performance indicators as broadly before and, therefore, does not know whether it is a viable marketing method in terms of their goals.

The essential concepts concerning the theoretical framework of the thesis revolve around social media influencer marketing and social media influencers as well as the calculation forms of the key performance indicators presented in the theory. In the empirical section of the thesis, raw numerical data was gathered from the case company's analytics in order to measure and analyze the key performance indicators, including engagement, sales conversion and brand awareness. In addition to the quantitative method, also qualitative method was used in the thesis in order to analyze the impressions of the influencers' followers, which is extremely integral in terms of understanding the results of social media engagement.

The research revealed viable information of the performance level of the case company's social media influencer marketing activities and was able to answer to the research questions that were defined beforehand. The data gathered and the data analysis provided insights regarding the key performance indicators and allowed statements to be presented on how activities could be developed and what could be the reasons behind the positive or negative results.

Keywords	Instagram, influencer marketing, key performance indicators, social media
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TABLE OF CONTENTS

1	INTRODUCTION	7
1.1	Aim of the Thesis.....	8
1.2	Structure of the Thesis	8
1.3	Research Questions.....	9
1.4	The Case Company.....	9
1.5	The Case Brand.....	10
1.6	The Current Status of Activities and Predefined Goals.....	11
2	THEORETICAL FRAMEWORK.....	12
2.1	Influencer Marketing	12
2.1.1	<i>Content Marketing</i>	13
2.1.2	<i>Social Media Marketing</i>	14
2.1.3	<i>Referral Marketing</i>	14
2.2	Identification of Brand Appropriate Influencers.....	15
2.2.1	<i>Fisherman's Influence Marketing Model</i>	15
2.2.2	<i>Customer-Centric Influence Marketing Model</i>	16
2.2.3	<i>Relevance, Engagement, Authenticity, Reach & Frequency</i>	18
2.3	The Four M's of Influencer Marketing.....	19
2.3.1	<i>Make</i>	20
2.3.2	<i>Manage</i>	23
2.3.3	<i>Monitor</i>	26
2.3.4	<i>Measure</i>	27
2.4	Influencer Collaboration and Compensation Types	29
2.5	Instagram Influencer Tiers.....	32
2.5.1	<i>Nano Influencers</i>	33
2.5.2	<i>Micro Influencers</i>	33
2.5.3	<i>Mid-Tier Influencers</i>	34
2.5.4	<i>Macro Influencers</i>	34
2.5.5	<i>Mega Influencers</i>	34
2.6	The Key Performance Indicators of Influencer Marketing.....	35
2.6.1	<i>Brand Awareness</i>	35
2.6.2	<i>Engagement</i>	35

2.6.3	<i>Sales Conversion</i>	37
2.7	Instagram as a Marketing Platform.....	37
3	RESEARCH METHODOLOGY	39
3.1	Data collection	39
3.2	Methodology	40
3.3	Sampling	40
4	EMPIRICAL RESEARCH.....	42
4.1	Influencer Background Information	42
4.2	Results.....	43
4.2.1	<i>Sales Conversion</i>	43
4.2.2	<i>Engagement</i>	46
4.2.3	<i>Brand Awareness</i>	50
4.3	Data Analysis	51
4.4	Development Suggestions.....	60
5	CONCLUSION	62
5.1	Reliability and Validity.....	63
5.2	Limitations and Future Research	64
	REFERENCES.....	65

LIST OF FIGURES AND TABLES

Figure 1. The Relationship Between Influencer Marketing and Other Related Marketing Activities	12
Figure 2. Fisherman's Influence Marketing Model	16
Figure 3. Customer-Centric Influence Marketing Model	17
Figure 4. The Phases of Trickle and Ripple in Influencer Marketing.....	20
Figure 5. The First Stage Influencer Filter.....	21
Figure 6. The Seven Steps for Influencer Management.....	24
Figure 7. Influencer Measurement Factors	27
Figure 8. Instagram Influencer Tiers.....	33
Figure 9. Instagram Engagement Rate Classification.....	37
Figure 10. Instagram User Distribution	38
Figure 11. Influencer Tiers & Follower Amounts	42
Figure 12. Follower Count in Relation with Engagement %-rate.....	48
Figure 13. Comments' Sentimental Value.....	49
Figure 14. Interest Distribution.....	52
Figure 15. Country & Gender Distribution.....	54
Figure 16. Follower Account Types	56
Figure 17. Post Frequency per Week	57
Figure 18. Content Length	59
Table 1. Collaboration Related Expense & Income	44
Table 2. Collaboration Related Profit, Loss & ROI%.....	45
Table 3. Instagram Post Impression Statistics.....	46
Table 4. Engagement %-Rate & Rate Type	47
Table 5. Collaboration Related Instagram Follower Growth.....	50
Table 6. Collaboration Related Website Traffic Growth	51

1 INTRODUCTION

Before the technological advancements arrived, only one mass media was accessed by the consumers, namely television. This made marketing activities relatively effortless as companies could rely on the fact that they could interact with the masses, including their target customers by simply advertising on television. After the creation of the internet and social media platforms, consumers spread widely and it became increasingly difficult for brands to reach their customer segments. In addition, consumers became more aware of the companies' marketing tactics and had grown to be quite skeptical towards them. There was a need for authentic, engaging and reliable marketing method that could locate target audiences (Mathew 2018).

As social media platforms grew and got increasing amounts of users, some of the individuals began to create quality content themselves and, after some time, gained loyal followers and became social media influencers simultaneously drawing attention from the companies willing to market to their target customers in an efficient way. Social media influencers were the consumers' reliable sources of information that was missing from the market and, therefore, were attractive in the eyes of marketers (Bailis 2019). During the past years, brands have conducted collaboration agreements with social media influencers in different social media channels and as a result, influencer marketing has grown into a 4,6 billion-dollar industry. It has been predicted that the numbers will continue the growth and by the end of 2019, the industry would reach 6,5 billion dollars (Influencer Marketing Hub 2019 a).

However, despite the fact that the sector is developing, especially small businesses tend to have uncertainties regarding the marketing method and have suspicions of whether it is a profitable investment (Bailis 2019). The uncertainties are understandable since there is a clear lack of information regarding the topic and it can be quite intimidating for a business willing to launch its first collaboration, without previous experiences or any type of transparent data. This thesis strives to provide guidance specifically for smaller businesses in order for them to educate themselves in the area, conduct more informed decisions and to recognize the most used key

performance indicators within the marketing sector of social media influencer marketing.

The scope of this research is limited to influencer marketing on only one social media channel, namely Instagram. The objective for selecting this particular channel for the study is two-fold. The first reason behind the choice is the definition of Instagram acting as the most important and the most extensively used social media channel in influencer marketing (Bailis 2019). The other reason is the fact that the case company uses Instagram almost as a sole channel for its influencer marketing activities and therefore, it provides most of the data available.

1.1 Aim of the Thesis

The fundamental aim of the thesis is to research whether social media influencer marketing is a profitable and useful marketing method in terms of some of the most used key performance indicators within the industry. The aim is to answer to specific research questions and investigate how the past collaborations have succeeded based on sales conversion, brand awareness and engagement. The research will solely concentrate on using Instagram as a social media channel and strives to deeply understand and analyze the reasons behind the results gathered from the case company's raw data regarding its social media marketing activities.

1.2 Structure of the Thesis

This thesis has four main chapters, the first one is the introduction which explains shortly the topic of the thesis, its scope and objective. The chapter also includes key details of the case company and the case brand. The second chapter possesses the theoretical framework based on previous studies regarding the topic and the third chapter describes the research methodologies used in the study. The fourth chapter presents the data collected as well as the results of the research and the analysis conducted. The final, fifth chapter concludes the thesis by summarizing the key findings, critically evaluating the thesis and by providing suggestions for further studies.

1.3 Research Questions

The research questions were chosen based on the case company's needs and general assumptions surrounding social media influencer marketing activities. In the study, the aim is to provide answers to the following three research questions:

Q1 Is social media influencer marketing a financially profitable investment for the case company?

Q2 Does higher investment equal more sales?

Q3 Do influencers with smaller follower count produce higher engagement?

1.4 The Case Company

The case company operates within the local and global e-commerce industry and its only physical location is in Southern Finland. The company was established in 2012 by three friends studying in the university who decided to pursue opportunities in the field of trade and e-commerce. In this thesis, the company, the brand and the influencers will remain anonymous due to privacy issues and the delicate nature of the data used.

The company's concept is to provide a complete online service package for self-owned and external brands. The company maintains the brands' local online stores, social media presence and digital marketing, including the measurement of the digital marketing analytics. In practice, this means that the company creates content to the brands' local digital channels as well as executes other online marketing activities according to the marketing strategy. The company also plans and creates the brands' websites and, depending on the agreement, can also handle the actual logistics, storage and delivery processes for the brand.

Currently, the company's employee count is over 20, including the entrepreneurs and the number is continuously growing. Out of the total 13 online stores, there are eight international units operating in various European countries. Today, a signifi-

cant share of the company's turnover of approximately 4,5 million euros is generated by the international customers and importing activities are still strongly present in the company's daily operations. Due to the amount of turnover and the personnel count, the company can be classified as a small-sized business.

The case company's motivation to share data regarding its influencer marketing activities and to commit themselves to the thesis conducted is that although active users of the social media influencer marketing method, they have not previously measured the efforts as extensively or calculated officially the key performance indicators of their social media influencer marketing. The hypothesis of not believing that the social media influencer marketing is an effective and a profitable way of marketing was initially expressed by the company's employee currently handling the activities. The suspicion was placed mainly due to the high investment costs and not believing that the efforts can actually produce a sufficient amount of return compared to the investments conducted. However, the assumption was later corrected by stating that the belief today is that influencer marketing can be profitable if the operations influence beyond Instagram. This means that the company believes that a real celebrity is more powerful than a mere "Instagram celebrity".

1.5 The Case Brand

The case brand chosen concentrates on women's clothing and has built presence in the industry for the past 43 years. Initially, the brand aimed to make stylish clothes for gymnastics, fitness and dance but later on extended the selection for the general population. The brand separates itself from the competitors with several different patents and technologies, which promote practicality and comfort. Its line includes clothing pieces such as pants, shoes and sweatshirts. It sells its products in more than 40 countries and has multiple partners world-wide handling the online sales and marketing efforts.

The case company has been one of the brand's partners for years and controls its online sales operations in Finland, Estonia, Sweden, Norway, Latvia, Lithuania, Poland, Austria and Germany. In this thesis, the data is based on the influencer marketing efforts conducted in Germany and Austria. The case countries chosen

are based on the case company's request, as it has concentrated most of its social media influencer marketing investments on Germany and Austria and, therefore, a significant amount of data has been generated within these particular markets. The case company's marketing efforts for the brand have included, for instance, e-mail marketing, social media marketing and social media influencer marketing. In this thesis, the focus will be on social media influencer marketing on Instagram and the data gained from the activities conducted within that specific sector of marketing.

1.6 The Current Status of Activities and Predefined Goals

As stated before, the company has not measured their influencer marketing activities as broadly but it has conducted research to some extent. Before beginning the collaboration with an influencer, the company takes into account the quality of the content produced, the follower amount, engagement rate and the demographics of the followers. The follower related demographic details are gained from the influencers. The targeted customer segment for the brand's influencer marketing activities is German and Austrian 18-45-year-old women. All the collaborations sealed between the influencers and the company are qualified as long-term agreements, since they include more than one Instagram post. The company does not have any kind of official back up plan if their activities were to fail but they are prepared to use other marketing activities to support the possible unsuccessful actions, and as a final resort, to terminate the collaboration agreement if the content created does not correspond the promises. Occasionally, feedback is requested from the influencers but mainly about the products, not involving the overall communication or other aspects of the collaboration. Sometimes advice may be given in selecting the appropriate size or, for example, regarding the products' new features but the company does not provide any official instructions for the influencers.

Below is a list of the company's main goals for the influencer marketing activities in order of importance.

1. *Financial Profitability*
2. *Brand Awareness*
3. *Engagement*

2 THEORETICAL FRAMEWORK

2.1 Influencer Marketing

Due to the digitalized world, consumers have shifted into a pattern where they rely on individuals, such as influencers to find relevant information that could assist them to conduct purchase decisions. This is one of the reasons for the exponential growth of influencer marketing and why it is such a big part of the marketing ecosystem (Brown & Fiorella 2013). The attractiveness is caused by the influencers' trustworthiness in the eyes of their followers and by their ability to convert the followers into loyal customers. Today, 63% of brand marketers collaborate with 10 or more influencers to promote their services and products (Barker 2018).

Influencer marketing has been brought to the attention of people as a new marketing activity, however, this is not the case. The concept of using influential individuals that affect people's opinions has been around for decades, long before for example, online marketing. The form of influencer marketing that is a current topic in terms of marketing circles, is on the other hand quite new establishment. The new form of influencer marketing refers to the use of non-celebrities on social media platforms in order to promote a brand's product or service and what can also be referred as social media influencer marketing (Grin 2019 a).

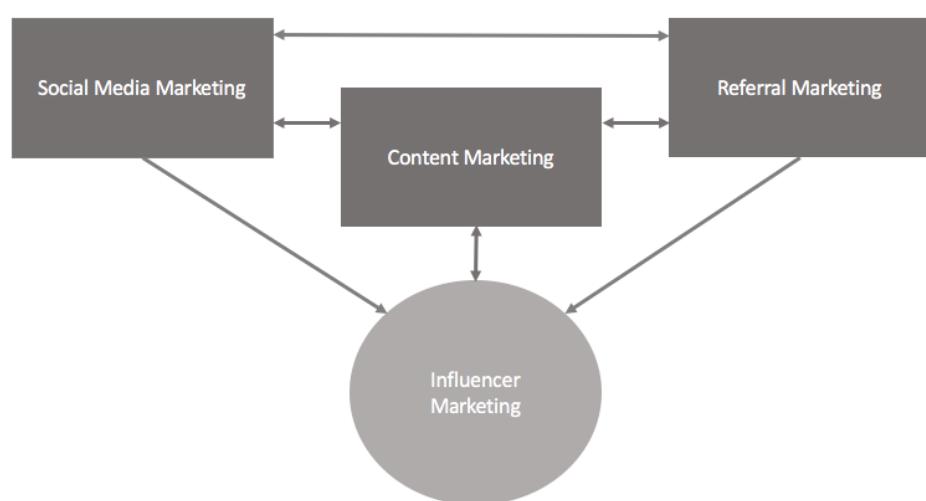


Figure 1. The Relationship Between Influencer Marketing and Other Related Marketing Activities (Nirschl & Steinberg 2018, 7).

