

Influencer Marketing Study

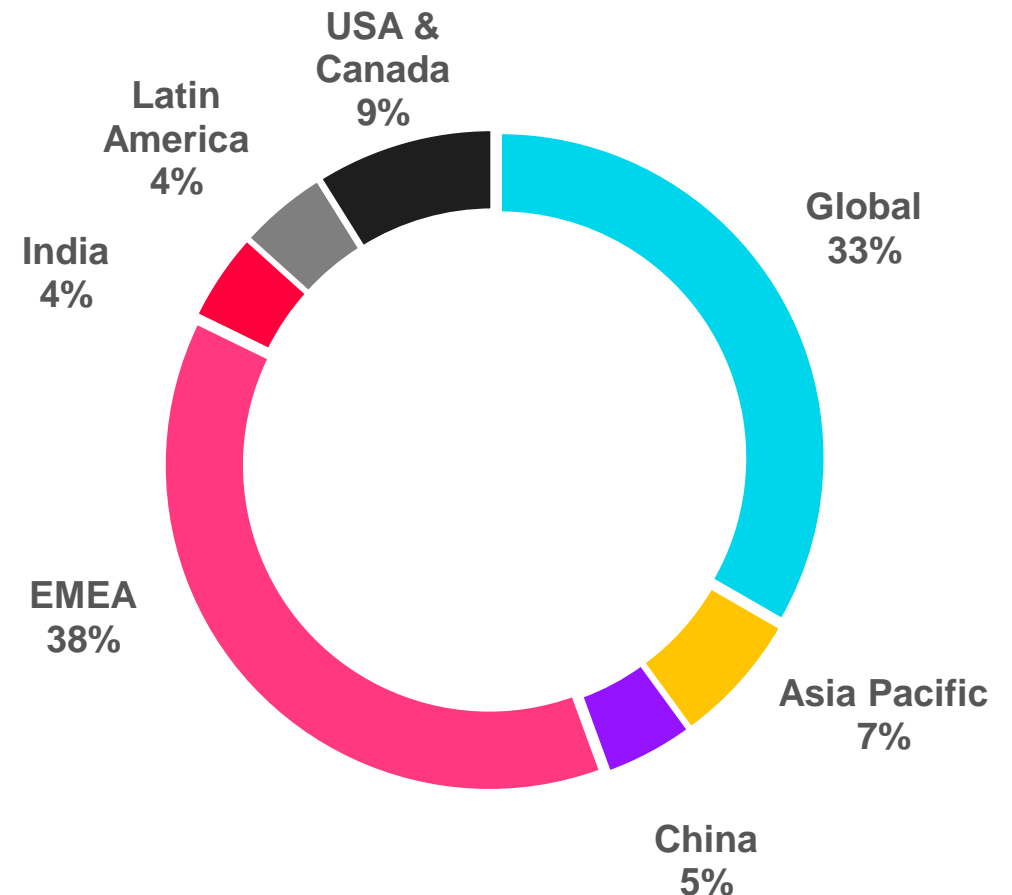
June 2018



Background

- This document contains results from an online survey of WFA members in Q1 2018
- **34** companies took part representing **15** categories and approximately **\$59 billion** in global media & marketing spend
- All respondents use influencers to market their products online **54%** “only occasionally / in some markets” and **46%** “very often”

Q: Which of the following geographies best describes your area of responsibility?



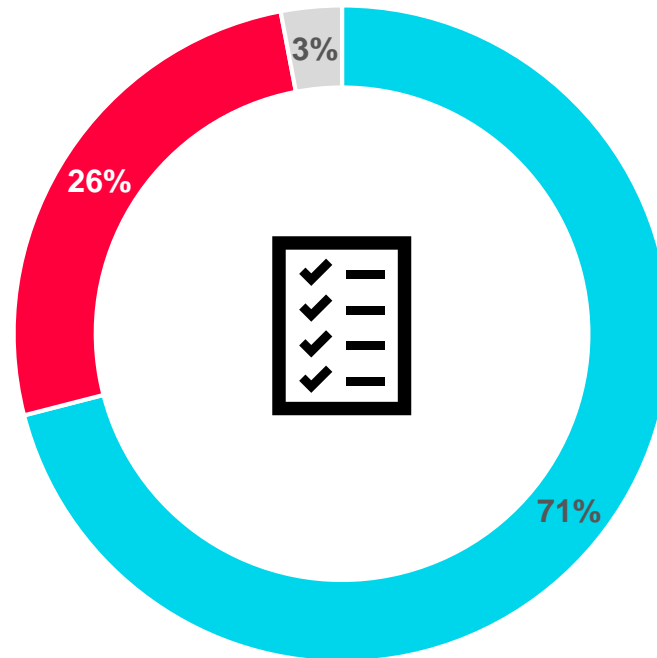
Majority have an influencer policy in place

Q: Does your company have a policy on how to work with online influencers?

