

Influencer Marketing: A Closer Look

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Understanding “Influencers”

The word “influence” made its entry into the English language as an astrological term meaning the exercise of occult powers by heavenly bodies to affect human actions and destinies¹. Of course, the word does not imply anything occult in modern parlance. It simply refers to a person with the power to influence consumer decisions, usually through social media. To be more specific, influencers are people who share their opinions on products, services, and brands every day using the help of social media. They can be acknowledged as opinion leaders who communicate with a large network of followers. Social Media Influencers are contracted by brands to provide authenticity and credibility to their products.

A contribution of social media marketing is that companies are able to have more interaction, connection, conversation, community building and a sense of belongingness with consumers. Consumers trust their online network of friends and acquaintances, whom they consult when seeking advice on a particular product or brand, which becomes an extension of their social lives on the internet.

Since it becomes onerous for brands to manage relations with each and every single customer, they are able to, in effect, delegate this activity to influencers, who also become their brand ambassadors owing to the large numbers of followers they have. Many organizations thus hand over their social media representation to influencers, to a large degree.

Economic Rationale for transition from celebrity marketing to influencer marketing

¹Solomon, J. S. (n.d.). What Is An “Influencer” And How Has This Word Changed? Dictionary.Com. Retrieved January 19, 2021, from <https://www.dictionary.com/e/influencer/>

Celebrities were the first public figures to label themselves as influencers². They were the ones with large-scale follower bases. However, as more and more non-celebrity influencers gather tens of thousands or even millions of followers, simply on the basis of how fashionable they are, or how exotic their lives appear, celebrities now occupy a smaller portion of the pie in the global and local influencer community.

That said, influencer marketing originated from celebrity endorsement-deals. For years, market research has proved that companies experience higher sales when public figures represent their products³.

Most companies today, face a supply vs demand issue when it comes to hiring large-scale celebrities for campaigns and brand representation. There are only a few public figures or celebrities who have worldwide appeal and many companies vying for their time and endorsement. This drives up the price of celebrity endorsements. Therefore, the rise of the influencer market is a boon for such companies as non-celebrity influencers will charge far lower rates.

Company's marketing executives will consider a variety of factors before enlisting an influencer. They will of course, first and foremost, look at the size, frequency of interactions with followers, and demographic profile of the influencer's followers. Therefore, a company can pick a right influencer for its sector, instead of going to a celebrity who is likely to have followers across age groups and other demographic criteria, which can make customer targeting more difficult.

Since the global economy is experiencing a surge in the number of start-ups, more brands are entering the influencer market for brand representation. Consequently, there continues to be a growing demand for influencers.⁴

Breakdown of the Influencer Industry

Categorization of this industry can be done according to the size of influencer following, the platform, or even the type of social message or communication.

Those who have 1000-10,000 followers can be categorized as nano-influencers; micro-influencers have 10,000-50,000 followers. Mid-tier influencers, 50,000-500,000 followers; Macro-influencers, 500,000-10,00,000; and mega-influencers more than 1 million followers.

²Geyser, W. G. (2021, August 17). What is an Influencer? - Social Media Influencers Defined [Updated 2021]. Influencer Marketing Hub. <https://influencermarketinghub.com/what-is-an-influencer/>

³ibid

⁴Santora, J. S. (2021, August 18). 13 Influencer Marketing Trends to Watch in 2021. Influencer Marketing Hub. <https://influencermarketinghub.com/influencer-marketing-trends>

Categorization of Influencers by Follower-Base

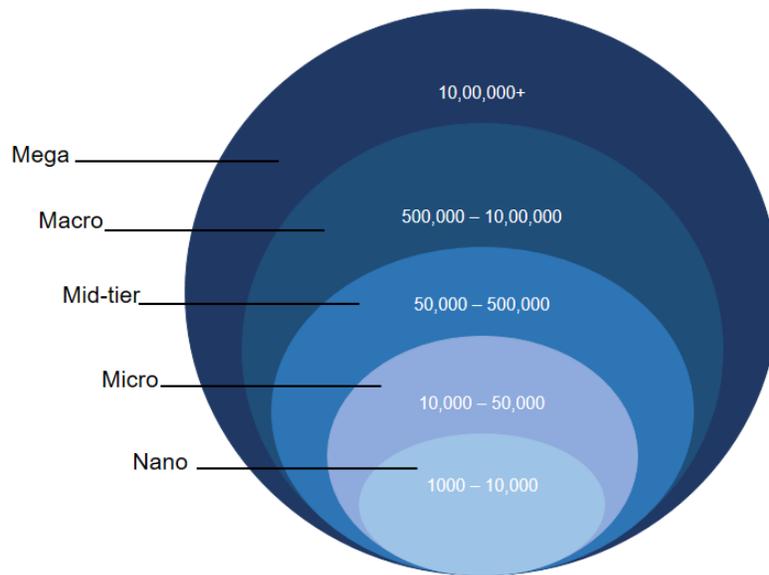


Image 1: Influencer Categorization by Follower size. Source: MediaKix⁵

It is also possible to break down the influencer industry in terms of professional categories. Categories that apply to Bangladesh are as follows, as per expert interviews and our secondary research:

