INFLUENCER MARKETING IN GERMANY

by Diana Livadic and Madita Brandhorst | November 2019

Influencers are one of the hottest topics in the marketing and market research industry. They are talked about in detail in articles, newsletters and at conferences, and are the subject of numerous workshops and training courses. Platforms such as InfluencerDB have become established, providing information about popular social media stars, and professional agencies are helping companies choose the right influencer for their brand.
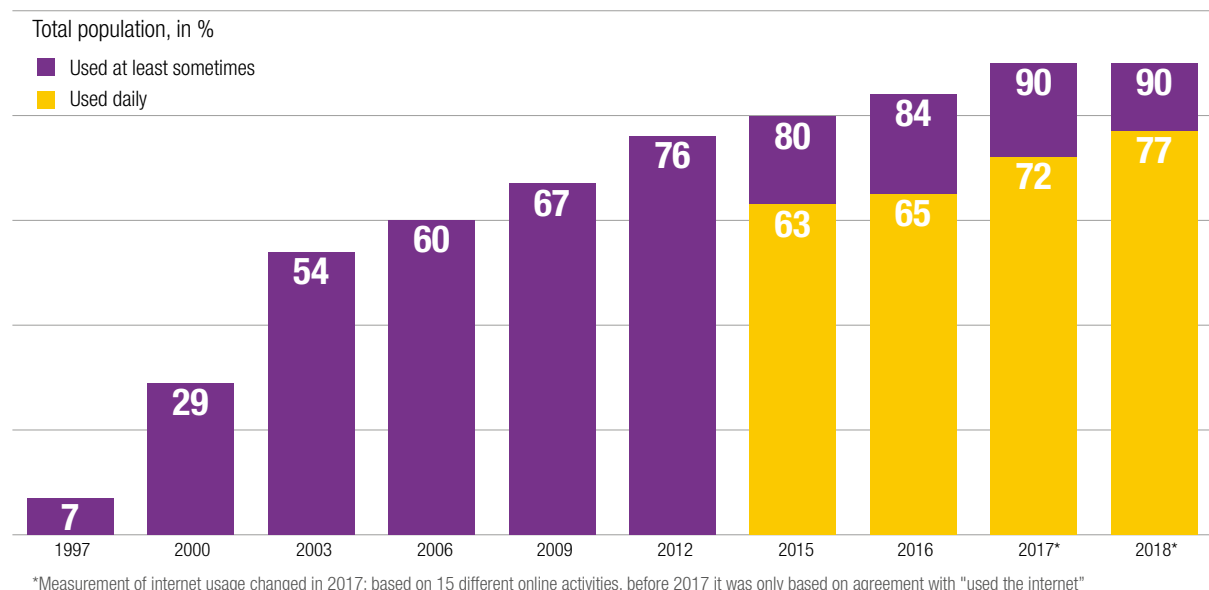
However, many companies remain uncertain as to how influencer marketing can be best used. Not least of all, because there is still little best practice available for verifying valid success.[1] We have analysed the topic from a researcher's perspective. Based on current usage figures, we shed light on the success of influencers and the opportunities for marketing. To this end, we recommend best practices that contribute to success and indicators that make success measurable.

DIGITALISATION AND SOCIAL MEDIA: THE FOUNDATION FOR INFLUENCER MARKETING

The internet is now the central communication platform of our age. Over 90% of Germans aged-14 and over went online in 2018, 77% even used the internet every day – for an average of 196 minutes, an increase of 47 minutes compared to the previous year.[2] This growth of more than 30% is driven by communications services such as WhatsApp, which account for almost one and a half hours of the total usage time.

This figure grows for younger Germans (14-29 years), with a total of 353 minutes every day; individual communication with others, in particular, clocks in at 152 minutes. Besides messenger apps like WhatsApp, social media also plays an important role. While Facebook has the highest daily usage overall, 14-29-year-olds also like using Instagram and Snapchat.