Q: Is influencer marketing covered by: Your marketing policy/A company policy specific to influencer marketing/Don't know

BUT:

“Currently working on it”
“Coming soon”



Covered by:

- **45%** marketing policy
- **55%** specific policy for influencer marketing

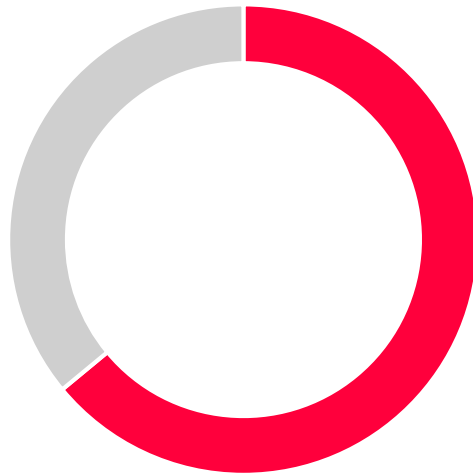
■ Yes ■ No ■ Don't know

Majority rely on external partners to identify and manage influencers

Q: Who identifies the online influencers your company is working/wants to work with?

Influencer identification

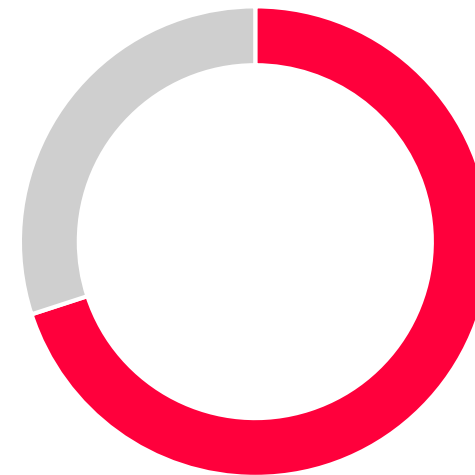
64%



Q: Who manages the online influencers your company is working with?

Influencer management


63%



- External partner (e.g. agency)
- We do it internally

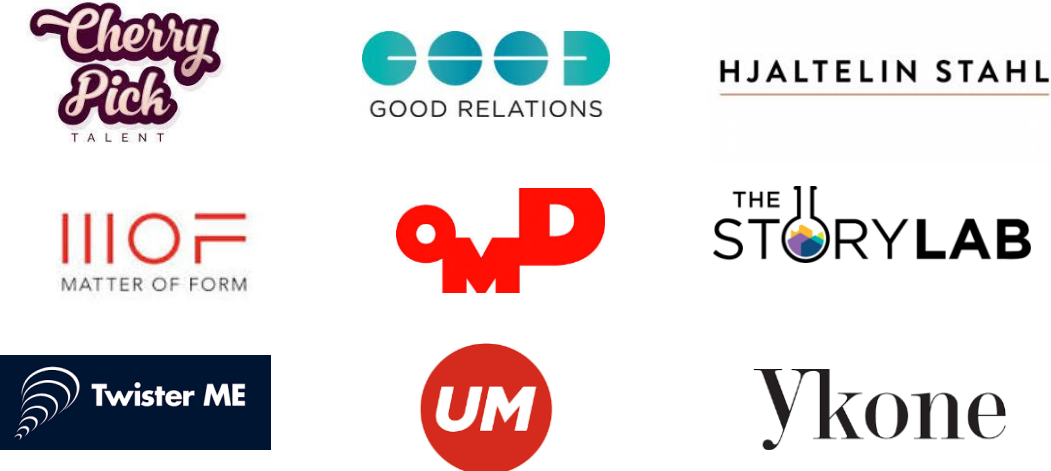
Recommended external partners

...to help you [identify](#) the online influencers your company is working with:



“We work with our PR agencies...”

...to help you [manage](#) the online influencers your company is working with:



ADDITIONAL INFORMATION

WFA is happy to pass on members' experiences and/or recommendations. Please note that any such experiences and/or recommendations do not reflect WFA's position and should not be considered as WFA's experiences and/or recommendations. In particular, WFA does not undertake any investigations or make any judgments on the quality or the performance of any agency and does not take any responsibility for the accuracy of experiences and/or recommendations expressed by its members.

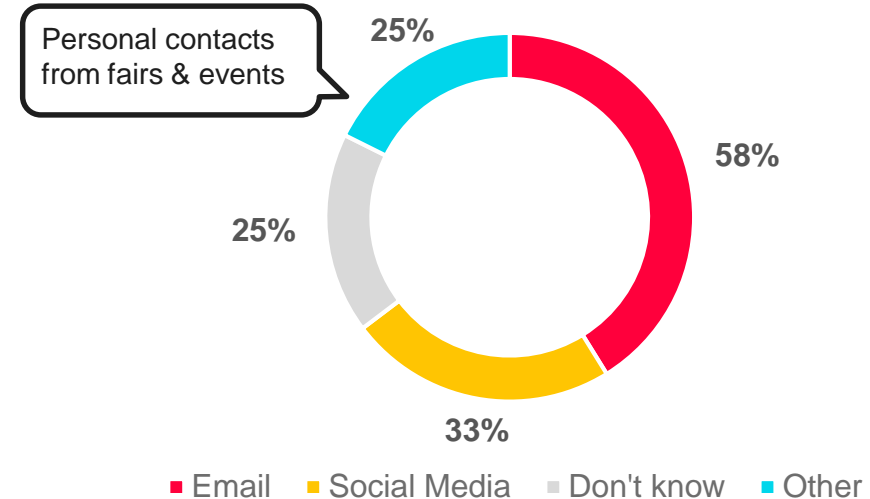
Identifying and contacting influencers

When managed internally, brands use the following **tools to identify online influencers**:



- “Social media stats – reach and relevance segments”
- “Social media analytics”
- “Manual search”

What is your **primary form of contacting online influencers** about a potential collaboration?