- **Fashion Influencers:** Since the ready-made garments sector of Bangladesh is one of the largest, globally, it is only logical that this segment of companies will tap into a populated influencer market for their brand representation in the local market. Sometimes, fashion influencers in Bangladesh are fashion designers themselves, and not just models.
- **Actors / Singers:** This community of influencers can have a following of mid-tier status on YouTube and Facebook to millions of viewers, especially, if they have acted in mainstream movies. This is true globally as well as in Bangladesh.
- **Athletes:** Athletes are among the most “followed” people in the world. Their endorsements can have significant effects on the brands they represent. The most followed athlete on social media is Cristiano Ronaldo, with his Instagram fan base exceeding 350 million followers, making him a goldmine for brand representation on social media.
- **Gaming Influencers:** With the rise of streaming platforms like YouTube and Twitch⁶, online gaming has amassed a large global audience, in which influencers can represent gaming-based brands and products.

⁵Mediakix. (n.d.). Influencer Tiers for the Influencer Marketing Industry. Retrieved October 9, 2020, from <https://mediakix.com/influencer-marketing-resources/influencer-tiers/>

⁶Stephenson, B. S. (2021, October 14). Twitch: Everything You Need to Know. Lifewire. <https://www.lifewire.com/what-is-twitch-4143337>

Industry Size Analysis

Between 2019 and 2021, influencer marketing has witnessed considerable growth. Digital marketing has shown more than 100% growth⁷. Digital marketing will continue to grow, and influencer marketing, which is a small segment of it, is expected to grow at a compound annual growth rate of 30%⁸.

Large corporates contribute 75.0% of the influencer marketing revenue, while SMEs contribute 25%⁹. Market domination by larger companies is expected to continue, with the pandemic lowering marketing budgets. Therefore, typical celebrity endorsements will become rarer, as companies develop specific low-cost marketing strategies.

North America is the continental leader in influencer marketing contributing 32.28% of the global revenue. Of this, fashion and lifestyle influencers contribute the largest share of the pie, at 30%¹⁰.

Also noteworthy is that Instagram wins top position in the most effective platform for influencer marketing. In fact, Instagram's influencer-base is increasing at such a fast pace that it has nearly doubled between 2018 and 2020. Meanwhile, the YouTube influencer market spending grew from \$5.67 billion in 2019 to \$6.6 billion in 2020¹¹.

Newer platforms like Tiktok are rapidly growing in terms of popularity. It provides creative video editing settings for users and has amassed an influencer pool of 106,104 worldwide. With an influencer content engagement rate of 15.86%, reports are showing that the global content expenditure on the platform is at \$50.4 million. There are other platforms available for influencers that are yet to find popularity in Bangladesh. For example, Twitch is the most dominant streaming platform for eSports. Its market size is estimated to grow from 43.3 million viewers in 2017 to almost 188 million viewers by 2023.¹²

In Bangladesh, influencer marketing also continues to grow as the likes of Raba Khan, Ayman Sadiq, Rakin Absar, Solaiman Shukhon, amass larger follower bases and corporates increasingly resort to deploying their social channels for PR. Influencer management will turn out to be an issue, as professionalization will be required among agents of influencers. To fill this gap, startups like HyperScout (www.hypescout.co) and BIGinfluencers¹³ have launched. Laws and regulations will also follow suit to ensure proper and appropriate usage of influencer services. What is certain that in a country of 160 million people where internet penetration has been an incredible success story despite low levels of literacy, tech literacy, and income per capita, influencer marketing is poised to become a sizable sector.

⁷Statista Research Department. (2021, September 27). Influencer marketing worldwide - statistics & facts. Statista. <https://www.statista.com/topics/2496/influence-marketing/>

⁸Influencer Marketing Platform Market Size Report, 2021–2028. (2021, May). Grand View Research. <https://www.grandviewresearch.com/industry-analysis/influencer-marketing-platform-market>

⁹Ibid

¹⁰Ibid

¹¹Statista Research Department. (2021, September 27). Influencer marketing worldwide - statistics & facts. Statista. <https://www.statista.com/topics/2496/influence-marketing/>

¹²Clement, J. (2021, January 29). Market size of Twitch worldwide from 2017 to 2023. Statista. <https://www.statista.com/statistics/1129604/market-size-twitch/>

¹³Markedium Desk. (n.d.). Creating The Biggest Platform For The Influencers In Bangladesh - BIGInfluencers. Markedium. <https://markedium.com/creating-the-biggest-platform-for-the-influencers-in-bangladesh-biginfluencers/>