The very fundamental purpose of influencer marketing is to use influencer endorsements and product mentions to reach goals, such as brand awareness, conversion, and engagement, which all can be also referred as influencer marketing key performance indicators (Chen 2019). Collaborating with an influencer allows the brand to have direct access to their loyal follower base and is useful in terms of expanding the reach of the promotion (Barker 2019 b). When exploiting influencer marketing, it is integral to comprehend that it holds key factors from multiple other marketing concepts but also distinct features that cause differentiation. In Figure 1, the relationship between influencer marketing and other related marketing activities is described (Nirschl & Steinberg 2018, 7).

2.1.1 Content Marketing

There is no specific definition invented for content marketing but according to the Content Marketing Institute: "Content marketing is the marketing and business process for creating and distributing valuable content to attract, acquire, and engage a clearly defined and understood target audience – with the objective of driving profitable customer action" (Content Marketing Institute 2015). Content marketing can be described as an umbrella term, which is included in all marketing concepts that at some level involve the creation and sharing of content. The most common motivation behind content marketing and especially sharing the content is to attempt to affect the decision-making process of the customers through the use of content (Pulizzi & Barrett 2009).

Content alone cannot provide desirable results without involving a trusted individual's voice, which in this case would be the influencer. Even if a brand would create high-quality content, it would not be as effective as if the message would be delivered to the customers by a reliable source (Barker 2019 a). Influencer marketing and content marketing are neither completely independent marketing concepts but instead, are related to each other and, therefore, they can be labeled as interdependent. Due to this, brands should integrate these two marketing efforts into one coherent marketing concept (Grin 2019 b).

2.1.2 Social Media Marketing

In their book of Friends with Benefits: A Social Media Marketing Handbook, Darren Barefoot and Julie Szabo (2010) describe social media marketing as a set of actions where a brand uses multiple or one social media channel to promote the brand and the products or services it sells. The activities that the social media marketing encloses should be related and complementary with the online marketing strategies of a company. The benefits of social media marketing are extensive but the essential reason why brands choose to exploit marketing on social media platforms is the popularity as, since the arrival of technological advancements the use of other traditional media platforms has declined (Barefoot & Szabo 2010).

The key differences between social media marketing and influencer marketing are that influencer marketing can be conducted on other platforms than just in social media and it exploits referral marketing actions whereas in social media marketing often the brands themselves are the main drivers of the message delivered. Social media marketing, as the name refers, is always conducted on social media platforms and cannot be used on traditional marketing platforms, such as on television. However, today influencer marketing usually refers to marketing on social media and, therefore, the two concepts are quite similar (Silverman 2018).

2.1.3 Referral Marketing

Referral marketing is also known as word-of-mouth marketing and is a useful marketing activity that drives leads and conversions. In practice, referral marketing means an action where an individual recommends a product or a service to another person and therefore affects his or her purchase decision-making. This concept is powerful due to the fact that the opinions or referrals are conducted by "real people" and not by the brand whose product the target of the recommendation is. An actual referral marketing consists of a friend or acquaintance recommendation, which differs from influencer marketing (Kunis 2018).

The main difference between the two is that usually influencers are compensated by some way for their promotional efforts and in referral marketing, the shared recommendation is purely motivated by the will of the person referring (Parker 2015). Although two different concepts, influencer marketing can be considered to operate as a certain form of referral marketing, since the fundamental actions and aims are very much similar (Kunis 2018). Also, in both of the concepts, other individuals create content regarding the brand's products and services and the brand at some level grants them the power to influence the public brand image (Torkildson 2018).

2.2 Identification of Brand Appropriate Influencers

Finding a brand-appropriate influencer can be complex and time-consuming, since the process is much more than solely searching for an influencer with the highest following. Marketing guides direct the brands to especially collaborate with influencers that are able to act as brand representatives and who drive a positive brand image (Snyder 2019; Clarke 2018). By exploiting influencer marketing with an influencer who aligns with the brand's objectives, it is possible to reach better results than with multiple other marketing methods. According to Inna-Pirjetta Lahti (2016), the founder of PING Helsinki, an appropriate influencer is someone who knows the company and the product well or is genuinely interested in it, can be classified as an industry expert, has a mutual target group, possesses a respectful amount of followers in relation with the engagement level, is cooperative and knows marketing and how to create quality content (Lahti 2016).

2.2.1 Fisherman's Influence Marketing Model

The current theories of influencer marketing propose the influencer to be placed at the center of the entire marketing concept. However, despite this fact, the marketing science exposes the truth that actually, the center of the concept should be the customers, since they are the individuals conducting the final purchasing decisions. This implies that the influencers, as well as the brands and their delivered brand messages are all circling the customers, competing for their attention. The Fisherman's Model, as can be seen from Figure 2, represents the presently used strategy where the key is to identify the influencers who can reach a broad range of people

within specific interests. The brands are required to recognize the role that an influencer has in the community and the final brand message is modified according to the influencer's position. The title "Fisherman's Model" refers to the concept of identifying the fish that you, as a brand are trying to catch, choosing the right waters and then casting the net and hoping that the end result turns out to be successful (Brown & Fiorella 2013, 77).

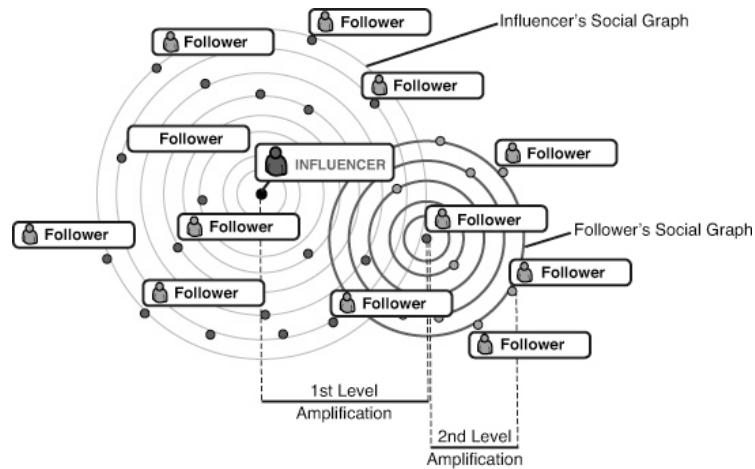


Figure 2. Fisherman's Influence Marketing Model (Brown & Fiorella 2013, 77).

If acting as in the Fisherman's Model, where brands concentrate their influencer marketing activities circling around the influencer, the entire concept of decision-making process is being ignored. The first step of this model is to identify the targeted customers' demographics and communities and the possible threats and opportunities these enclose. Finally, influencers with the most extensive reach are chosen and the brand strives to educate them in order for the influencers to deliver the brand message to the customers that were identified in the first stage (Brown & Fiorella 2013, 77).

2.2.2 Customer-Centric Influence Marketing Model

As previously mentioned, science has overruled the Fisherman's model but still, it can be a valuable component of influencer marketing strategy if used only as the first step of it. The model assists the brands to recognize the appropriate influencers and the communities they have, which is useful knowledge in terms of targeting customers. However, the main focus should be the customers and placing them at

the center of the influencer marketing concept. This particular theory is called Customer-Centric Influencer Model and it can be visualized as in Figure 3 (Brown & Fiorella 2013, 78).

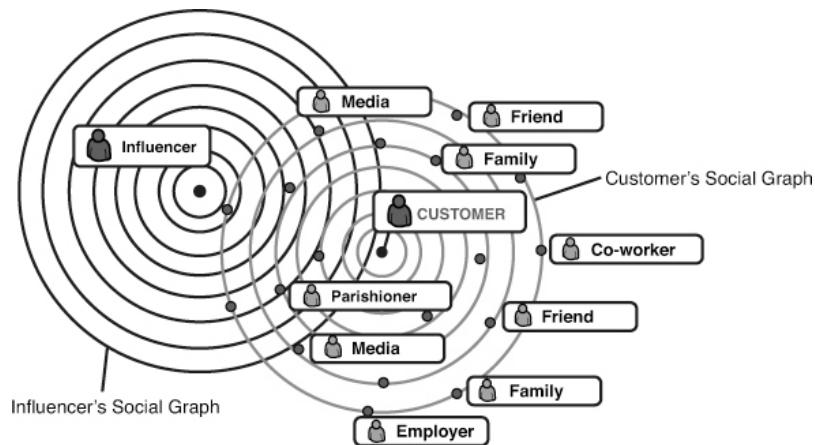


Figure 3. Customer-Centric Influence Marketing Model (Brown & Fiorella 2013, 78).

By acting according to the Customer-Centric Model, a brand acknowledges the decisions that are conducted by the end-users and research the factors influencing them. The first step of this model includes the same actions as in the Fisherman's Model, identifying the target customers' demographics and communities. The first stage is the only factor that unifies the two models. Instead of adopting the identification of keywords and sentiment to stimulate influencer amplification, in the Customer-Centric Model, the brand strives to apply a more customer dominant approach. This is performed by searching for the trending topics within the targeted customers and carrying the activities based on the information (Brown & Fiorella 2013, 79).

Identifying the customer profiles and the engaging topics surrounding them are only the first initiatives of the Customer-Centric Influence Model. Regardless of the platform where the customers interact with the influencers, the engagement is affected by multiple external factors that have a positive or negative influence on the reception. This concept is called situational influence and it encloses different factors existing in the communication between the influencer and a potential customer, which have an impact on the purchasing decision-making process. In the situational

analysis, a brand investigates the nature of the communication by acknowledging the topics that are continuously present among the parties and the external influences. After the identification of customer profiles and performing the situational analysis, recognition of customer and influencer is conducted. During this stage, the brand should research the customer profiles' actual decision-maker and according to this information, in addition to the previously discovered data, who is able to choose the appropriate influencer (Brown & Fiorella 2013, 79-82; Hobbs 2019).

2.2.3 Relevance, Engagement, Authenticity, Reach & Frequency

Relevance – It is important for a brand to have an influencer whose followers correspond to the brand's target audience. By selecting an appropriate influencer with followers that share the same interests, which are at some level related to the product or service that the brand is offering, will have a significant impact on the success status of influencer marketing activities. Relevance can represent the content that the influencer has created and how it is relevant for the brand's product and target audience but it can also demonstrate the relevance in terms of customer segmentation. Does the influencer's follower community have the same qualities, such as demographics as the brand's target customers? If not, the influencer marketing activities will most likely fail to achieve the predefined goals (Michaels 2018; Hahn 2019).

Engagement – The follower count of an influencer does not result automatically in high engagement and, therefore, if a brand is willing to collaborate with influencers who have actual response from the target audience, more research regarding the topic is required to be conducted. The amount of engagement an influencer has, is actually very essential in terms of success level of the activities. A high engagement refers to the fact that the influencer has created a community where the followers feel comfortable communicating with the influencer through comments and likes and these factors also influence on how the followers will respond to the brand's message delivered through the influencer. An ideal influencer has a sufficient engagement rate and active followers, which are gained through genuine relationships and engaging content (Spencer-Harper 2018; Michaels 2018).

Authenticity – As these key concepts regarding the appropriate choice of an influencer are not a secret, influencers are aware of the factors that will provide them the best compensation against promotional collaborations. Unfortunately, this has sometimes resulted in suspicious ways of gaining followers as there are sites wherefrom one can purchase followers and reactions. This is why the authenticity of the influencer and the content created is integral in terms of the possibilities for the activities to succeed. A brand should evaluate and use available analytics to search whether the follower base of an influencer is authentic. Also, a brand should require for engaging and authentic content creation as personal stories are more compelling than generic product reviews or single mentions (Spencer-Harper 2018; Michaels 2018).

Reach – Although, the engagement and the relevance of the influencers are extremely important factors to take into account in the process of finding a brand appropriate influencer, reach also does matter. As has been stated previously, reach does not solely provide valuable information but without reach, there is no audience who to market to. The reach should be evaluated in order to qualify it as meaningful for the brand message. An insight into the key figures an influencer holds, is an effective way to discover whether an influencer is appropriate for the brand (Clarke 2018).

Frequency – For an influencer to be engaging, there needs to be frequency detected in the social media posts. This means constant updating of the account and multiple posts per week, even per day. If an influencer were to publish rarely, there will be significantly less visibility gained for his or her posts. The frequency also provides the benefit of increased traffic from existing and new followers and therefore also affects the brand awareness that the collaboration brand receives. Influencers that create constantly quality content tend to have more loyal followers who expect the influencers to post on a certain basis (Clarke 2018).

2.3 The Four M's of Influencer Marketing

The Four M's of Influencer Marketing were created to replace the traditional Four P's of Marketing to some extent. As the technological capabilities have changed,

marketing has also developed as a concept and therefore, more accurate theories were required to guide the newly established marketing activities, such as social media influencer marketing. By adopting these guidelines, the collaboration has a stronger probability to succeed and to present itself effective. The Four M's of Influencer Marketing include the disciplines of make, manage, monitor and measure (Brown & Fiorella 2013, 151, 154-155).