ADDITIONAL INFORMATION

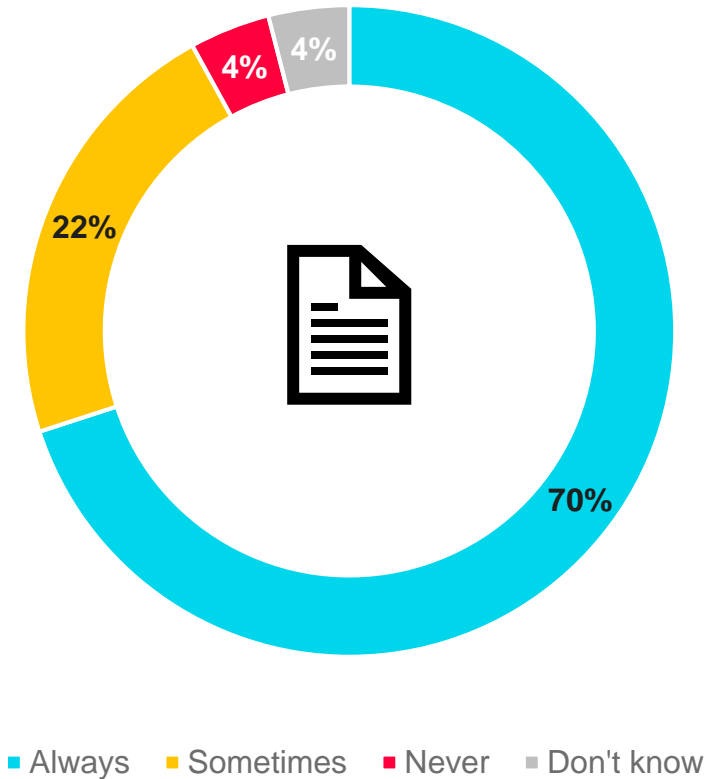
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70% of brands always sign contracts when working with influencers

Q: Does your company sign contracts when working with online influencers?

Comments:

- [We] “very rarely [sign contracts] because we take an editorial rather than paid approach. There is a risk influencers do not deliver on expected ROI. But 90% of the time, we get what we want and more.”
- “This is managed through the agency who indemnifies us.”