Figure 1 Internet usage in Germany 1997 to 2018

Total population, in %
- Used at least sometimes
- Used daily

1997	2000	2003	2006	2009	2012	2015	2016	2017*	2018*
7	29	54	60	67	76	80	84	90	90
						63	65	72	77

*Measurement of internet usage changed in 2017: based on 15 different online activities, before 2017 it was only based on agreement with "used the internet"

Source: ARD-Onlinestudie 1997, ARD/ZDF-Onlinestudien 2000-2018

The social media landscape is proving to be an extremely dynamic field, and not just in terms of its reach. Typical forms of communication are also undergoing constant change. While social media users on Facebook used to mainly post text and then photos with comments in the early days, Instagram was all about eye-catching and well-shot images right from the very start. Snapchat, the youngest of these three social media platforms, is chiefly used for short video clips.

More recent platforms, such as musical.ly and now TikTok, are geared almost exclusively towards videos and live chat. This is attracting great interest from the target audience. For example, TikTok was installed on a total of 8.8 million German Android and iOS devices in 2018[3]. Consequently, other platforms are also bringing successful features on board. For instance, "Stories" which was an original feature of Snapchat is now also available on Instagram, Facebook and even WhatsApp.

OPPORTUNITIES FOR MARKETING

Social media is not only used for individual exchange, but also for communication with brands and influencers. Accordingly, eight out of 10 German Instagram users follow at least one brand on the platform[4] and well over one in three (36%)[5] use it primarily to find out about what influencers are doing.

These are ideal ways for marketers to get closer to consumers than ever before. An opportunity that many companies are already taking advantage of. The Hamburg-based media group JOM predicts that the advertising expenditure for influencer marketing in 2019 will amount to €500 million[6]. Zenith Media is assuming an average growth in worldwide advertising expenditure for social media of 16% per year until 2020 – the highest percentage growth among the advertising media taken into consideration.

Despite rising advertising outlay, influencer marketing is the subject of much debate in the industry. While the trade press talks about the "end of the hype"[7], other marketers stress that the phenomenon is nothing new in itself. For example, Achill Prakash, Head of Marketing at Swisscomm, drew this conclusion at the German Marketing Congress 2019: "The subject is currently attracting attention that it does not merit. Influencers are nothing other than testimonials and must be engaged in the same way."[8]

Figure 2 Usage of Social Media 2018 – daily users (% of population)
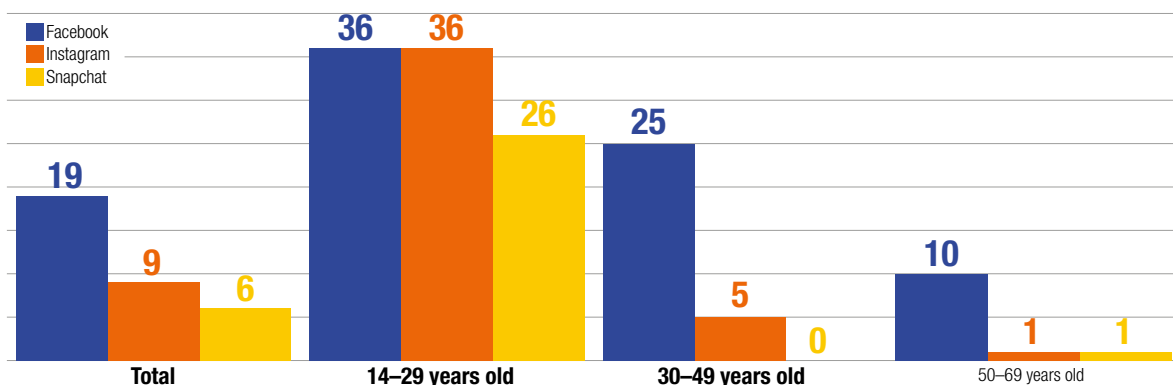
Source: ARD/ZDF-Onlinestudien 2018 Base: German population 14+ years old, n=2009

A NEW PHENOMENON OR ENDORSEMENTS 2.0?

