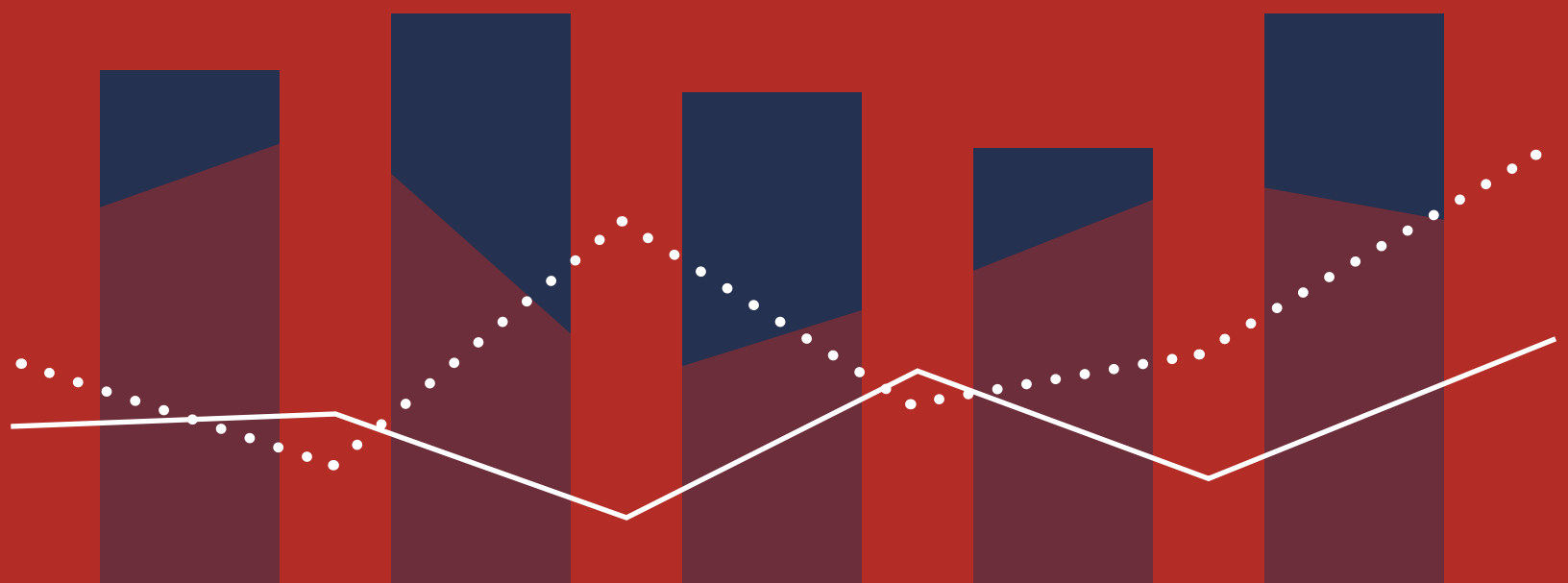


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The Research Behind Influencer Marketing

Jacob Goldenberg, Andreas Lanz, Daniel Shapira, and Florian Stahl | 2.15.2022

The influencer endorsement market more than doubled from 2019 to 2021, growing from \$6.5 billion to \$13.8 billion (Statista 2021). User-generated content networks like Instagram, LinkedIn, SoundCloud, Twitter, and YouTube fueled the growth as they transformed the customer targeting, acquisition, and retention process.

Influencers and their followings provide firms unique access to potential customers difficult to reach through channels like online banner advertisements. As a result, companies have found selecting powerful influencers to seed customer targets can drive marketing success (Haenlein and Libai 2017).

But which influencers should firms target to find potential customers? Significant literature suggests high-status influencers with large followings are effective (e.g., Hinz et al. 2011). Such macro-influencers, or “hubs” (Goldenberg et al. 2009), boost information dissemination in user-generated content networks and drive product adoption. More recently, researchers and practitioners have recognized the value of micro-influencers with only a few followers (e.g., Haenlein et al. 2020). Sometimes the generation gap between an influencer and potential customers leads to misalignment (Clegg et al. 2022).