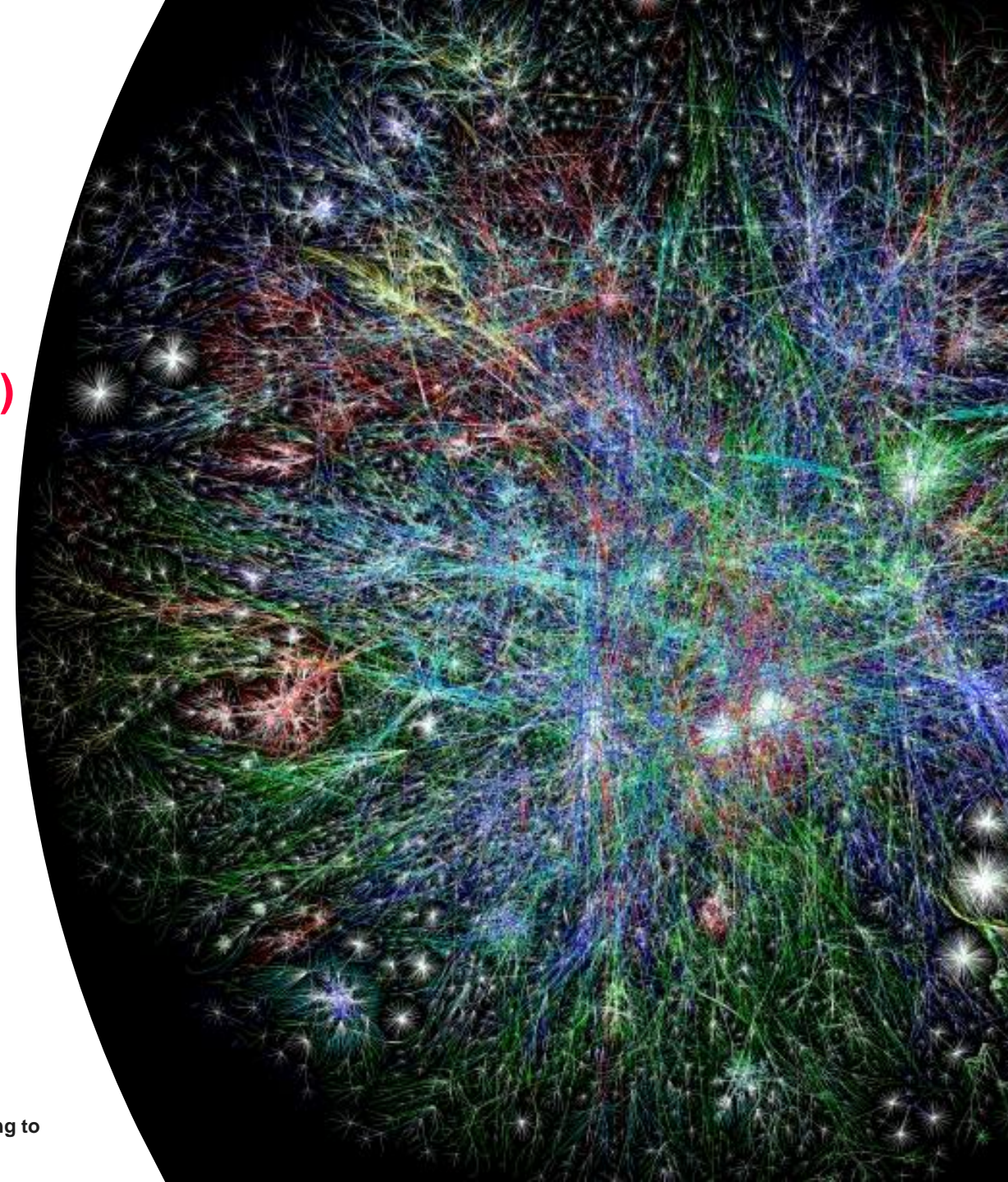


Pre-peak for Influencer marketing

- Whilst all participants **use influencers (100%)**
- **64%** of respondents stated it will become **more important in the future** - or stay the same (32%)
- **65%** shared their influencer marketing **budget is likely to increase** in the next 12 months (anywhere from 10-100%). 30% said it will stay the same.

Q: How important will online influencer marketing become for your company in the future?

Q: Looking ahead to the next 12 months, how is your company's online influencer marketing budget likely going to change? (Including all resource costs, activation costs, agency fees, technology, etc)



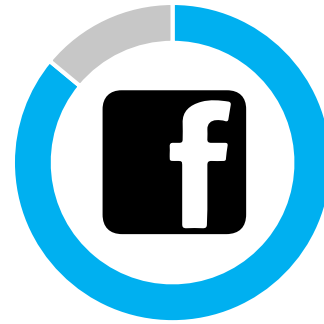
Leading platforms for our respondents

Q: Which online channels does your company select for influencer collaborations?



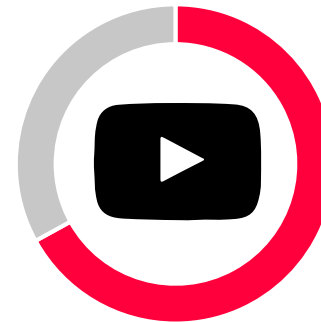
100%

Instagram is used by all respondents for influencer marketing activities



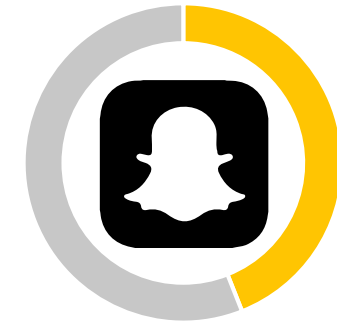
85%

Facebook is the second most widely used social media platform for influencer collaborations



67%

comes in third with **67%** of brands selecting it for influencer marketing activities



44%

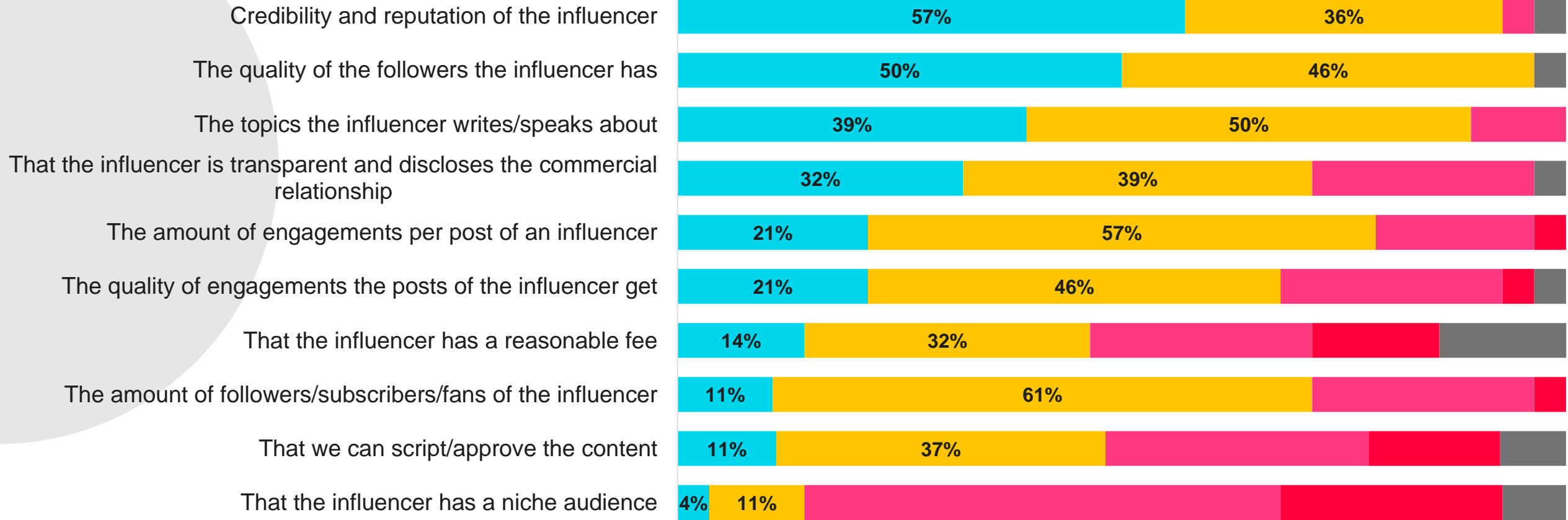
Just under half of marketers use **Snapchat** for influencer marketing