While some marketers think there is little difference between celebrity endorsements in the classical sense and influencers, researchers believe it is not the same. For example, the reach alone is significantly different for successful influencers compared to successful celebrities on Instagram.

ENDORSEMENTS

Classic endorsements are stars or celebrities who were famous in other professions as actors or sportspeople. Although they also use social media to interact with their fans, it is not their sole focus. One example is Cristiano Ronaldo who has the largest following on Instagram with 15 million people worldwide (as of 21 February 2019)[9]. The football star promotes Nike football boots and promoted video game FIFA 18 with well-known influencers[10]. What sets him apart from typical influencers is his inaccessibility, only permitting a narrow view of his private life.
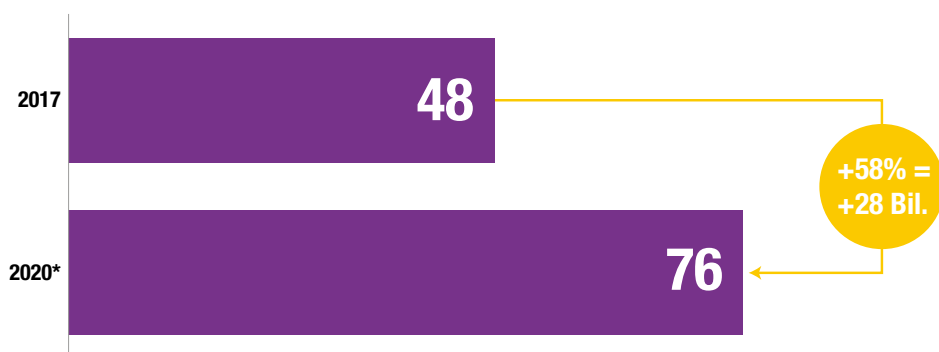
INFLUENCERS

In contrast to celebrities, influencers become known through social media in the first place. On social media they build their own community based on shared interests such as fashion, beauty or gaming. They mainly act as content creators and actively interact with their followers, especially at the start of their careers. For example, Bianca Claßen (formerly Heinecke), better known as "Bibi", has a completely different relationship with her followers on her YouTube channel BibisBeautyPalace than Ronaldo has with his. As one of Germany's best-known influencers with 5.7 million YouTube subscribers[11] (as of 22 August 2019), she typically uploads two new videos a week. In these videos she not only films her daily life, but also regularly places products for her own bilou brand. In contrast to Ronaldo, Bibi does not come across as an "inaccessible star", but as a "completely normal person", (almost) like a friend.

INFLUENCERS ARE NOT ALL THE SAME

The spectrum of different types of influencers is wide, and the criteria that applies to what endorsements can acheive (maximum reach through high public familiarity) cannot necessarily be applied to influencer marketing. For example, Linkilike, an agency which describes itself as a social influencer crowd and seeding tool for the distribution of web content, distinguishes between four different types of influencers. Depending on their different number of followers, there are mega influencers, macro influencers, micro influencers and everyday influencers. And depending on the campaign objectives, the individual groups have their advantages and specific areas of use.[12]

Figure 3 Expenditure for Social Media in Billion US $

2017 **48**

2020* **76**

+58% = +28 Bil.

* Zenith Advertising Expenditure Forecast, September 2018

WHAT MAKES INFLUENCERS SO POPULAR?

AUTHENTICITY

One of the main reasons why they have become so successful is perceived authenticity and the opportunity between fans and the influencer. Fans can find out easily what is going on in the life of "their" influencer through social media. Communication takes place on a different level thanks to the "direct line". While paparazzi set out to capture a picture of an actress without any make-up, influencers sometimes appear completely natural, i.e. without any make-up. Like Larissa Riess, for instance, who says: "I do a lot of filming at home, just sitting on the sofa in my pyjamas, talking about this or that."[13]

SENSE OF COMMUNITY

In addition to direct interaction with the influencer, another important aspect is a sense of community that is embodied not only by the influencer but also by the emerging community of followers.