2.3.1 Make

Make is the first step that the users of the Four M's of Influencer Marketing should begin with. The procedure allows the brand to "make" influencers through the process of connecting with individuals who have the power to transfer the customer into the next step in the purchase decision cycle, despite the fact where they are in it. In order for the brands to acknowledge the stage that the customer is in the purchase lifecycle, they need to place the customer in the center of all influencer marketing activities, as in the Customer-Centric Influence Marketing Model. This information is valuable due to the fact that the brand can understand the impulses that a customer needs in order to continue to further stages. The first stage make involves two sections: identifying the path of the persona and activating the influencer (Brown & Fiorella 2013; Panno 2017).

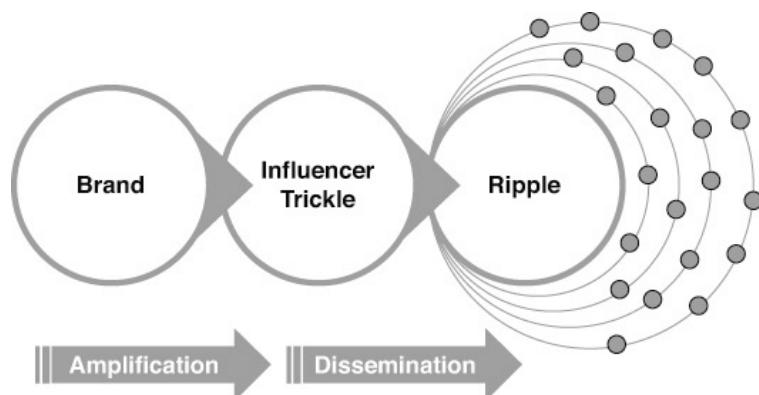


Figure 4. The Phases of Trickle and Ripple in Influencer Marketing (Brown & Fiorella 2013, 157).

Brown and Fiorella (2013) argue that there are two phases in every influencer marketing campaign: Trickle and Ripple, which are shown in Figure 4. In the Trickle

phase, the message is disseminated or distributed and the success is defined based on the direction that the message takes. The message can go into several different directions and there are often distractions disturbing the dissemination of the Trickle phase. This is why the brand needs to investigate factors that influence the distribution of the brand message, such as the specific time when the targeted audience is online, the platforms the audience uses to receive the message and the people they communicate with while being online. For the brand to retrieve this information, it needs to create specific personas based on the following factors: demographics, location, technology used and shopping patterns (Brown & Fiorella 2013; Morello 2013).

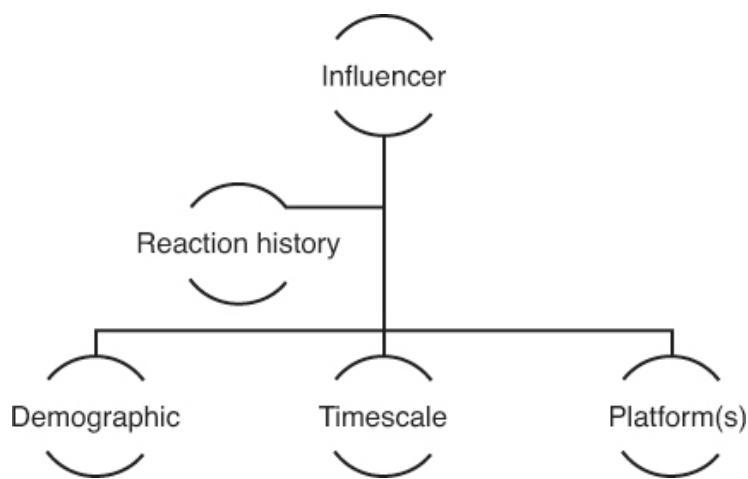


Figure 5. *The First Stage Influencer Filter* (Brown & Fiorella 2013, 159).

After the brand has identified the target audience, it needs to activate the influencer appropriate for the brand message. This process is viewed as the key success factor for the influencer marketing activities and also as one of the most crucial reasons why some companies have not shown positive results in the financial return on investment. Figure 5 represents the components that should be taken into account when identifying which influencer to collaborate. With the knowledge gained from the First Stage Influencer Filter, a brand has the possibility to become more effective at knowing how to activate the appropriate influencer (Brown & Fiorella 2013).

Demographic means the sex, age and locale of the target customers, which are all crucial in terms of how the brand message will be received and how it should be

created. By attempting to form a generalized message that targets everyone will not work in influencer marketing and therefore, the influencer selection process should include consideration of the target audience's demographics (Brown & Fiorella 2013, 159).

Timescale of the collaboration plays a vital role in terms of the success level of the influencer marketing activities. If the collaboration is short-term and is not included in the company's long term marketing strategy, it fails to encourage brand advocacy and does not allow the company to maintain alternative activities or a backup plan for the efforts conducted (Brown & Fiorella 2013, 159; Shay 2019).

Platforms only increase during time and as there is a wide selection, it is extremely important for the brands to identify the appropriate platform for their social media influencer marketing efforts. Every one of the platforms have their own target users, which can be categorized by their demographics and this should be taken into account when selecting the platform for the collaboration (Brown & Fiorella 2013, 160-161; Mason 2019).

Reaction History encompasses the identification of the target audience's behavior in the social media or the reactions they place in the platforms. These impressions in social media are actions such as likes and comments. By investigating carefully the research history of the target audience, a brand gains understanding regarding the details that should take place in the collaboration – finally ensuring that the message is delivered to the target audience by the appropriate influencer at the right time (Brown & Fiorella 2013, 161; Mason 2019).

Influencer holds more key factors than just raw numbers. One of the most common mistakes that the brands make while exploiting social media influencer marketing, is that they attempt to deliver their brand message through exclusive, high following owning influencers instead of actually researching a brand and target audience appropriate influencer. This results in influencers who have no expertise on the brand nor the product promoted and therefore, do not produce a long-term value that would convert into conversions (Brown & Fiorella 2013, 161; Hobbs 2019).

By exploiting the components identified at the make stage, the brand has the power to reveal the appropriate influencer for the specific collaboration and where to activate the influencer. When the previously explained steps have been conducted and the influencer's followers have received the brand's message and are themselves also distributing it to their own community, simultaneously creating a ripple of promotional messaging and brand awareness, the phase has transformed from the Trickle phase into the Ripple phase (Brown & Fiorella 2013).

2.3.2 Manage

After recognizing the appropriate influencer for the influencer marketing efforts, the brand should move into the stage of "manage". In order to succeed, every marketing activity has to be managed with great care. In influencer marketing, the goals that are set in the very early stage are in the center of every step of the process but especially in the step of manage. Without proper management, the goals will not most likely be met and, therefore, have an impact on the results of the activities. Managing in terms of 4 M's of Influencer Marketing especially refers to the management of the relationship with the chosen influencer. Having a trustful and proactive communication with the influencer grows the potential of not having the influencers solely promoting the product or service of the brand but, instead, becoming brand advocates and, therefore, offering an authentic source of information for the customers (Brown & Fiorella 2013; Panno 2017).

The relationships are always unique and should be managed differently, depending on the influencer but there are certain guidelines set to assist with the process, as can be seen from Figure 6.

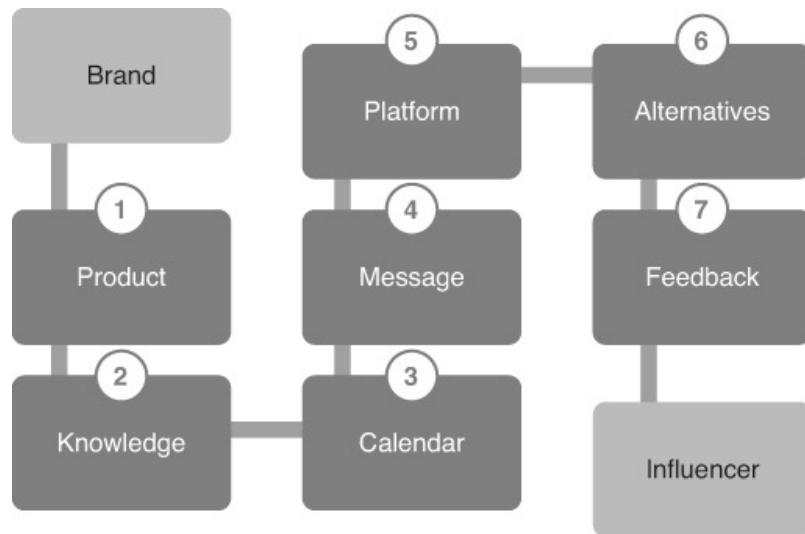


Figure 6. *The Seven Steps for Influencer Management* (Brown & Fiorella 2013, 162).

Product promoted is as important as the brand message that is shared with the target audience. A brand should be clear for instance, on the phase that the product is in as well as provide the tools for it, if necessary. This creates trust between all of the parties involved and ensures that there are no misunderstandings related to the product promoted (Brown & Fiorella 2013, 163).

Knowledge at a certain level should be required from the influencers. It is extremely important for the influencers to understand and to know the brand's product or service they are promoting for their followers. This requires educating the influencer in terms of the promotional goods and providing support for the influencer if questions occur. The influencers need to know the features of the product and even more importantly, why it is worth recommending to the peers in order for them to act as a reliable source of information. In the case of most of the products, the influencer should receive a sample so that it can be presented in the picture of the promotional post and so that he or she has actual personal experience using it (Brown & Fiorella 2013, 163).

Calendar should be at the core of the actions. It is recommended that the influencer marketing activities are simultaneously short-term, belonging to a longer-term vision. This drives the engagement between the brand and the influencer as well as

between the influencer and the audience and the brand and the audience. Regardless of the length collaboration, the activities should be set on calendar and scheduled, which in practice means that both of the parties are aware of the days and times that the influencer will conduct the promotional actions. The approach also assists in defining a helpful backup plan if the pre-defined activities are not succeeding as expected (Brown & Fiorella 2013, 164; Shay 2019).

Message should be suitable for all of the parties involved. One of the most crucial drivers in the accomplishment of influencer marketing activities is the content of the message provided. Brands willing to promote their products and services through the use of influencers should modify their brand message in order to ensure the coherence between the two. The key is to research the target audience's preferences and to edit the message according. Often brands are not required to create the content themselves but instead the influencer produces it and later delivers it to the brand, which will accept or decline the form of it. However, as decision-makers, the brands have to be aware of the influencer's typical and regular type of content and the target audience's preferred approach (Brown & Fiorella 2013, 164; Hobbs 2019).

Platform selection for the social media influencer marketing activities is almost as important as the choice of an influencer. All channels have their pros and cons as well as their own target audiences and therefore, the choice of the appropriate platform should be based on careful research regarding the customer segment that the brand is willing to target (Brown & Fiorella 2013, 164; Mason 2019).

Alternatives assist in case the activities take a negative turn. In the stage *Calendar* it was mentioned that there should always be a backup plan if the activities were to present themselves unsuccessful. The alternatives in regards to this topic mean the option to mend the possible negative receptions of the activities by changing the direction of the actions. In practice, this can mean modification of the landing page or the message of the promotion, depending on the results of the previously con-

ducted collaboration. By applying the alternatives, the already caused damage usually cannot be fully repaired but it can be assured that the ineffective activities will not continue to be used (Brown & Fiorella 2013, 165; Kobe 2018).

Feedback should be asked in order to learn from the past. As in every marketing campaign, also in influencer marketing the activities conducted should receive feedback. In this case, the feedback is referring to the influencer's feelings and experiences regarding the collaboration. They are the best representatives of their own following and could provide valuable insights on how the actions could be customized in the future. Also, as influencer marketing is a new concept for many companies, the practical perspective and feedback should be taken into account. By asking feedback, the brand has the possibility to reach even better results in the future (Brown & Fiorella 2013, 165; Maff 2018).

2.3.3 Monitor

Monitoring in practice means following the impacts of the brand's influencer marketing activities continuously and identifying the success factors as well as the opposite, that is the actions that drive the activities to fail. Such activities have become increasingly effortless to monitor due to the social media tools available, such as analytics. With the tools, the brand can receive an efficient view on the activities' success level and understand which specific actions are gaining the most return on investment, without using a significant amount of the company's resources. Monitoring also complements the very final stage of the Four M's of Influencer Marketing – measurement. This is due to the fact that when the brand has monitored the activities proactively, it does not have to begin their measurement processes from zero but instead, has already accomplished data, which can be used to measure (Brown & Fiorella 2013; Panno 2017).

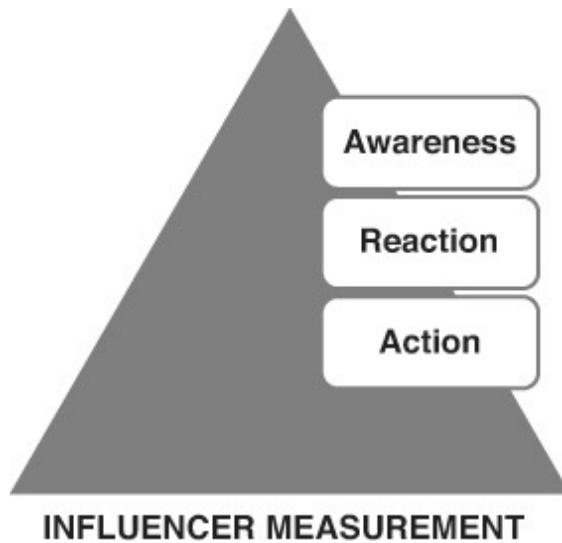


Figure 7. Influencer Measurement Factors (Brown & Fiorella 2013, 165).

There are three main factors that at minimum should be monitored throughout the collaboration and help the brand to acknowledge if there are any weak links: awareness, reaction, and action. These factors are also visible in Figure 7 (Brown & Fiorella 2013).

Awareness – Awareness encompasses possible blog posts as well as social shares, news articles, interviews and mentions regarding the brand's product (Brown & Fiorella 2013, 166).

Reaction – Monitoring reaction includes matters such as the number of website visitors, word-of-mouth recommendations and increased social following count (Brown & Fiorella 2013, 166).