Several recent publications offer important and actionable insights for individuals and firms attempting to seed customers in the evolving social media landscape.

Selecting Influencers

Individual and corporate social network users can use their own profiles to shape their follower base through outbound activities. By targeting influencers with follows, private messages, likes, and reposts, they can trigger notifications in the influencers’ timelines and possibly elicit follow-backs. The strategy, especially relevant for small- and medium-sized enterprises, requires no monetary budget and, when successful, represents an unpaid endorsement from the influencer.

Outbound activities can trigger direct returns via follow-backs from influencers and indirect returns via follow-backs from influencers’ followers. Indirect returns rely on influencers reposting content.

Lanz et al. (2019) find that network users do not generally benefit from soliciting unpaid endorsements from macro-influencers with large followings because they are orders of magnitude less responsive than micro-influencers. Direct returns are therefore unlikely and risky. When macro-influencers do respond, the researchers find the indirect returns from their followers do not compensate for the high risk. Lanz and colleagues offer the first empirical evidence for micro-influencers' effectiveness, finding them to be six times more effective than macro-influencers for growing a follower base of potential customers within two years.

The idea also applies to paid endorsements, as macro-influencers may be unreceptive to requests, regardless of compensation. According to Lanz and colleagues' 2019 work, endorsements depend on the status difference between the solicitor and influencer. Beyond status difference, the solicitor for a paid endorsement must realize that an endorsement may positively bias the influencer's content while decreasing its persuasiveness due to the affiliation (Pei and Mayzlin 2021). For paid endorsements, it is important to specify the affiliation.

When selecting influencers, Valsesia, Proserpio, and Nunes (2020) find following fewer other users signals autonomy and enhances perceived influence. The researchers suggest that macro-influencers typically follow few others, while micro-influencers have more balanced follower-to-follower ratios.

Todri, Adamopoulos, and Andrews (2021) demonstrate that users may form a sense of social identity based

on their physical location. Even in online environments geographical proximity matters for social influence.

Firms should also consider network overlap when selecting influencers. Overlap may occur among common followees, common followers, or common mutual followers. Peng et al. (2018) find return likelihood increases with network overlap. Although the researchers find that all forms of network overlap positively affect reposting (i.e., indirect returns), common followers are more important than common mutual followers. In a simulation study, the authors show that a 20% increase in network overlap is associated with a 13% decrease in influencer activation time.

Strengthening Follower Bases

Ansari et al. (2018) find that outbound activities can generate significant long-term impacts via follower base growth and content consumption, with follower base connectedness being critical—and offering considerable predictive power. Individuals and firms should therefore supplement their outbound efforts with activities to increase connectedness, such as additional opportunities for followers to interact on- or offline. The researchers focus on musicians and suggest concerts and fan gatherings as examples.

Chen, van der Lans, and Phan (2017) demonstrate that assuming a binary network structure, where users simply follow each other or not (e.g., Ansari et al. 2018; Lanz et al. 2019), can be misleading. The researchers therefore develop a multinet approach for activating influencers by inferring network connection weights based on features like recency and interaction

intensity, as well as dissemination process. In an empirical application, they demonstrate relationship duration and private message exchanges generate a multinet network extending beyond connections alone.

What value does growing a follower base of potential customers to support wide content dissemination deliver? Based on a Facebook field experiment in which they consider an incentive-based health and wellness program allowing customers to accumulate points for offline behaviors like exercising, Mochon et al. (2017) find that business page likes (i.e., followers) can translate into changes in offline behaviors, including purchases. Specifically, using social media platform functionality to acquire likes translates into a 8% greater influence on offline customer behaviors. (For

more on the value of Facebook likes, see Colicev (2021).)

Summary

For unpaid social network endorsements, the most basic form of influencer marketing, firms can capitalize on outbound activities like follows, private messages, likes, and reposts. However, activating micro-influencers can be more effective than approaching macro-influencers.

Firms must also consider geographical proximity as well as the number of followees and network overlap when selecting influencers for customer seeding. Moreover, marketers must increase connectedness among their own follower base to achieve long-term impacts, meaning they must carefully integrate each new follower into their existing egocentric network, as there is more to a connection than simply a follow.

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