This feeling of belonging gives many fans support and recognition in their daily lives, which they may not find (so readily) in the offline world. People support each other, give each other affirmation, tips and help in comments below the post.
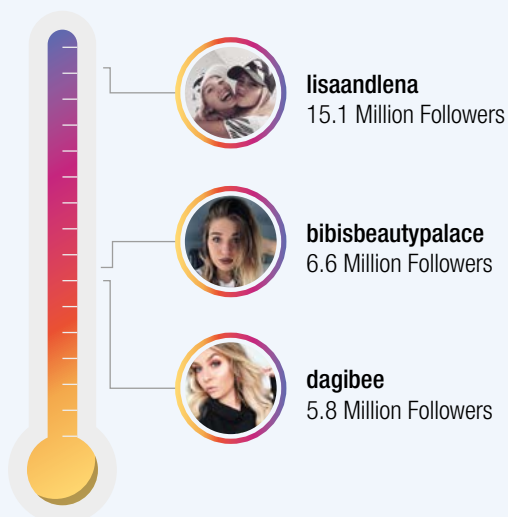
LIFESTYLE

Like endorsements, influencers live a lifestyle that serves as an inspiration and an example. They travel the world, wear trendy clothes and get new gadgets before everyone else. These are issues that are particularly important for younger people who are looking for guidance and trying to find out who they are. However, the main difference is that influencers are seen as "ordinary people" and are seen to be closer to their audience. The prevailing feeling is, while not everyone can become a supermodel or a professional athlete, theoretically anyone can become an influencer.
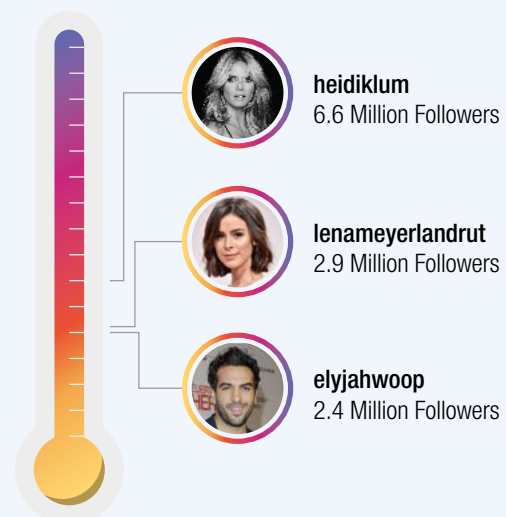
DREAM JOB?

The theoretical possibility of becoming a successful influencer is an added attraction. After all, the most successful of them earn a great deal of money through advertising and cooperation with brands. Felix Kjellberg from Sweden, better known as PewDiePie, currently has the most popular YouTube channel globally with 99 million subscribers[14] (as of 22 August 2019) (closely followed by "T-Series", India's biggest music label). Kjellberg's estimated income in 2018 was $15.5 million.[15] This makes being an influencer appear like a dream job for many young people – and there are even courses to help you learn how to become one.[16]