Action – Action involves factors of conversion and other possible concrete, traceable activities that could be encouraged by the collaboration (Brown & Fiorella 2013, 167).

2.3.4 Measure

According to Brown & Fiorella (2013), it can be argued that the final stage of the Four M's of Influencer Marketing could be the most valuable one. As with monitoring, also the measurement of the influencer marketing activities has grown out

to be effortless compared to, for instance, traditional marketing. Social media offers an option to market to pre-defined target audiences proactively and, at the same time, provides the possibility to measure the activities in a precise manner. By measuring, the brand can receive valuable information regarding the successfulness of the activities and justify the performance level of the collaboration (Brown & Fiorella 2013; Panno 2017).

There are two key metrics that brands need to involve in their measurements: brand and influencer. The first "brand" metric includes three factors:

Investment – The first factor, investment, measures the occurred costs related to the research of an appropriate influencer. After the calculation, the barometer is compared against the financial profitability and, for example, the return on investment of the activities (Brown & Fiorella 2013, 168).

The return on investment can be calculated as in the formula below (Chen 2019).

$$ROI = (Current\ Value\ of\ Investment - Cost\ of\ Investment) / Cost\ of\ Investment$$

Resources – The second factor, resources, means the actual investment the social media influencer activities include. Measurement actions should be directed towards, for instance, the employee hours used to control the campaign and the costs related to it as well as the education of the influencers and the employee resources used for that particular purpose (Brown & Fiorella 2013, 168).

Product – The third factor, product, involves possible costs related to the free samples of the product that are often given to the influencers and sometimes also for the followers (Brown & Fiorella 2013, 168).

The other metric of the measurement is influencer, which involves also three main factors:

Ratio – Often in influencer marketing, the brands concentrate solely on the follower amounts and forget about the importance of even more valuable key ratio, the engagement rate that the follower has. If an influencer has an extensive following but

only a small number of the followers actually interact with the influencer and pay attention to the posts he or she shares, the collaboration has no success elements in it from the very beginning. The engagement is measured by calculating the impressions the collaboration post receives and comparing it to the total follower amount (Brown & Fiorella 2013, 169; Kumpumäki 2019).

Engagement rate on Instagram can be calculated according to the formula below (Chacon 2018).

$$\text{ENGAGEMENT RATE} = (\text{Likes} + \text{Comments}) / \text{Followers} \times 100$$

Sentiment – The perception of the target audience is one of the key elements that should be measured in the social media influencer activities. By measuring this, the brand gains an understanding regarding the sentiment around the brand message given and how the audience perceives the brand. Sentiment measuring provides the possibility to identify possible factors in the activity itself that are not viewed as positive in the eyes of the audience (Brown & Fiorella 2013). Social media sentiment acknowledges all the brand mentions, comments and shares that a post has and by analyzing it, provides an overall picture on the nature of the sentiment (Tran 2019, 169).

Effect – Effect is a valuable barometer that concretely provides details on whether the social media influencer marketing activities have been successful. The effectiveness can be measured through website traffic, conversions and also follower gains. However, it has to be noted that the effect and the timeline it holds depends greatly on the product or service and its cycle of purchase. Often more expensive products require more research from the customers and, therefore, the effect can be seen after a significantly longer time period than, for instance, a necessity product (Brown & Fiorella 2013, 170).

2.4 Influencer Collaboration and Compensation Types

There are multiple ways of conducting the collaboration between an influencer and a brand, such as sponsored posts, repurposed influencer ads, reviews, social media takeovers, and events. The brand should consider their strategy, goals as well as the

influencer chosen and accordingly evaluate which collaboration type would be the most suitable at that particular time (Gaid 2019).

Sponsored Post – A sponsored post is the most common type of influencer marketing collaboration. It includes sealing an agreement with the influencer, arranging him or her to create a social media post with a content, such as picture or text which mentions the brand and possibly the products or services it offers (Barker 2018; Grin 2019 a).

Repurposed Influencer Ad – A repurposed Influencer Ad means that a brand collaborates with an influencer, but instead of influencer delivering the content on his or her own publication platform, such as on social media account, the brand turns the content into an ad and advertises it itself (Grin 2019 a).

Review – Review is also an extremely common type of influencer collaboration and refers to an influencer giving an honest review on the product or service of the brand. The review could be published on any platform and includes capturing the influencer's own experiences using the product or service (Gaid 2019; Grin 2019 a).

Content Co-creation – Co-creating content is a concept, where the brand and the influencer collaborate in order to create content together, for instance in a form of an interview. This could concretely result in discussing the brand and its products or services (Grin 2019 a).

Social Media Takeover – There are cases where a brand has allowed purposely an influencer to take over the brand's social media site or sites for a certain period of time. This means usually that the influencer will manage and create content to the sites and attract his or her own target audience there (Grin 2019 a).

Brand Ambassador Program – A brand ambassador is an influencer who has been selected to promote the brand's products or services and to act as the face of the brand. The brand ambassador agreement tends to be sealed for a longer period of time, often for months or even years (Barker 2018; Gaid 2019).

Competitions & Giveaways – Competitions and giveaways are usually performed as an extension of other influencer collaboration types. The brand gives a free product or a service for the influencer to draw on his or her social media channel among the followers. Often the competitions and giveaways include obligations for the people willing to participate, such as liking and following the parties' social media channels (Gaid 2019).

Events - Brands may invite influencers to their gatherings, such as product launch events in order to receive attention from the influencers' following and to gain promotion as the influencers create content related to the event (Grin 2019 a).

The compensation of an influencer is often agreed case by case as the extent and the nature of the collaborations often vary. Also, the characteristics of an influencer and his or her following have usually an impact on the compensation. As with collaboration types, there are several classifications of compensations that can be exploited in influencer marketing collaborations, including for example monetary compensation, intangible compensation and free product or service compensation (Prussakov 2016).

Monetary Compensation – Monetary compensation means that the brand and the influencer agree that the brand pays a certain amount of money against the influencer's efforts. Many of the influencers prefer monetary compensation for their promotional activities, especially when the main source of income is formed solely through the collaborations conducted (Prussakov 2016).

Free Product or Service – A free product or service is quite popular compensation type, especially among smaller tier influencers. In practice, the compensation method results in the influencer receiving a free product or service from the brand against the promotional activities. A free product or service is often combined with monetary compensation (Prussakov 2016).

Intangible Compensation – Brands can compensate the influencers by providing them intangible benefits, such as boosting the strength of their status, shaping their image and increasing their reach. Although the influencers do not gain any tangible

resources, they receive useful tools that assist them in the future collaborations and their overall performance (Prussakov 2016).

Pay Per Lead – Pay per lead is also known as the affiliate marketing model and in practice means that the influencer is compensated when the follower conducts an action that is predefined by the brand. The action could be for instance, an order or a website visit (Prussakov 2016).

Pay Per Engagement – Pay per engagement is much alike the pay per lead, except that the follower's action that the influencer receives compensation from is engagement related. This action could be, for example, a like or a comment to the collaboration post. Again, the particular amount is predefined before the actual collaboration has begun (Prussakov 2016).

2.5 Instagram Influencer Tiers

Social media influencers differ from celebrities as they can be so called "normal people" who just have established a loyal following on social media platforms. They are often perceived as industry experts and therefore hold a certain degree of trust from their followers. It has become evident that the influencers have power when it comes to the consumers' purchase decision making and because of that they are exploited increasingly more by brands (Barker 2019 b). Influencers can be divided into different influencer tiers, which all carry their own unique characteristics. For instance, working with the smaller tiers has been reported to be almost seven times more effective than with other tiers in terms of cost efficiency and engagement. However, bigger companies with massive marketing budgets are guided to use larger tier influencers in order to reach a wider audience and to achieve better visibility (Sovay 2019).

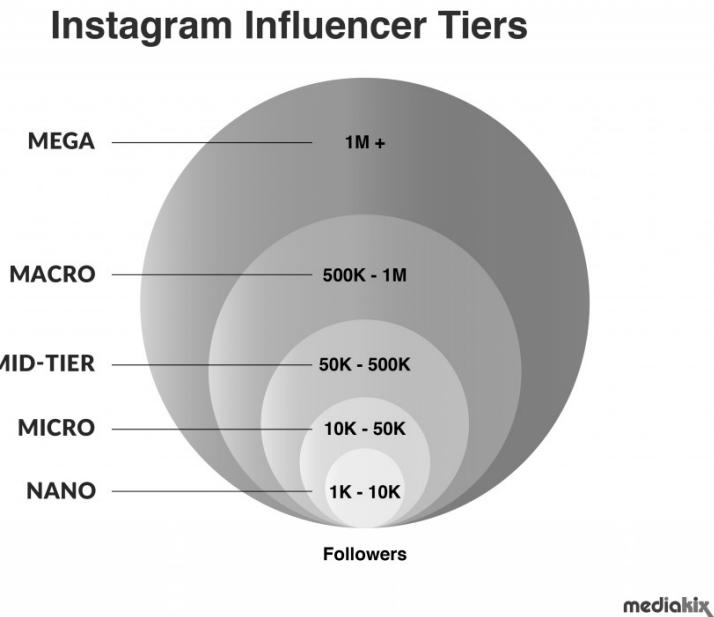


Figure 8. Instagram Influencer Tiers (Mediakix 2019 a).

2.5.1 Nano Influencers

Some of the social media influencers are classified as nano-influencers on Instagram based on their small follower count. Nano-influencers are viewed as attractive collaboration partners as they are approachable in the eyes of the consumers, explicitly due to their exclusive follower community, which is almost like a friend-circle where the influencer shares his or her recommendations of the products and services used. As nano-influencers have not achieved extensive follower counts, they are often secured from fake followers and thus have a higher engagement rate and tend to take less money against their promotional activities or even agree on collaboration by receiving a product or service as a compensation (Mediakix 2019 a; Maheshwari 2018).

2.5.2 Micro Influencers

Micro-influencers are social media influencers with 10,000 to 50,000 follower counts. There have been arguments that micro-influencer is currently the most important influencer tier. Micro-influencers attract brands due to the fact that they

have the power to influence niche micro-communities that are defined in detail instead of a wide following with various types of followers. This allows brands to market to their target audience efficiently. As with nano-influencers, also micro-influencers have found to have higher engagement rates than the other influencer tiers (Mediakix 2019 a; Steele 2017).

2.5.3 Mid-Tier Influencers

The mid-tier influencers have a follower count ranging from 50,000 to 500,000 followers. Influencers belonging to this tier have often the possibility to act as social media influencers full time and make their living out of the collaborations sealed with the brands. The advantage of using mid-tier influencers is their wider reach compared to the smaller influencer tier representatives but acting still as a more affordable choice than macro and mega-influencers. Brands are attracted by the mid-tier influencers due to their nature of providing the best of all the influencer tiers but they should be aware of the possibility of fake followers (Mediakix 2019 a; Steele 2017).

2.5.4 Macro Influencers

Macro-influencers are well established with a significant amount of followers, ranging from 500,000 to 1,000,000. In general, the influencers belonging to this influencer tier make their full living out of their social media presence. Macro-influencers include in addition to social media figures, models, musicians and actors and such influencers often have their compensation rate starting from thousands of dollars per Instagram collaboration post. This influencer tier has been argued to refer to the most impactful return on investment, including stable conversions and sufficient engagement (Mediakix 2019 a; Steele 2017).

2.5.5 Mega Influencers

Mega-influencers are often referred to also as celebrities, as they have a large following of 1,000,000 or more. They have wider reach than any of the other influence tiers and they are said to shape trends and create demand in the market. These in-

fluencers usually do not handle their own collaborations but instead, have a manager controlling the agreements and, therefore, are quite expensive partners. Sealing a collaboration deal with a mega-influencer often costs hundreds of thousands of dollars for the brand due to the high reach and impact. Mega-influencers include celebrities, such as actors and models and therefore pose a risk of being perceived as inauthentic which affects the key performance indicators of the social media influencer marketing activities. However, through collaboration, the brands receive broader reach and stronger brand lift in less time compared to for instance, nano- and micro-influencers (Mediakix 2019 a; Steele 2017).

2.6 The Key Performance Indicators of Influencer Marketing

For a brand to comprehend whether the influencer marketing activities have performed well, the success needs to be measured. Therefore, industry-appropriate key performance indicators have been created to help with the process. There are multiple key performance indicators that can be applied to determine the successfulness of the activities and they all can be grouped differently, depending on the goals but the most commonly acknowledged indicators are brand awareness, engagement and sales conversion (Dower 2019).

2.6.1 Brand Awareness

When collaborating with influencers, a brand receives visibility and if paired with the target audience that both of the parties have in common, has the potential to increase brand awareness. Brand awareness is a valuable metric both in terms of launching a new product or service into the markets and when attempting to boost the brand recall (Behniwal 2019). It is often measured through impressions, website traffic and social reach, which mean in practice for example, the comments, likes, shares, traffic increase on the website and the follower growth on social media platforms (Mediakix 2019 b).

2.6.2 Engagement

In influencer marketing, the engagement rates are equally important as the sales conversions. Actually, an increasing amount of brands are transferring their main

goals from sales conversions and changing them to engagement levels. By measuring engagement, brands can receive a preview on how effective the created content is and how well the collaboration performs in the eyes of the target audience. There are multiple types of engagement that can be measured but the most common ones are the impressions and the sentimental value, which include the likes, shares, and comments as well as the sentiment that is possible to identify from the comments (Kumpumäki 2019).

Sentiment can be addressed as a one part of the engagement indicator. On social media, it is the perceived image of a negative or positive attitude presented towards the content shared. By measuring sentiment from the impressions received, the brand acknowledges not only the reach but also the actual feelings behind the reactions and therefore can more extensively evaluate the success level of the collaboration. Social media sentiment can be measured through multiple different external tools but they mainly include the overall sentiment around a brand, not specifying the sentiment per collaboration. Manually, a brand can evaluate the sentiment by going through the impressions and classifying them into categories (Tran 2019).