Note: followed by Twitter 33%, Blogs (Tumblr/Wordpress) 30%, WeChat 19%, Pinterest 19%, Line 7%, LinkedIn 4%, FB Messenger 4%, Other 4%

Reputation and quality paramount

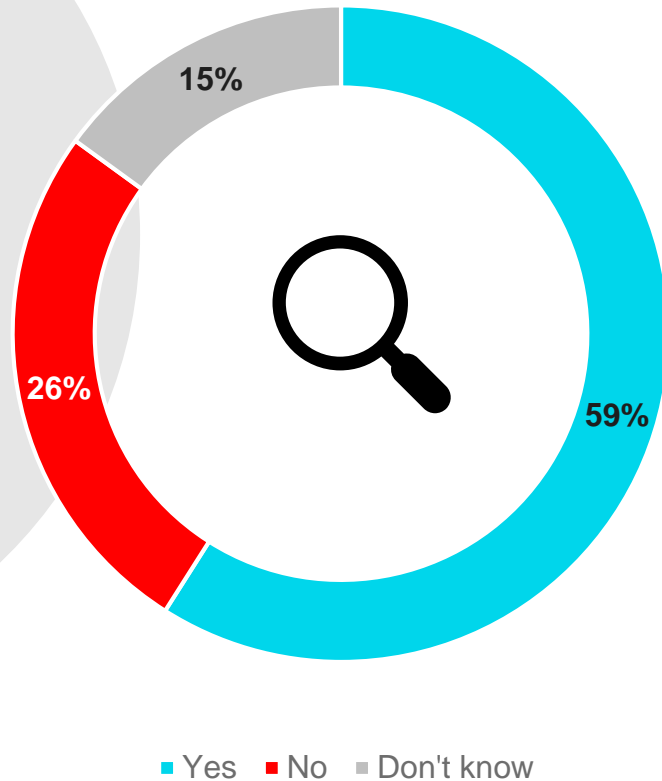
Q: Please rate the following criteria in order of importance for your company when choosing to work with an online influencer

■ Absolutely Essential
 ■ Very Important
 ■ Of Average Importance
 ■ Of Little Importance
 ■ Not Important At All



Brands seek reputable influencers, however, not all encourage transparency about the collaboration...

Q: Do you actively encourage the online influencers you work with to disclose the commercial relationship with your brand?