Selected successful influencers on Instagram in Germany*

lisaandlena
15.1 Million Followers

bibisbeautypalace
6.6 Million Followers

dagibee
5.8 Million Followers

Selected successful celebrities on Instagram in Germany*

heidiklum
6.6 Million Followers

lenameyerlandrut
2.9 Million Followers

elyjahwoop
2.4 Million Followers

Figures correct as of February 2019

AMBASSADORS MUST FIT THE BRAND

Our experience in pre-testing campaigns with classic endorsements shows that reach and public profile alone are not enough for success. Advertising with stars brings increased attention, but the impact on the brand and sales tends to be below average. It is clear here that the degree to which the brand ambassadors fit the brand itself plays a central role.
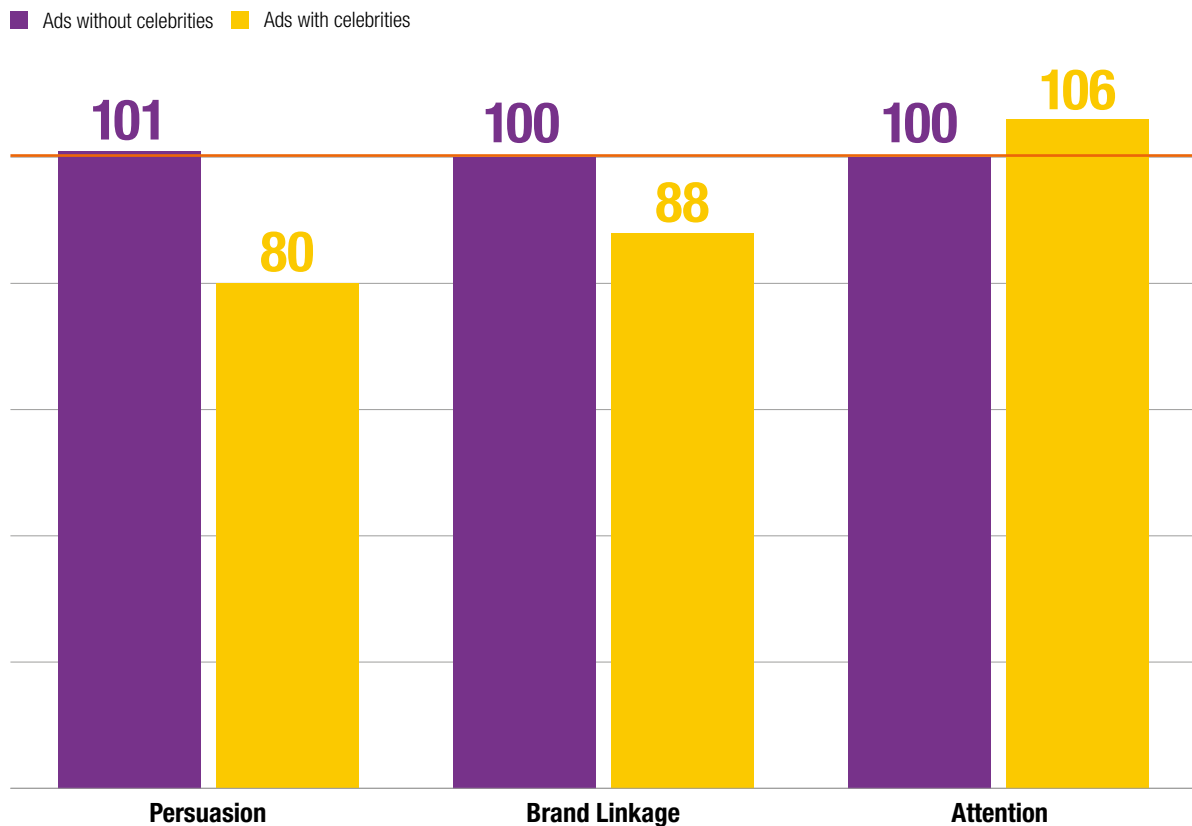
This factor is even more important in the case of influencers who do provide typical endorsements, which "just" promote a product. Their authenticity hinges on the fact that the

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product really suits them – that the brand fit is credible. Authenticity also means that the influencer themselves wants and needs to have a greater say in the design of advertising content than in the case of classic endorsements. Successful influencer marketing looks less like "advertising" and more like the authentic content that followers are used to from "their influencers". [1]Examples of best practice show what successful brand cooperation can look like when it engages well with followers.

Figure 4 Ipsos Pre-Testing Learnings

■ Ads without celebrities ■ Ads with celebrities

Persuasion	Brand Linkage	Attention
101 / 80	100 / 88	100 / 106

Indices, 100 = average

Source: Ipsos, meta-analysis based on pre-testing results

NOTES OF CAUTION

THERE'S A FINE LINE BETWEEN ADVERTISING AND RECOMMENDING

But it is not only the choice of influencer and the right type of advertising post for the target group that matters. As a young and very dynamic field, influencer marketing is also suffering from a number of other challenges that need to be addressed as a marketer.