Engagement rate in influencer marketing is exploited in order to measure the level of interaction that an individual influencer receives on their piece of content. It is the percentage representing how actively the influencer's followers respond to the created content. Engagement rate is an integral metric as it can also be used as a one step in the identification process of a suitable influencer. By analyzing the engagement rate beforehand, in addition to the engagement insights, it assists the brand to evaluate whether the influencer would be potential in terms of generating an appropriate amount of return on investment, as it exposes the responsiveness of their audience. Solely, the engagement rate can be used as a key performance indicator and as a benchmark to determine if the collaboration was a success or a failure (Newman 2018).

The engagement rate is calculated by exploiting the collected impressions. The actual formula of how to calculate the engagement rate has been mentioned previously

in the theoretical framework but the industry standard guideline regarding the classification of Instagram engagement rates can be viewed from Figure 9 (Mee 2019).



Figure 9. Instagram Engagement Rate Classification (Mee 2019).

2.6.3 Sales Conversion

Often the main goal of influencer marketing activities is to generate sales and therefore, sales conversion is one of the most used key performance indicators. The conversion indicator tracks the amount of sales a collaboration has managed to provide and there are multiple ways to measure it. One example could be the use of affiliate links, which are traceable links that are shared on the promotional posts and therefore, can be traced back to a certain campaign. Usually, the sales conversion indicator includes the calculation of sales and profit as well as the measurement of return on investment per collaboration (Kumpumäki 2019).

2.7 Instagram as a Marketing Platform

Instagram is a social media platform that was originally launched in 2010 and is currently used by consumers, businesses and influencers to share content with their followers (West 2019). It enjoys 800 million users every month and therefore acts as a compelling platform for brands to reach their target customers. Although it

does not hold as extensive user base as for example Facebook, it has higher engagement rate and higher interaction level than any other social media channel (Influencer Marketing Hub 2019 b). The previously mentioned facts are some of the reasons for the popularity of using Instagram for marketing purposes and actually, it has been evaluated that there are approximately 2 million advertisers on Instagram performing promotional activities on a monthly basis (West 2019; Smith 2019). The brands' social media presence has proven out to be effective, as 80% of the Instagram users follow a business account on Instagram and 200 million actively visit a business profiles everyday (West 2019).

In regards to target audience, Instagram has quite a young user base compared to other social media channels since over half of the total users are aged 34 or younger as can be seen from Figure 10 (Clement 2019).

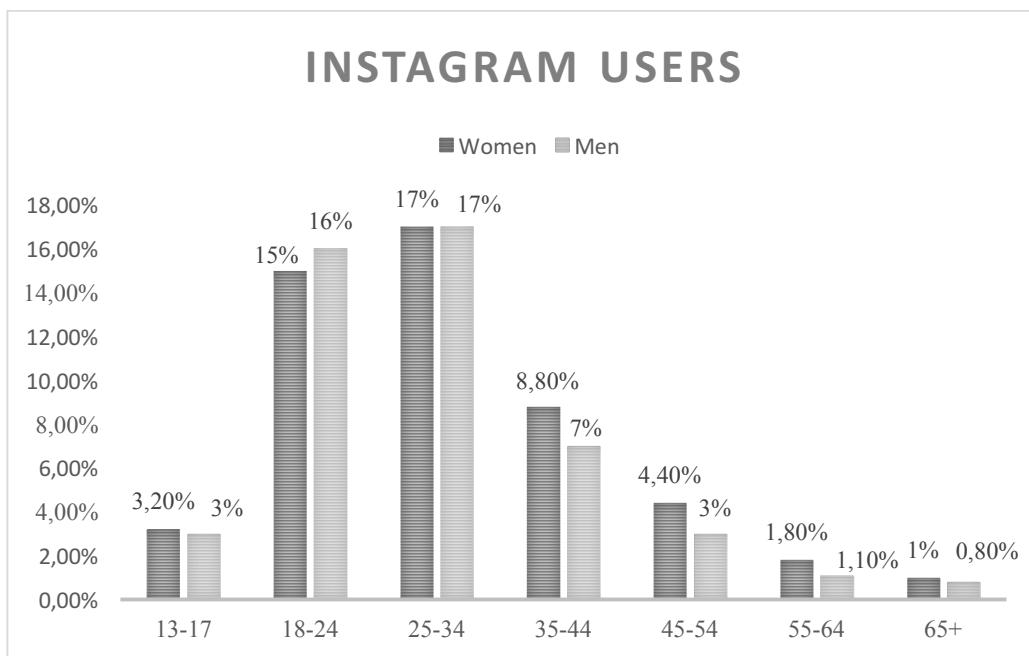


Figure 10. Instagram User Distribution (Clement 2019).

3 RESEARCH METHODOLOGY

3.1 Data collection

In this thesis there are two types of collected data: quantitative data and qualitative data, from which quantitative could be described as the predominant one. The main difference between quantitative data and qualitative data is that quantitative refers to numerical, quantifiable data, which usually measures values and qualitative on the other hand is the complete opposite, encompassing all non-numerical data that is primarily textual and often diverse (Bergin 2018; Harindran & Chandra 2017). In practice, the research included almost solely quantitative data except for the Instagram post comments and the content of the posts, which were in the form of text and therefore were accounted as qualitative data.

The leading platform for data collection is Instagram, from where was gathered information in order to present the data, measure the key performance indicators and analyze the results. The case company provided insightful data in the form of Excel sheet regarding the figures that were not public, such as the collaboration related expenses and sales. Some key figures could not be retrieved from the previously mentioned sources or were too extensive and therefore, external tools were used in the collection of, for instance, Instagram post comments and demographics of the influencers and followers. It should be noted, that the data gathered with the help of the external analytical tools cannot be verified and there is always a certain error rate on machine learning algorithms, which has an effect on the accuracy of the data collected

Primary data is collected from sources that do not have the information readily available, meaning that the researcher acts as the first founder of the data. Contrarily, secondary data represents the data that has already been retrieved by someone else and the researcher only uses the available data for his or her own purposes. In this thesis, the theoretical framework has been conducted by using secondary data collected from books and sources from internet. This particular data form can be classified as external secondary data, which is usually obtained from the sources available outside the case organization. In the empirical research, the analysis is

built around the theoretical framework and the data used in the measurement of key performance indicators is also secondary data. However, in contradiction to the data of the theoretical framework, the empirical research involves internal secondary data which is not available to any external party and comprehends information such as sales figures of a company (Bajpai 2018, 130-135; Harindran & Chandra 2017).

3.2 Methodology

Due to the nature of this thesis' data, the study exploits both quantitative and qualitative analysis and, therefore, the work is classified as a mixed-method research. The qualitative method includes collection of open-ended data, purposeful sampling and analysis of text or pictures. The quantitative method involves the process of collecting, analyzing and reporting the results of a research. In both of the methods, interpretation of the data and representation of the information is utilized (Creswell 2014). By applying mixed-method in this thesis, the data analysis will not be restricted by either of the previously mentioned methods and will provide more extensive results due to the non-numerical form of the Instagram post comments (Bergin 2018; Rajagopal 2019).

Quantitative analysis is conducted on all the data gathered, except for the Instagram post comments, which are first analyzed qualitatively and then transformed into quantitative results. A qualitative observation, where the researcher takes notes regarding the individuals' actions and behavior at the site of the research is also exploited in this thesis (Creswell 2014; Rajagopal 2019). The observation in practice means that the researcher systematically goes through the comments on all of the ten sample influencers' collaboration posts, takes observation notes and evaluates the nature of the data. After the qualitative observation and analysis, the comments are classified based on whether they are positive, neutral or negative in nature and then the data is quantized into numerical form.

3.3 Sampling

Sampling refers to the process of selecting a certain sample of the total population. In this thesis the total sample size is 10 influencers and the sample method adopted

is random sampling due to the fact that there are no specific qualifications required from the sample influencers. Also, the dominant research method determined at some level the type of sampling, since random sampling is often used in quantitative research (Bajpai 2018; Tisdell & Merriam 2015). In practice, random sampling means that the people in the total population have all an equal chance to get selected. I did not take part in the process of choosing the sample influencers as the case company possessed the obligation. However, the actual sample size of 10 influencers was decided by the researcher.

Sample size is the actual number of the people selected to be included in the research. A smaller sample size is usually accepted in qualitative research as the data analysis is often diverse due to the nature of the data. In quantitative research on the other hand, often larger sample size is required for the opposite reasons (Bajpai 2018; Gates & McDaniel 2018). As the official research method used in this research is mixed-method, neither of the proposed size suggestions are applicable directly and therefore, other aspects are used to explain the choice of the sample size. The sample size of 10 influencers was chosen based on the total count of collaborations that the case company had in the German and Austrian markets, the amount of data collected and analyzed, the type of this specific research as well as the fact, that over half of companies exploiting influencer marketing collaborate with 10 or more influencers (Barker 2018).

4 EMPIRICAL RESEARCH

4.1 Influencer Background Information

The research is based on ten different influencers that in this thesis will remain anonymous as does the subscriber of the study. The decision making process regarding the selection of influencers as collaboration partners was conducted completely by the case company. Also, all the decisions concerning for example, the marketing activities and agreements with the social media influencers were the case company's obligations. I did not have any role in any of the procedures but instead, only gathered the data and analyzed it accordingly.

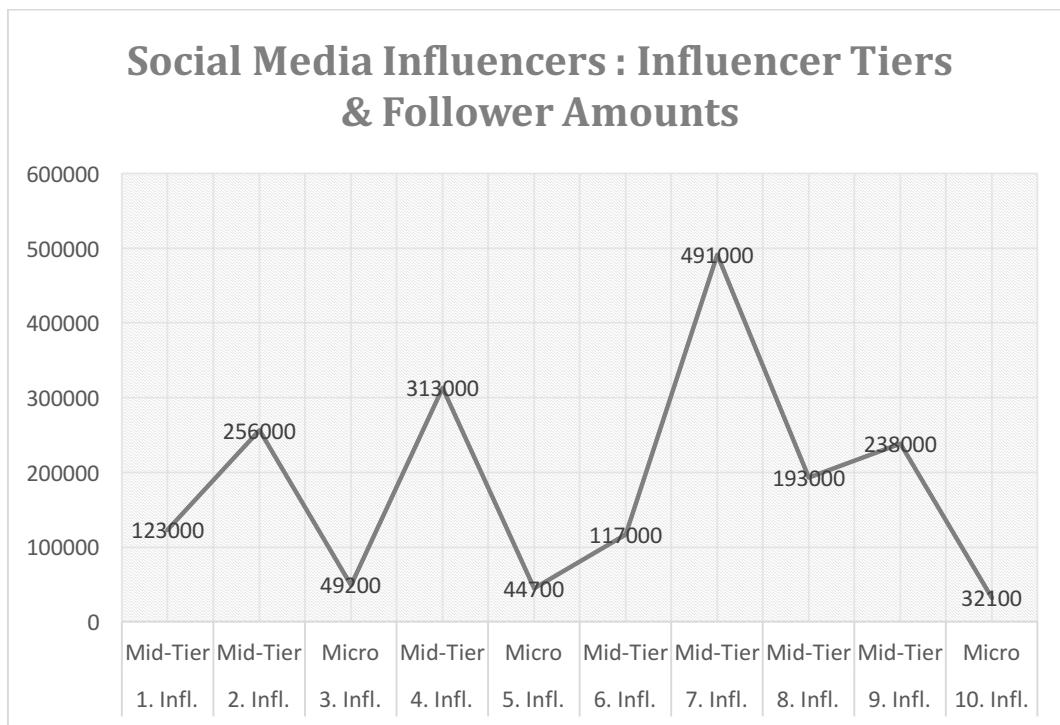


Figure 11. Influencer Tiers & Follower Amounts

As can be seen from Figure 11, all of the influencers are classified as Micro or Mid-Tier influencers based on their Instagram follower counts, thus they have a follower figures from 32100 up to 491000. All of the influencers are German or Austrian and mainly publish the collaboration posts in their native language, however they still have followers internationally. The collaboration agreements conducted with the influencers may vary but the actual data retrieved for this research is based on

the same variable: one Instagram post conducted in collaboration with the case organization between the time period of March 2019 and August 2019. The collaborations are all classified as sponsored posts and there has not been an official social media influencer marketing campaign but, instead, the collaborations have been carried out as a part of the case company's marketing strategy and activities it encloses.

All of the influencers share the same characteristics as the targeted customer segment, being German or Austrian, and 18-45-year-old-women. With respect to the brand's roots, being specialized in gymnastics and fitness, many of the influencers are keen on exercising and some of them are professional personal trainers. Most of the influencers are present also on other social media channels than solely on Instagram, creating content on platforms such as blogs and video blogs.

4.2 Results

4.2.1 Sales Conversion

The financial profitability is determined based on the expenses and the sales that have occurred per Instagram post. The expense and sales related key figures are visualized in Table 1. "Paid" expenses mean the actual money, or the commission paid for the influencer against the promotional Instagram post, indicating that the company adopted partially the monetary compensation. "Product" related expenses represent the purchase value of the product given for the influencer without a charge, which implies that in addition to the monetary compensation, also free product compensation method was applied. "Internal" expenses are formed through calculating the monetary value of the hours that have been spent to control the collaboration. Most of the total hours were used on handling the agreement-related issues and measuring the results. Some time was also spent on monitoring the progress of the collaborations and invoicing. "Other" expenses comprehend the delivery costs that have occurred from sending the free clothes from the case company's warehouse to the influencer. "Sales" are simply the sales conversions that have been gained from the collaboration and were followed with traceable links.