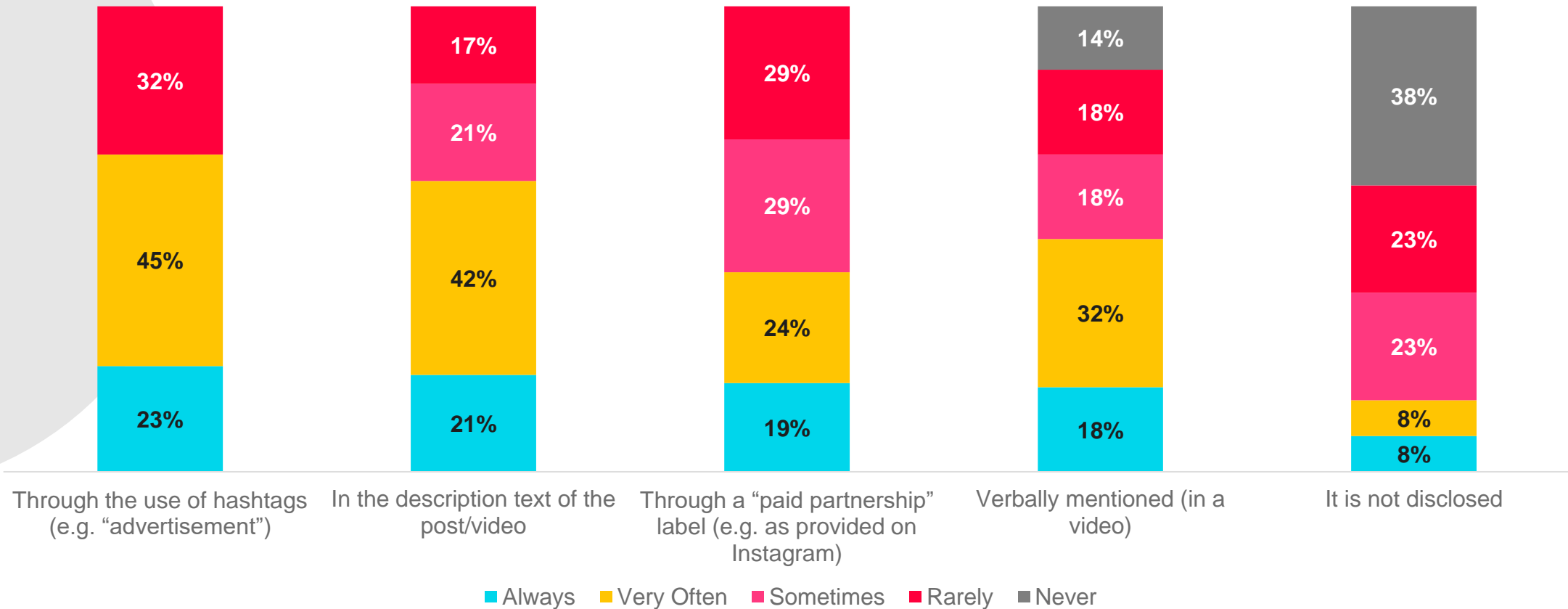


How members actively encourage transparency:

- “We stipulate that when working with an influencer our teams must: “Ensure that the exchange of goods, services and experiences is clearly disclosed in all relevant communication, by both the company and the influencers involved. **We have a section in our dedicated policy which provides guidance and examples of how this can be done both written and verbal**”
- “Requirement to disclose commercial relationship is **included in contract**”
- “Always with **#AD #SPONSORED or #SPONSORED CONTENT**”
- “[We] ask them to use our hashtags“
- Tagging us, saying "with xxx" (on FB), or disclosing in the editorial text itself

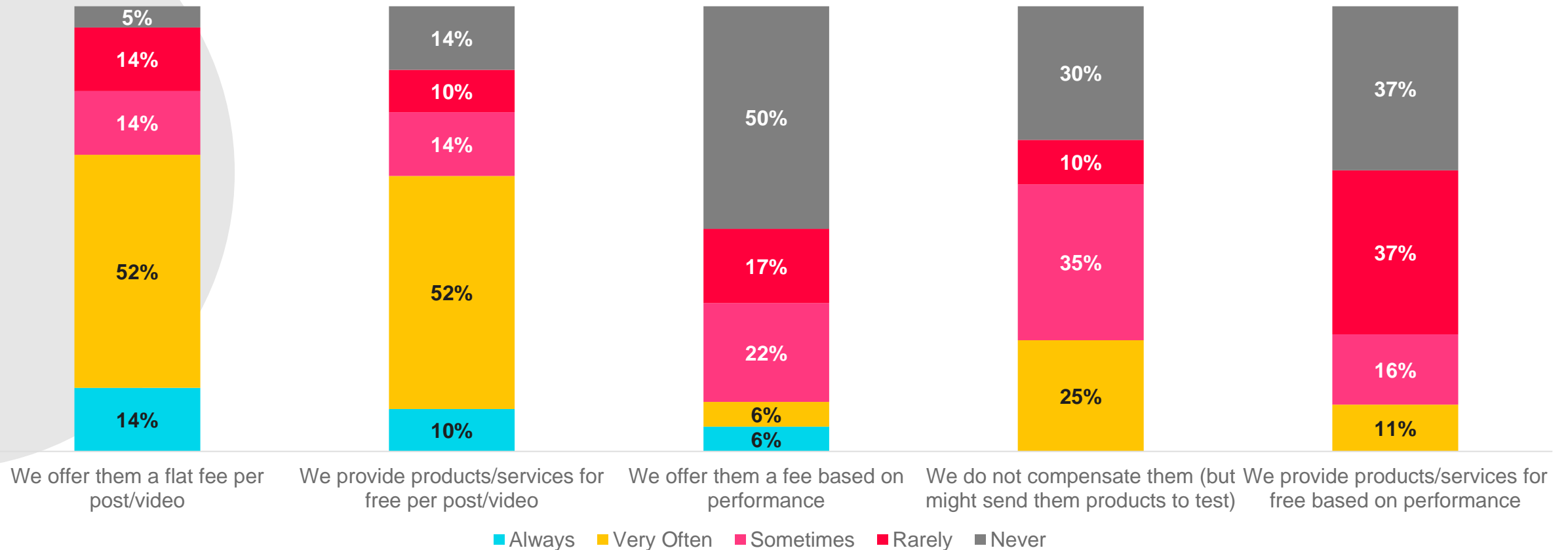
#Hashtags most commonly used to disclose commercial relationships

Q: How is the information about the relationship with the brand usually disclosed by the influencers you are working with?



Majority of brands pay/offer free services & products per post/video vs. based on performance

Q: How are the online influencers you work with remunerated by your company?



