DIGITAL COMMERCE 360

By the editors of **Internet Retailer**

MARKETING STRATEGIES OF THE TOP 1000

Digital marketing tools and strategies help online merchants drive sales and engage shoppers.

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MICRO INFLUENCE WITHOUT MEGA HASSLES—THREE RULES FOR RETAILERS

An executive conversation with **Max Ciccotosto,** Vice President, Mediarails by Impact

By some estimates, influencer marketing could be a $10 billion industry by next year. That's a sign of how popular these kinds of partnerships have become and how effective they are at driving retail revenue and growth. While traditional sales and marketing channels are at best only holding steady, and in other cases, actually losing impact, partners like social influencers are driving up to 30% of overall revenue for some retail businesses.

LEADING INFLUENCER MARKETING CHALLENGES ACCORDING TO US MARKETERS, JAN. 2019

(% of respondents)

Source: Mediakix, "Influencer Marketing 2019," February 14, 2019

But that success and the high demand for great partners comes a cost: top influencer partnerships are getting expensive. In fact, it has been recently reported that more than a third of U.S. marketers say the rising cost of influencers was a leading marketing challenge.

While some influencers swap endorsements for product, others charge thousands of dollars for a single post. According to social media analytics firm Klear, YouTubers command the biggest payouts, with major celebs commanding nearly $4,000.

In response to these rising costs, some retailers are seeking out niche influence and alternative channels that offer high engagement at a lower cost—chief among them micro- and nano-influencers who have small but often very loyal followers. This is a great retail strategy, but with a catch.

Swapping a small number of high-dollar influencers for a network of micro influencers multiplies the work it takes to manage, track, measure and pay your partners. And many say managing influencers is already a major marketing challenge.

So, how can retailers keep the costs of an influencer marketing program under control, get the most bang for the buck and keep partner management from consuming all your team's time and talent?

Here are three sensible rules for any partnership program:

1. Pay only for value

Many marketers think that the measurement of ROI will be critical to the future success of influencer marketing. That's hardly surprising, but it's also complicated. Retailers need specialized tools to be able to track the actual contribution every partner makes to bottom-line goals. And unlike in the "last click" world of traditional affiliate marketing, it can be hard to ensure that the influencer who contributed most to a conversion but much earlier in the customer conversion actually gets credit.

INFLUENCER RATES* WORLDWIDE, BY SOCIAL MEDIA PLATFORM AND INFLUENCER TIER

	Nano (500-5K followers)	Micro (5K-30K followers)	Power (30K-500K followers)	Celebrity (500K+ followers)
Instagram				
Post	$100	$172	$507	$2,085
Video	$114	$219	$775	$3,138
Story	$43	$73	$210	$721
YouTube video	**$315**	**$908**	**$782**	**$3,857**
Facebook post	**$31**	**$318**	**$243**	**$2,400**

Note: n=2,500; * represents the rate that influencers charge brands
Source: Klear, "The Klear Influencer Marketing Rate Card," May 13, 2019

However, with automated tools, retailers can measure performance and pay their partners for their actual contributions whenever they drive value and whether or not they win the last click. Automated platforms also offer immediate and direct access to data, so you can track ROI moment by moment and ensure you're getting what you pay for.

2. Invest in capacity

Especially in retail, working with a larger network of nano- and micro-influencers to get more value for your spend can be a very effective strategy. But be sure you are actually saving money and not just trading one cost for another in the form of management headaches.

Automation is again the key, giving you virtually unlimited capacity to discover, recruit, measure, and compensate hundreds or even thousands of partners without added manual effort or operational burden. Automation not only expands your ability to efficiently manage a high volume of influencer partners, it also makes it easy to incorporate new kinds of partners into the mix—like podcasters, whom some experts predict may be the next big thing in influence. An added bonus is that with automation, influencers can "self-service" their way through your program, requiring less of your hands-on attention.

3. Keep it real

Mediakix, an influencer marketing agency, reported earlier this year that—more than any other issue—half of the businesses surveyed list "spotting fake followers and inauthentic engagement" as a top challenge to influencer marketing.

They may be on to something. Forbes reported earlier this year that 25% of popular influencers use false engagement methods like buying automated followers (bots) and that as much as 40% of comments on influencers' sponsored posts are phony.

Across all your partnerships, the best way to identify and address fraud is with machine learning that can easily spot tell-tale signals that no human can. This kind of technology applies fraud detection to influencers' audiences and social placements, alleviating much of the risk around expanding your influencer programs. Using machine learning, retailers can adjust payout terms with partners of questionable audience quality or cut them out altogether. With the savings, you can reinvest in and reward your most trustworthy, demonstrably valuable partners.

A relationship with a great influencer can generate fantastic ROI for a retailer, and there may be times it's worth it to throw down $1,000 for an engaging sponsored video. But high-dollar influencers aren't the only game in town, and with the right tools and protections, you can establish a much broader, more diverse influencer program that puts your eggs in more baskets and costs a lot less.

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