	EXPENSES				INCOME
	Paid	Product	Internal	Other	Sales
1. Influencer	700,00 €	472,90 €	37,00 €	5,00 €	- €
2. Influencer	158,00 €	373,00 €	28,00 €	5,00 €	- €
3. Influencer	100,00 €	400,00 €	37,00 €	5,00 €	- €
4. Influencer	125,00 €	411,90 €	28,00 €	5,00 €	1 227,52 €
5. Influencer	25,00 €	416,80 €	28,00 €	5,00 €	- €
6. Influencer	500,00 €	335,90 €	47,00 €	5,00 €	2 881,10 €
7. Influencer	833,00 €	516,00 €	37,00 €	5,00 €	- €
8. Influencer	400,00 €	579,90 €	28,00 €	5,00 €	119,00 €
9. Influencer	600,00 €	332,80 €	37,00 €	5,00 €	- €
10. Influencer	100,00 €	364,00 €	28,00 €	5,00 €	- €

Table 1. Collaboration Related Expense & Income

As presented in Table 2, the financial key figures of the social media influencer marketing efforts conducted by the company were mainly negative. The highest gain on investment was generated by the influencer number 6, with ROI of 224%, which is an extremely strong result. The lowest ROI% was -100%, presenting 70% of the collaborations. Three collaborations produced sales and two out of the three collaborations managed to produce positive financial outcome and return on investment but were not profitable enough to cover the loss of the other collaborations. The given hypothesis of social media influencer marketing not being a financially profitable marketing method for the case company could be confirmed based on the financial key figures presented. The final loss that the case company resulted from its social media influencer marketing efforts was -3901,58 euros.

	Total Expenses	Total Sales	Profit/Loss	ROI%
1. Influencer	1214,90	- €	-1 214,90 €	-100 %
2. Influencer	564,00	- €	-564,00 €	-100 %
3. Influencer	542,00	- €	-542,00 €	-100 %
4. Influencer	569,90	1 227,52 €	657,62 €	115 %
5. Influencer	474,80	- €	-474,80 €	-100 %
6. Influencer	887,90	2 881,10 €	1 993,20 €	224 %
7. Influencer	1391,00	- €	-1 391,00 €	-100 %
8. Influencer	1012,90	119,00 €	-893,90 €	-88 %
9. Influencer	974,80	- €	-974,80 €	-100 %
10. Influencer	497,00	- €	-497,00 €	-100 %
TOTAL	8 129,20 €	4 227,62 €	-3 901,58 €	

Table 2. Collaboration Related Profit, Loss & ROI%

Hypothesis 1 (H1) Higher total expenses equal higher sales

Hypothesis 0 (H0) Higher total expenses do not equal higher sales or the expenses do not place value

The results gained from the raw numerical data also pointed out the fact that there is no clear correlation between the influencer marketing investment, or the expenses occurred and the financial profitability, or the sales generated by the collaboration. The correlation between the expenses and the sales is -0,16, which proves Hypothesis 1 wrong and that instead Hypothesis 0 takes place. The most profitable collaboration with influencer number 6 places fifth in terms of total expenses and the second most profitable collaboration with influencer number 4 is sixth in the same category. The average total expense amount used for the collaborations was 812,92 euros, meaning that influencer number 4 is clearly below the average and influencer

number 6, on the other hand, places slightly above the amount. However, due to the weak negative correlation, a generalization cannot be conducted in regards to the opposite statement. More appropriate conclusion would be that the expenses do not place significant value in terms of the generated sales.

4.2.2 Engagement

Table 3 represents the comments and likes that the influencers had received on their collaboration Instagram posts. By adding these two variables together, total impression amount is formed. Influencer number 7 received more total impressions than the other influencers, simultaneously also possessing the highest following. The correlation is calculated between the follower amounts of the sample influencers and the total impressions received, resulting in positive 0,87. The correlation means that in regards to this specific research, it can be stated that influencers with larger following receives more impressions. The outcome differs greatly from the theory covered but due to the small sample size, correlation cannot be used to annul the theory.

	Comments	Likes
1. Influencer	210	5939
2. Influencer	178	5751
3. Influencer	210	921
4. Influencer	273	19737
5. Influencer	388	1425
6. Influencer	118	6008
7. Influencer	293	62592
8. Influencer	91	2500
9. Influencer	105	10199
10. Influencer	60	1981

Table 3. Instagram Post Impression Statistics

As demonstrated in Table 4, the average engagement %-rate of the sample influencers was 5,02, which is valued to be high against the industry standard. The engagement rates were measured based on the collaboration Instagram posts and therefore do not present the influencers' general engagement rates, which could have been counted by including all the posts that an Instagram account has. The concrete calculation in this case was conducted by adding the received comments and likes per post together and dividing it with the total follower amount that the influencer had at that specific time. The rates range from 1,34% to 12,81%, meaning that all of the influencers' engagement rates can be described at least average. 40% of the influencers possessed high engagement rates, 30% received the engagement rate statuses of very high, 20% had good engagement rates and only one out of the total 10 influencers was classified with an average engagement rate. As a conclusion, it could be stated that the engagement rates resulted extremely well.

	Impressions	Engagement %-rate	Engagement rate type
1. Influencer	6149	5,00 %	Engagement rate high
2. Influencer	5929	2,32 %	Engagement rate good
3. Influencer	1131	2,30 %	Engagement rate good
4. Influencer	20010	6,39 %	Engagement rate very high
5. Influencer	1813	4,06 %	Engagement rate high
6. Influencer	6126	5,24 %	Engagement rate high
7. Influencer	62885	12,81 %	Engagement rate very high
8. Influencer	2591	1,34 %	Engagement rate average
9. Influencer	10304	4,33 %	Engagement rate high
10. Influencer	2041	6,36 %	Engagement rate very high
AVERAGE	11898	5,02 %	

Table 4. Engagement %-Rate & Rate Type

Hypothesis 1 (H1) The fewer followers an influencer has, the higher the engagement rate-%

Hypothesis 0 (H0) The fewer followers an influencer has, the lower the engagement rate-% or the follower count does not place value

As can be seen from Figure 12, influencers number 1,5,6 and 10 follow the trend of Hypothesis 1, simultaneously encouraging the fact that the fewer followers, the better the engagement rate%. Contrarily, influencers 7 and 3 annul the statement of Hypothesis 1 and influencers 2,4,8 and 9 place solely a neutral value in regards to it. The values were tested against the average follower count amongst the sample influencers, it being 185700. The final outcome is that the H1 is overruled and H0 comes into effect, in practice meaning that the follower count does not place value in the hypothesis. The complete opposite of the fewer followers an influencer has, the lower the engagement rate% however cannot be confirmed as there is an equal number of influencers who place neutral value and positive value in regards to Hypothesis 1.

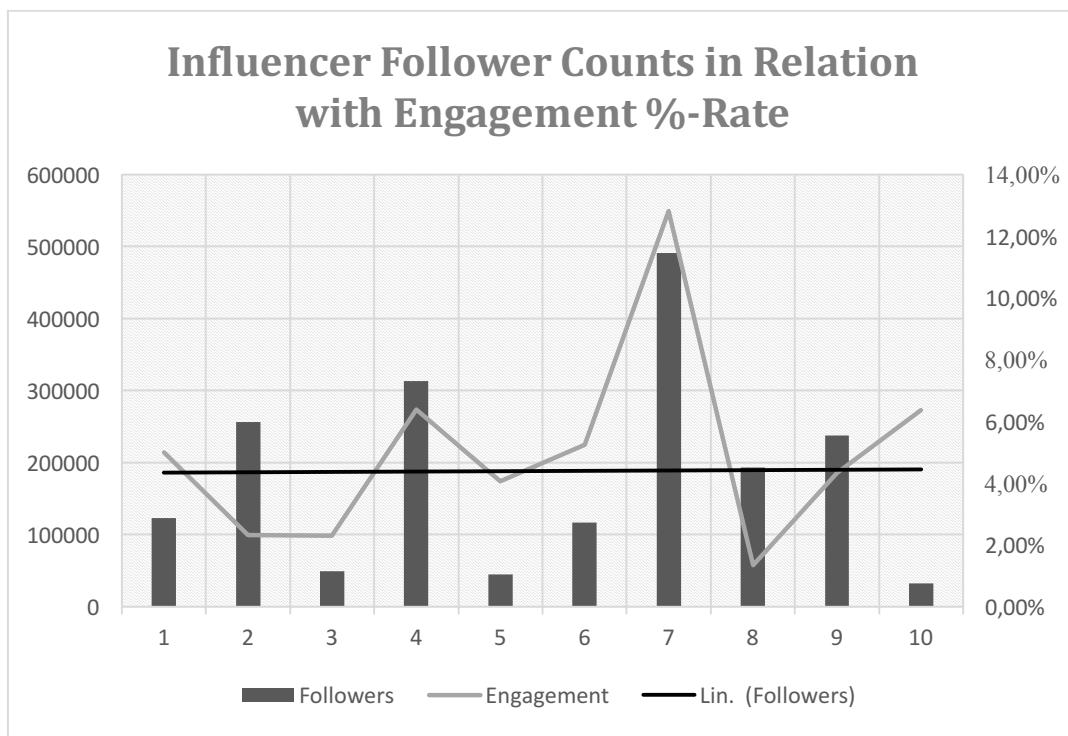


Figure 12. Follower Count in Relation with Engagement %-rate

Figure 13 demonstrates the influencers' received comments' sentimental value as they were categorized based on their tone as positive, neutral or negative. The positive comments include mainly complementary reactions towards the influencer, the outfit and the visual content created, whereas the neutral comments did not involve

significant positivity or negativity in the tone but, instead, were, for example questions regarding training tips or answers to question asked on the Instagram post by the influencer. These comments are viewed as neutral but they do place positive value in terms of engagement as these questions prove the trust shared within the influencer's community. The negative comments were pointed at the influencers' appearance or the brand's pants, which were promoted on the Instagram posts. However, the negative comments directed to the brand's clothes were not from the actual customers of the brand but instead from people generally criticizing the style of the clothes. The collaborations received a total of 1858 positive comments, representing the majority. The portion of neutral comments amounted 57 and the negative comments resulted 5 in total. In general, a statement could be conducted regarding the successfulness of the comments' sentimental value as only a small proportion of the comments were negative.

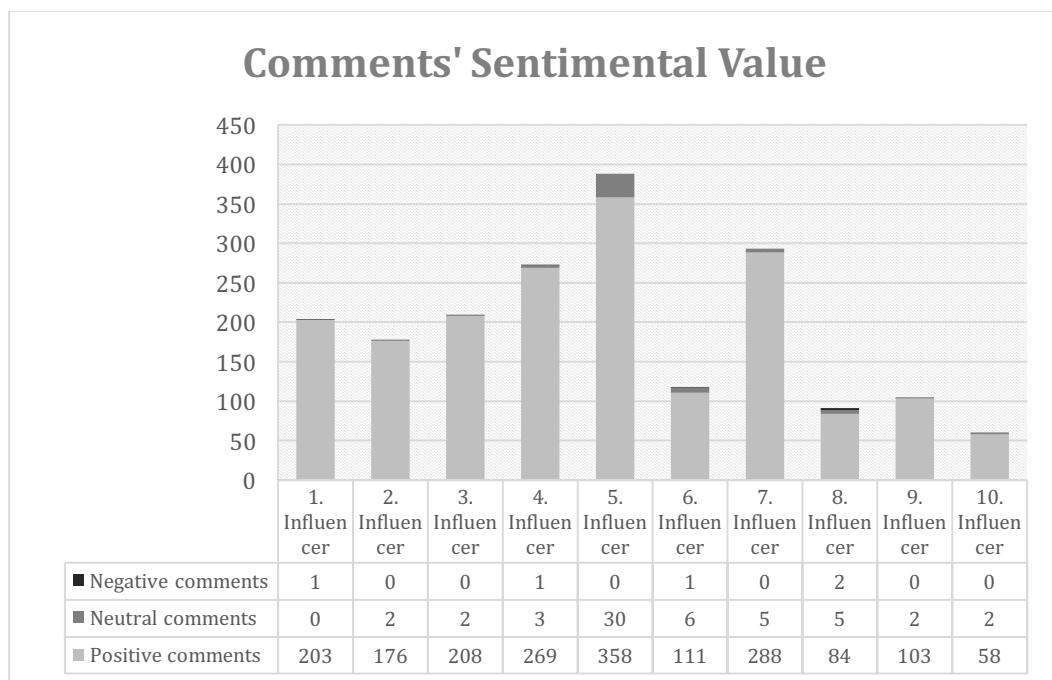


Figure 13. Comments' Sentimental Value

4.2.3 Brand Awareness

The brand awareness metrics exploited in this research include the website traffic growth and the brand's Instagram account follower growth. This is due to the complex nature of the other possible brand awareness data, such as investigating the brand mentions conducted online. In Table 5, the number of new Instagram followers per collaboration post on the publishing date is visible as well as the growth-% compared against the brand's usual average daily follower growth, which is 30. As can be seen from Table 5, collaboration with influencer number 1 brought the highest number of new followers to the brand's Instagram account. There were two negative values, representing influencer number 2 and influencer number 9, which mean that during the dates of these two collaborations, the follower amounts did not manage to reach even the regular average of 30 new followers per day.

	Follower growth from collaboration/day	Growth-%
1. Influencer	134	347 %
2. Influencer	26	-13 %
3. Influencer	87	190 %
4. Influencer	52	73 %
5. Influencer	36	20 %
6. Influencer	122	307 %
7. Influencer	104	247 %
8. Influencer	33	10 %
9. Influencer	25	-17 %
10. Influencer	35	17 %

Table 5. Collaboration Related Instagram Follower Growth

In Table 6, the increase on website traffic in addition to the regular daily visitor amount of 2500 is listed per collaboration and per day. From Table 6, it becomes evident that influencer 6, who attracted the most sales conversions from the promotional Instagram post also encouraged the most traffic to the brand's website. In practice, this means that the traffic generated from the collaboration post has been valuable. Despite this fact, there are other collaborations that did not create as viable traffic as the previously explained example. For instance, the second best traffic

generator, influencer number 7 with a traffic increase of 1900 visits, did not produce sales conversions at all.