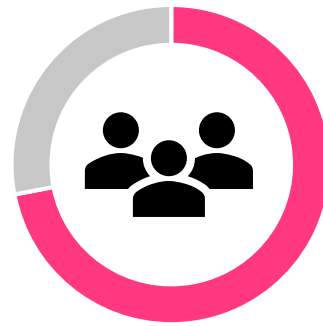
Multinationals seeking awareness & new audiences

Q: What are the top goals your company wants to achieve through online influencer marketing? (Select top three)



86%

Increase
brand
awareness



74%

Reach
targeted/new
audiences



69%

Improve
brand
advocacy



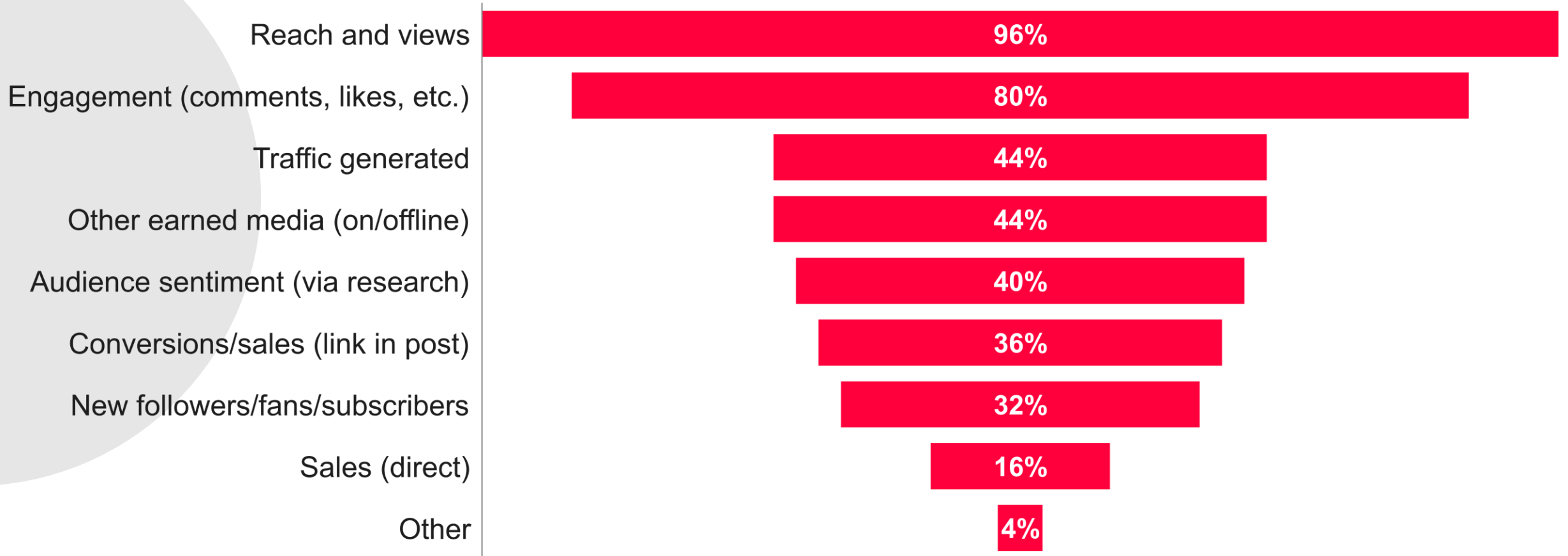
46%

Increase
sales
conversion

Note: manage reputation also cited by 11%

Success = reach (and engagement)

Q: How does your company measure the success of online influencer collaborations? (KPIs)



Main challenges in working with influencers

42%

Lack of editorial control & therefore risk for brand reputation

38%

Non-compliance with regulations/standards

33%

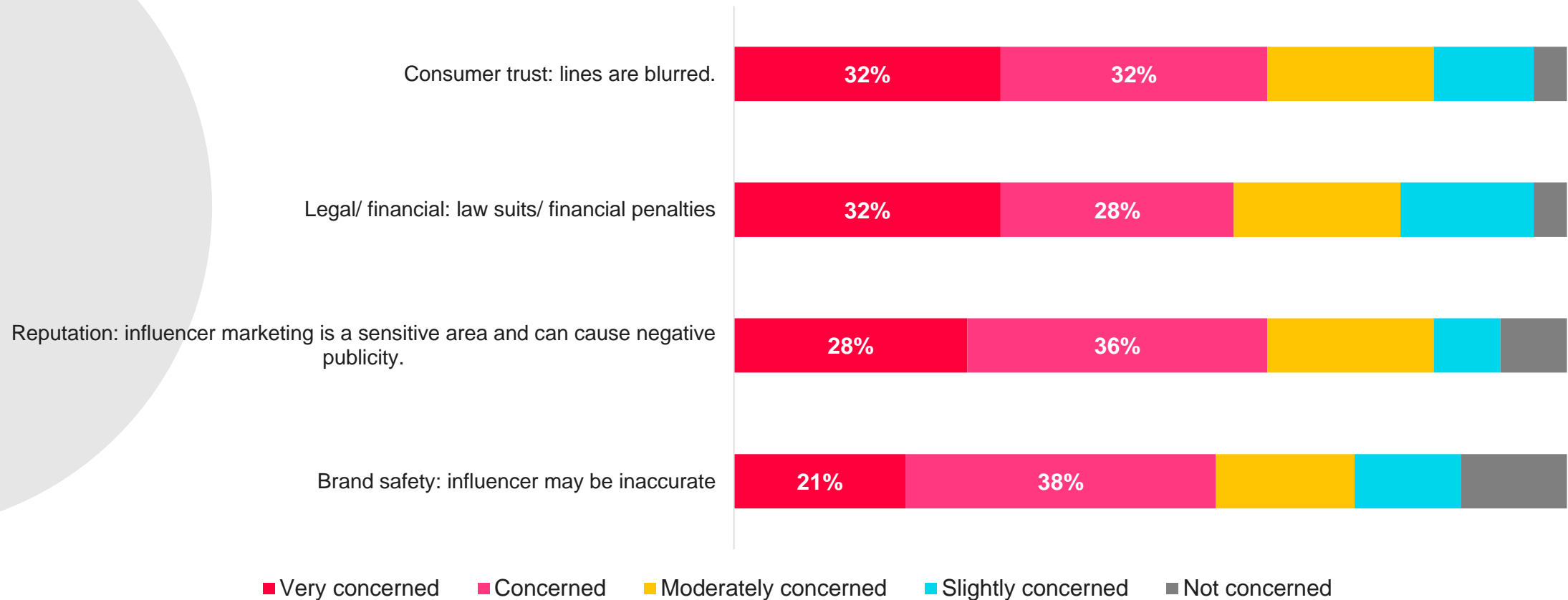
Lack of transparency - non-disclosure of the commercial relationship