	Website traffic from collaboration/day	Growth-%
1. Influencer	61	2,4 %
2. Influencer	32	1,3 %
3. Influencer	21	0,8 %
4. Influencer	578	23,1 %
5. Influencer	15	0,6 %
6. Influencer	2804	112,2 %
7. Influencer	1900	76,0 %
8. Influencer	289	11,6 %
9. Influencer	48	1,9 %
10. Influencer	12	0,5 %

Table 6. Collaboration Related Website Traffic Growth

It should be noted that the follower growth cannot be directly attached to a specific influencer as there is no measurement method that would confirm it. The follower growth has been calculated by assuming that the new followers received during the day that the collaboration has taken place, are the result of the promotional Instagram post. This means that the results are not completely reliable. However, the growth-% of the website visitors or the total website traffic was possible to trace back to a specific collaboration as traceable links were used in the promotions, resulting in more reliable outcomes.

4.3 Data Analysis

There are multiple possible factors influencing the final results of the key performance indicators measured in the previous section. When beginning the data analysis from the very first step of influencer marketing, which is finding the appropriate influencer, the information retrieved indicates that the case company has perhaps exploited more the practices of Fisherman's Influence Marketing Model than

the Customer-Centric Influence Marketing Model. The target group defined by the case company is very broad, not including any specifying characteristics, except for the age and gender. Also, all the factors included in the selection of an appropriate influencer were mainly directed at the influencer instead of the target customers. The Customer-Centric Model encourages finding the influencers through investigating the target customers' behavior and communication but it seems that the case company has not pursued this particular path. The case company did not mention any activities that would have been related to target customers but contrarily, it had taken into account the influencers' engagement rate, follower amount and follower demographics. This means that the case company has begun its process by seeking an appropriate influencer and then validating the choice by evaluating the key metrics that were previously mentioned, which is similar to Fisherman's Influence Marketing Model. Due to the previously listed facts, it can be proposed that as Brown and Fiorella stated (Brown & Fiorella 2013), by exploiting solely the Fisherman's Influence Marketing Model, the case company's influencer marketing activities might have had negative intentions from the very beginning, since the actions neglected the actual decision-makers. This particular path taken most probably influenced the key performance indicators in a negative way.

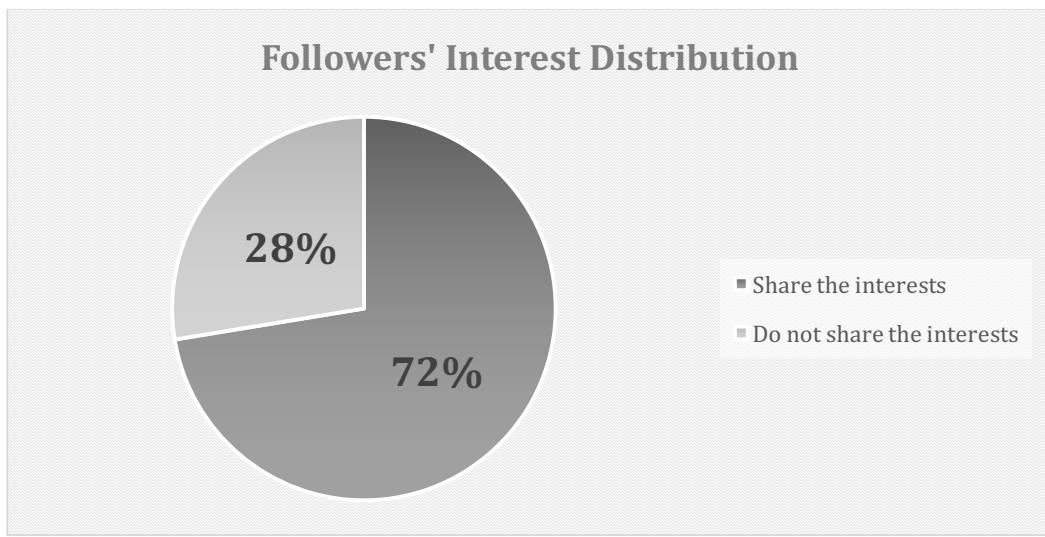


Figure 14. Interest Distribution

After the first stage, there are certain influencer characteristics that should be evaluated before sealing a collaboration agreement. First is the relevance of an influencer. Relevance in terms of shared interests between the brand and the targeted followers was accomplished by the case company. Michaels and Hahn argued that by selecting influencers who share the interests of the targeted customers, the influencer marketing activities have a stronger probability to represent itself successful (Michaels 2018; Hahn 2019). Figure 14 visualizes the fact that the majority of the influencers' followers, 72% to be exact, are interested in fashion or fitness, which both have a significant influence on the brand and its products. Not only the followers but also the sample influencers seemed to share the interests and could actually all be accounted as the brand's target customers based on their nationality, gender and age, which are positive factors in terms of credibility. The interests of the followers were not researched by the case company before beginning the collaboration but it still managed to achieve favorable results probably due to the fact that the influencers highlight these particular interests on their content and their followers share the same interests. Without including the actions that led to the results, the relevance in terms of shared interests was accomplished successfully.

When considering the relevance of the influencers' followers against the brand's target customer segmentation, the results were quite negative in nature. Both Michaels and Hahn proposed in the theoretical framework that if the demographics of the influencers' followers do not correspond with the target customers of the brand, the influencer marketing activities will most likely fail and there is a high possibility that this phenomenon was demonstrated in the subscriber's case (Michaels 2018; Hahn 2019). The sample social media influencers are all German or Austrian but have an international following. The followers' country distribution was investigated by using an external influencer marketing tool and it became evident that most of them were not from the target countries, as can be seen from Figure 15. The figure points out the fact that 62% of the ten sample influencers' followers are located in other countries than Germany and Austria, meaning that the marketing efforts have mainly targeted consumers from irrelevant countries.

It was also revealed that majority of the influencers' followers were the opposite gender and, therefore, did not belong to the brand's potential customer group. The case company did state that before choosing an influencer, they conduct a research regarding the followers' demographics. This information is retrieved from the influencers' own Instagram statistics and it became clear that the company was aware of the fact that there are influencers who do have more male followers. The brand has not set any specific criteria for the influencers' gender share but did say that if an influencer were to have a large amount, such as 90% opposite gender followers, a collaboration would not be sealed. Also, the compensation of an influencer is influenced based on the followers' relevance against the targeted customer characteristics. Despite the conscious choice, the demographics were in disharmony with the subscriber's original influencer marketing strategy and, therefore, possibly had a negative influence on the key performance indicators measured in this research.

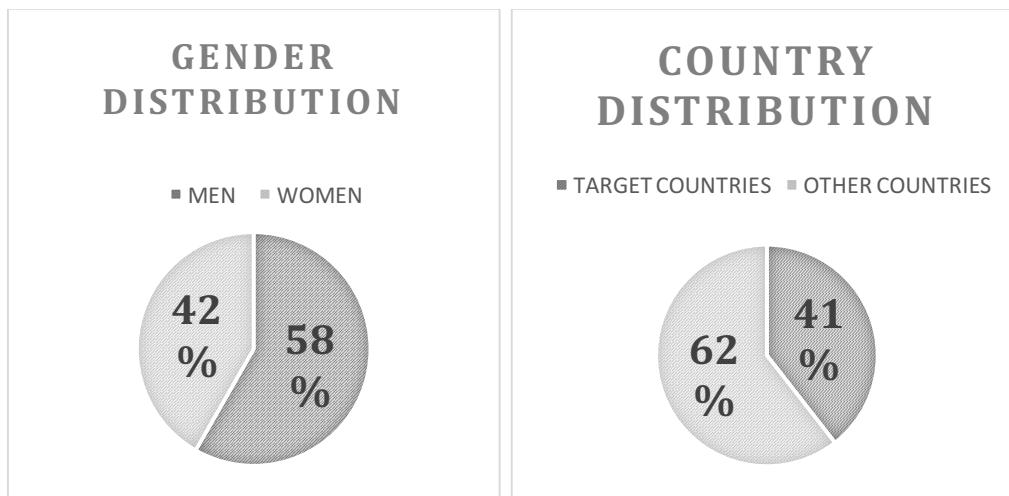


Figure 15. Country & Gender Distribution

In addition to relevance, also reach and engagement are factors that should be accounted when choosing an appropriate influencer. The sample influencers' influencer tiers were macro and mid-tier, which according to both Mediakix and Steele (Mediakix 2019 a; Steele 2017) usually provide high engagement rates and sufficient reach. In this case, the tiers were suitable for the case company and resulted for example in excellent engagement rates and therefore followed the suggestion placed in the theoretical framework. The values of engagement and reach were also

measured by the case company before beginning the collaboration and most probably had a positive influence on the final results.

As the Instagram post comments were analyzed and categorized into positive, neutral and negative tones, it became clear that the followers' reactions were mainly positive. The five negative comments that the collaborations received in total were regarding the appearance of the influencer or the brand's pants. The negative comments were not seen as alerting observations as there were significantly more positive comments regarding the two previously mentioned subjects. Tran suggested that the sentiment describes the feelings and attitudes of the followers on social media and according to that, it can be stated that the overall sentiment was positive in nature (Tran 2019). However, a more interesting fact was found from the influencers' response comments which were appointed to the followers. From the analyzed data, it was discovered that there is a correlation of 0,54 between the positive comments received and the response rate. This means that if the influencers were to respond more to their followers' comments, they could receive even more positive ones.

Both Spencer-Harper and Michaels (Spencer-Harper 2018; Michaels 2018) argued in the theoretical framework that the authenticity of an influencer is directly related to the successfulness of influencer marketing activities, since if the influencer has gained suspicious followers consciously or unconsciously, the reach is not as valuable. Usually, the suspicious followers mean paid followers and are gained so that the key figures of the influencer would appear appealing or individuals who pursue to direct the influencers' followers to harmful sites that gather personal details for unethical purposes. Mass followers, on the other hand, are individuals who follow the influencer with the intention to unfollow soon after the influencer follows the account back. This results in inactive and unengaging following. In Figure 16, the amounts of authentic, suspicious and mass followers is visible and although most of the accounts are authentic, an alerting share is not which might influence the viable reach.

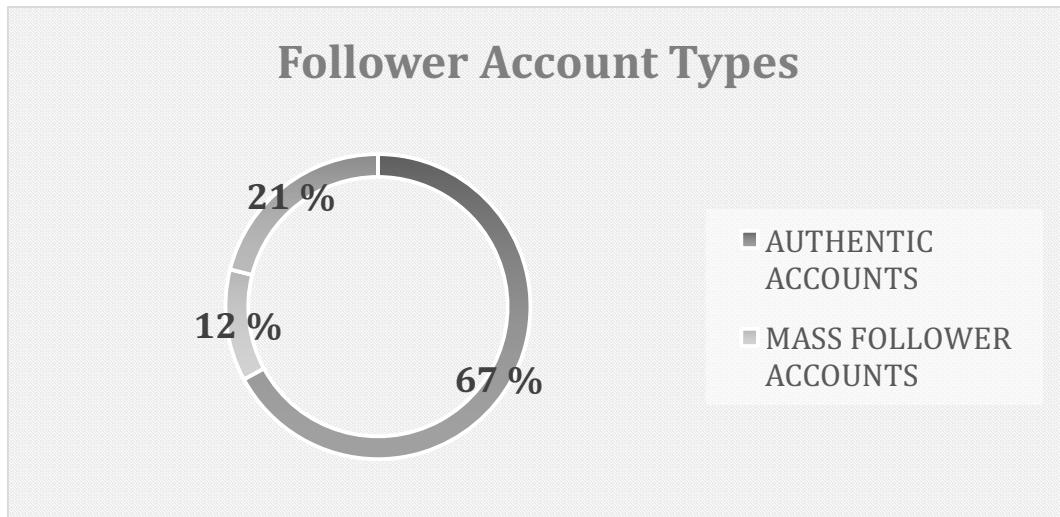


Figure 16. *Follower Account Types*

According to the statement placed in the theoretical framework by Clarke (Clarke 2018), the frequency of the posts created by the influencers influence the engagement rate and the amount of communication an influencer receives from his or her followers. Figure 17 represents the influencers' post frequency per week. The values range from 3,58, which is below the average, to 8,15 which is classified as average. Overall, the average post frequency of all the sample influencers was 5,66, which is sufficient but could be better. The theory suggests that by increasing post frequency, the influencers could receive higher engagement and have their followers to react more. However, the excellent engagement rates that have been established in the collaboration posts indicate that the frequency does not place value at least in this case. This was also proved by measuring the correlation between the post frequency and the impressions received, resulting in -0,40. Nonetheless, the results might be different if the frequencies would be significantly lower than the sample influencers currently have. It was also stated in the theory that frequency encourages brand awareness, meaning in practice that if an influencer publishes frequently, the website traffic would grow. The correlation between the website traffic growth and the posting frequency was 0,26, meaning that there is some truth in the previously mentioned statement but the correlation is not as strong as it could be.