Others:

- **Resource:** Lack of time to manage influencers - “We sign them up and forget about them”
- Lack of **authenticity** and brand fit – “Having a collaboration that goes beyond just money”
- Moving from an ad-hoc to **long-term** relationships
- Organic **reach** is very low
- Lack of **professionalism** of some influencers
- Measuring **ROI** – “Business fails to understand the impact”

Multiple concerns relating to risk management

Q: How concerned is your company of the following risks related to online influencer marketing?



Commonalities in terms of **advice** from peers

Q: Do you have any watch-outs or tips other members should keep in mind when working with online influencers?

Transparency & authenticity

- **Authenticity** is key; long-term trumps "one night stand".
- **Authenticity:** Be clear about the "overlap" between your brand's value set and the influencer's value set. It should be a true, **strong fit**. Consumers have gotten too savvy to be blinded by commercial partnerships.
- Be **transparent!**
- Check **legalities of disclosure**, which differs by platform and market. Influencers talk to each other... if you start paying one in a market, there'll be an expectation that you'll pay others too.
- **Fraud.**

Approach and alignment

- Address **internal objections**/understanding first, by far our biggest obstacle.
- Ask them to promote mass product or send product directly, do it before important launches as influencers rather do not care about [your] **timing**.
- Make sure there is a **program** for the influencer already **set up** prior to sign them up.

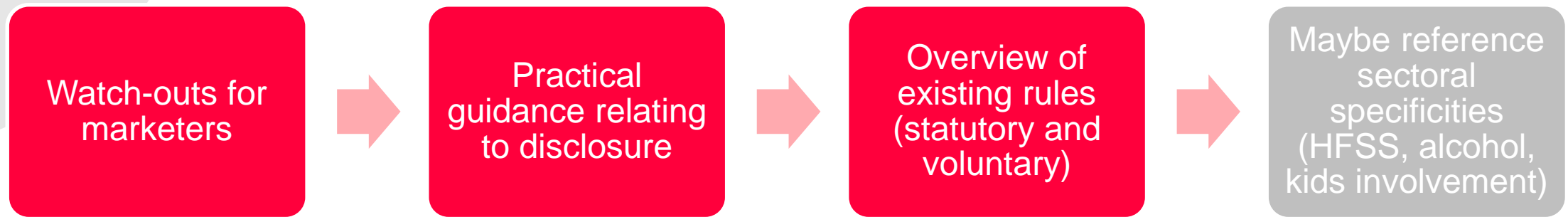
Ensure risk mitigation

- Researching, **risk** management
- Always get a legal agreement and cover the **risk**
- Ensure you have a process in place and fully understand who bears the **risk**. Ensure FTC compliance.
- **Payment** should be **performance** oriented

WIP, WFA work on influencer marketing

90% of respondent would welcome WFA's recommendations – so we will do that!

**A practical guide for “better” influencer marketing:
effective *and* responsible.**



The logo for Hogan Lovells, featuring the name in a serif font on a yellow rectangular background.

**Hogan
Lovells**

All WFA benchmarks, survey results, agendas and minutes are reviewed by Hogan Lovells International LLP, our competition lawyers.

WFA Competition law compliance policy

The purpose of the WFA is to represent the interests of advertisers and to act as a forum for legitimate contacts between members of the advertising industry. It is obviously the policy of the WFA that it will not be used by any company to further any anti-competitive or collusive conduct, or to engage in other activities that could violate any antitrust or competition law, regulation, rule or directives of any country or otherwise impair full and fair competition. The WFA carries out regular checks to make sure that this policy is being strictly adhered to.

As a condition of membership, members of the WFA acknowledge that their membership of the WFA is subject to the competition law rules and they agree to comply fully with those laws. Members agree that they will not use the WFA, directly or indirectly, (a) to reach or attempt to reach agreements or understandings with one or more of their competitors, (b) to obtain or attempt to obtain, or exchange or attempt to exchange, confidential or proprietary information regarding any other company other than in the context of a bona fide business or (c) to further any anti-competitive or collusive conduct, or to engage in other activities that could violate any antitrust or competition law, regulation, rule or directives of any country or otherwise impair full and fair competition.

Thank you

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