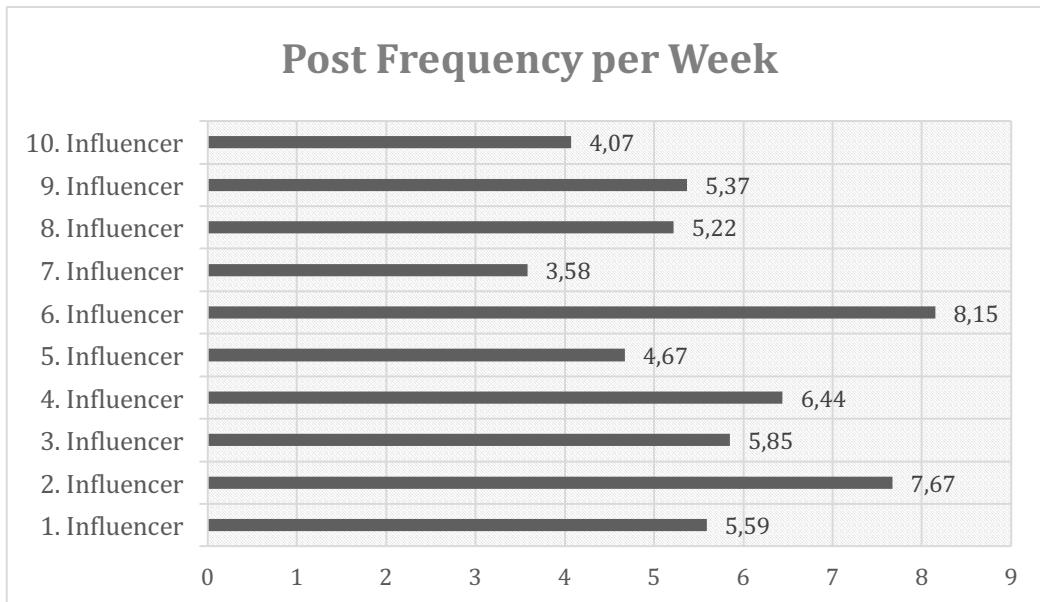


Figure 17. Post Frequency per Week

The platform chosen for the influencer marketing activities was Instagram. According to the Figure 10 in the theoretical framework provided by Clement (Clement 2019), the choice of platform was an appropriate one, since the three largest age groups among Instagram users correspond to the target customers of the brand. Also, the majority of the users are women which are targeted by the case company. When considering the theory of Four M's of Influencer Marketing, there are some factors that are neglected. No extensive research is conducted regarding the targeted customers' reaction history, as the case company mainly concentrates on the influencers. In addition, it was revealed that the case company does not provide any specific education regarding the brand. However, it does occasionally guide the influencers regarding the choice of correct size and inform them about the possible new features of a product so education is exploited to some extent. Also, the influencers are all accounted as long-term collaborations, meaning that the recommended timescale is followed. In addition, the company does monitor the awareness, reactions and actions received during the collaboration as is endorsed in the theory.

It has been guided in the theoretical framework by Brown and Fiorella (Brown & Fiorella 2013) that the message distributed through the promotional posts, should

not be generalized but instead customized as the quality of the content directly affects to the response that the Instagram post receives. After a careful investigation conducted on the Instagram collaboration posts, it became evident that the influencers have invested into the visuals, meaning the picture but the textual content was missing a personal touch from most of the influencers. Content Marketing Institute (Content Marketing Institute 2015) stated that content should be valuable and attract the clearly defined target audience and in this case, both of the factors were lacking from most of the influencers. Although, Instagram mainly concentrates on visual content, it is extremely important to provide a meaningful text to complement images and to attract attention, especially in the case of advertising a product. Most of the collaboration posts included solely tagging the brand and mentioning that one of the clothing pieces presented in the picture was from the brand, otherwise writing about matters irrelevant when considering the collaboration. According to Lahti, an appropriate influencer has the required skills to create quality content and this was not visible in many of the collaborations (Lahti 2016).

In Figure 18, the word amounts of each collaboration post are presented. Influencer number 6 created a total of 106 words and was also the most profitable collaboration partner. This particular influencer included the followers in her content by asking them questions and after, providing them a friendly recommendation of the brand's pants by complementing and stating that she actually uses the pants constantly. Due to the connection between the sixth influencer's sales conversions and the content's length, the correlation between the word amounts of the Instagram posts and the financial results of the collaborations was measured. The correlation amounted 0,64, meaning that there is a positive correlation between the two factors and that creating compelling content can actually have an influence on the sales figures.

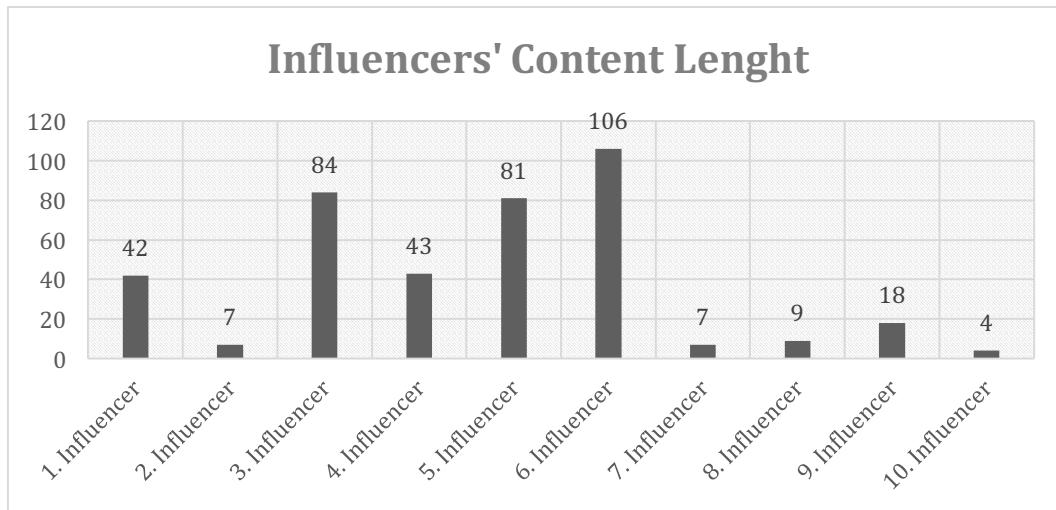


Figure 18. Content Length

If the case company's influencer marketing efforts were to fail, some form of alternative plan has been created as proposed by Brown and Fiorella in the theoretical framework (Brown & Fiorella 2013), since the brand is prepared to launch other marketing activities or to terminate the collaboration if required. However, it became evident that the case company very rarely requests feedback regarding the general communication and all the practicalities, which is controversial against the theory. Feedback is mainly asked regarding the products and whether the influencers liked them, meaning that the brand cannot develop their current influencer marketing activities according to the feedback received.

After the collaboration has come to an end, the case company does measure some of the key values but not very extensively. According to the theory established by Brown and Fiorella (Brown & Fiorella 2013), the investment, resources, product, ratio, sentiment and the effect should be measured. The case company has been concentrating on measuring the values that are easily available, such as investment, ratio, product and effect. However, often the sentiment and resources are neglected and due to this, the complete success level of the collaboration has not been properly measured as the data collected could be described as superficial. By only measuring the concrete numbers, a more insightful and deeper analysis is neglected, which is the one that actually could provide answers for the results and development suggestions for the future.

4.4 Development Suggestions

I propose that the main reason behind the discovered negative figures lies behind the very first stages of the influencer marketing process. By changing the actions from Fisherman's Influence Marketing Model into the Customer-Centric Influence Marketing Model, the majority of the problems could be avoided. In practice, this would mean a careful research regarding the target customers as well as their communicative behavior and based on that information, choosing the appropriate influencer rather than the opposite.

A suggestion to paying more attention when it comes to the demographical details of the influencers' followers could be given. As the case company receives the specific information from the influencers, it is accurate but a more selective direction could be taken in order to confirm the relevance of the brand message receiving group. The subscriber of the thesis stated that they do not have any specific criteria or percentage point to guide them in their choices and by establishing one, it could have a positive influence on the final results. I acknowledge that achieving 100% or even nearly 100% relevant target audience is extremely hard when it comes to influencer marketing activities but would propose that the qualification of at least 50% gender relevant characteristics should be set. This in practice would mean that the brand would demand the influencers to have at minimum 50% female following. The influencers themselves can influence this specific metric by for instance, publishing content that attracts the specific gender. Regarding the country distribution, the process is more complex as the influencers have already established a broad international following and actually do want to connect with them as well. The brand is luckily present also in other countries and therefore although not located in Germany or Austria, the promotion could reach some potential customers. However, possible solutions could lie in the language of the created content or in using a local, smaller-tier influencers.

Another significant factor to be taken into account is the quality of the content produced by the influencers. The case company stated that they do evaluate the content before sealing a collaboration agreement and, therefore, perhaps more resources

should be spent on educating the influencers in order for them to create compelling content that would engage with the followers and affect to their purchase-decision making. At the moment, the case company is almost completely relying on the influencers' visual content creation competences and trusting that the followers will want to purchase the product solely based on the fact that the influencer is wearing it on the picture. The functionality of this approach was proven to be unsuccessful and it seems that the followers want to hear a story or more information regarding the product.

Also, the number of the influencers' authentic followers should be measured and studied in order to ensure that the group that receives the message is relevant and actually willing to accept it and even respond to it. Although, most of the sample influencers' followers were authentic, there were an alerting amount of mass followers and suspicious accounts, meaning that the promotional message has partially gone to waste. The case company was able to target influencers whose followers share the interests that were related to the brand and its products but it was clearly by accident as the subscriber of the thesis did not mention the process of investigating the interests of the followers. Therefore, I recommend that in the future, the shared interests would be a part of the research of finding appropriate influencers. Additionally, feedback should be requested from the influencers in order to develop the activities since currently no reconstructive actions can be taken and possible mistakes are being repeated.

In addition to the previously listed factors, there were multiple smaller matters that were gone through in the data analysis and which should be taken into account but do not play such a big role in terms of the success level of influencer marketing. All in all, most of the mistakes conducted by the case company are common, which is even proved by the theory, since it stated that the currently used influencer marketing model is the Fisherman's Model. Without knowing or understanding the theories behind influencer marketing, it is quite hard to act accordingly and the direction easily changes on concentrating on influencers as the prejudice is that the customers are familiar but the influencers are unfamiliar. Due to this, more resources are naturally used on the influencers.

5 CONCLUSION

The purpose of this thesis was to measure the three key performance indicators of social media influencer marketing and simultaneously answer to the three research questions as well as provide insightful analysis based on the data. The results of the research conducted confirmed but also differed with the first hypothesis given by the case company. The sales conversions and the return on investment corresponded to the subscriber's suspicions of social media influencer marketing not being a lucrative marketing method but other key performance indicators were more positive in nature.

Although it was unavoidably evident that the case company's financial performance was weak in terms of its social media influencer marketing activities, the other – softer values resulted well. The subscriber's main goal was to evoke financial profitability and given that, it can be stated that the operations were unsuccessful. Despite this, I propose that instead of completely abandoning the social media influencer marketing efforts, a change in the social media influencer marketing strategy, especially in the identification of appropriate influencer process.

The more successful key performance indicators were brand awareness and the engagement level generated by the social media influencer marketing collaborations. These values were also listed by the case company as the main goals of the activities, however, receiving less emphasis than the financial profitability. The reason behind the positive results was partly the case company's relevant actions before beginning the collaboration but at the same time, it cannot be left unmentioned that clearly luck had some part in the outcome as there were multiple stages that the subscriber of the thesis was not aware of.

In this thesis, it was revealed that the social media influencer collaboration expenses were not directly connected to the amount of sales that it generated. More important was found to be the correct selection of the social media influencers and the factors that should be taken into account in the process, such as concentrating on finding the influencers through investigating the targeted customers' behavior. In addition, there did not seem to exist any connection between the social media influencers'

follower amounts and the levels of engagement but instead, the study presented a connection between the response percentage of the comments and the amount of received positive reactions.

If considering the main goals that the case company had and the very fundamental aim of the thesis, the influencer marketing activities could be described as somewhat useful, however not financially profitable. Out of the total three goals, two were achieved which is an accomplishment itself but development actions certainly need to be taken in order to improve return on investment.

5.1 Reliability and Validity

Reliability of a research is evaluated through the level of consistency and accuracy. If the research is eligible to correspond with the results of another research conducted under similar circumstances, it is qualified as a reliable one (Bajpai 2018, 50; Krishnaswamy, Sivakumat & Mathirajan 2016). It should be noted that even several months or many years old Instagram posts receive likes and comments and therefore the final amount of impressions is not a stable figure, hurting the reliability of the data gathered. The previously stated argument applies also to the social media influencers' follower amounts, which only a week later can be tens of thousands more, affecting the values of the key performance indicators.

Validity in a research refers to the ability to measure what was originally intended (Bajpai 2018, 48; Krishnaswamy et al. 2016). The validity of this research was ensured by following the protocol of the appropriate research methodology, a mixed-method. Although out of the two, quantitative was the more dominating method due to the nature of the collected numerical data, the research would have not been valid without analyzing the clearly present qualitative data. Also, all the theories exploited in the theoretical section were connected to the data analysis and used in the interpretation of the results which allowed performing the measurements as was indented in the beginning of the research.

5.2 Limitations and Future Research

I acknowledge that there were limitations affecting the results of the research. Firstly, there was a limited amount of academic sources and a lack of previous studies that could have been exploited in the thesis due to the fact that the topic of social media influencer marketing is fairly new and has not been researched extensively. Consequently, as a researcher, I was forced to reference websites and industry-appropriate blogs which might have had a negative influence on the empirical research. Secondly, there was a strong regional-focus, meaning that the research was based on German and Austrian markets and, therefore, could not represent any suggestions for other countries. Lastly, in addition to concentrating on a specific country, the thesis targeted solely women and did not include influencers from other genders, resulting in findings that do not present direct value in the case of for instance, a male influencer with a male following, promoting a men's clothing brand.

The sample size of the research could have been a limitation, however, I argue that the sample size chosen was fitting in terms of fulfilling the aim of the thesis. If the research type would have been different and the case company would have had broader influencer network, also the sample size should have been larger. The current sample size was appropriate in terms of the analysis and the results could therefore, act as a guide for the subscriber. Smaller sample size should have been selected if the data collection were more extensive and if the qualitative method would have been more dominant.

As this thesis exposed negative results regarding the financial key performance indicator of the case company's influencer marketing activities and one of the suggestions as a reason behind the results was the influencers' unfavorable selection process, a comprehensive research regarding the importance of appropriate influencers in social media influencer marketing campaigns could be conducted. Additionally, a research regarding influencer marketing solely in terms of its financial profitability in different social media channels could possibly expose valuable information.

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