The labelling of Instagram posts as "advertising" has been a sensitive area since 2017, where more and more influencers have found themselves in court, including Vreni Frost.[17] Only recently the Berlin Court of Appeal reaffirmed its view, at least in part: "The general assumption that influencers engage in commercial communication is not justified."[18] Having said that, the linking of posts by some influencers is not only offered as an editorial service for their followers, but is effectively used to draw attention to brands.[19] Transparency on both sides is the basis for a successful partnership here.

REAL OR FAKE: REAL FANS VS. BOTS AND PURCHASED REACH

In addition to the identification of posts, discussions in the industry are also increasingly revolving around bot followers[20], (automated programs behind the accounts not people) who interact with posts (for instance, link and comment on them). It is also possible, as influencers, to buy followers or to like and comment on each other in influencer networks and thus simulate engagement in posts.[21] Therefore, it makes sense not only to pay attention to the last successful posts when selecting potential cooperation partners, but also to consider the long-term development of reach.

KNOWING WHAT COUNTS: THE RIGHT KPIS FOR OPTIMISING YOUR ROI

It is important to clarify your marketing goals and make them measurable, especially in a relatively new form of advertising, such as influencer marketing. We invariably think of the American author and entrepreneur Seth Godin and his attitude to measurements: "The key thing is to know exactly what you should be measuring."[22]

Why? Influencers offer brands the opportunity to interact directly with a community and should, therefore, focus more on engagement and long-term brand loyalty. And that is not only what we as (advertising and media) researchers see, but also influencer marketing agencies such as Lucky Shareman:

Influencer marketing is not measured by the same key performance indicators (KPIs) as classic online marketing. Cost-per-mille (CPM) and opportunity-to-see (OTS) are aimed at reach, while influencer marketing is particularly concerned with interactions. The sheer number of likes and comments are no longer a sufficient indicator of the success of a campaign. An important KPI in influencer marketing today is high-quality engagement. This is about interaction rates, click-through rates (CTR) and conversion rates. Before-and-after surveys among followers can also show how a campaign has influenced advertising and brand awareness."[23]

In addition to likes and CTRs, individualised campaign hashtags can also be used to measure the success of cooperation with an influencer. But even likes, comments, CTRs and hashtags are not a complete measure of success by themselves. While digital indicators can be used to gauge behaviour, they do not reflect changes in the way consumers think and feel. If users like or comment on an Instagram post by an influencer with a brand association, this does not necessarily mean that they will keep themselves informed about the brand more often in the future or that they will actually choose it more frequently at the PoS.

We do not believe that attention alone is sufficient as a KPI to measure the long-term effect of marketing measures and the impact on a brand's image. Therefore, we recommend combining digital metrics such as number and length of views with poll-based KPIs such as brand fit and image statements. A robust test and control group design enables us to draw conclusions about the effect of advertising in a comparison that cannot be expressed verbally. Benchmarks and standards help to classify the results and make it possible to formulate practical recommendations.

"We recommend combining digital metrics such as number and length of views with poll-based KPIs such as brand fit and image statements"

FIVE STEPS TO SUCCESSFUL INFLUENCER MARKETING

As we have shown, the subject of influencer marketing has the potential for successful cooperation and campaigns. However, marketers should take some factors into account:

1 UNDERSTANDING THE TARGET GROUP

In order to choose the right influencer, it is necessary to identify the platforms used by the target group, which issues are important to them and what their values are – but also their attitudes towards brands and brand communication.

2 BRAND FIT AND BRAND SAFETY

There are now a number of influencers available for brand cooperation. It is important to find the one that best suits the brand and the product in the eyes of the consumer. In addition to the classic brand fit, brand safety also plays a role in the selection to ensure that the brand is presented in a safe environment and the risk of damage to the image is kept to a minimum. This should be assessed by ensuring optimum transparency between influencer and brand, as well as through pre-testing.

3 THE INFLUENCER'S RIGHT TO HAVE A SAY

Be prepared for the fact that the influencer will and should have a say in the design of the campaign or post!

4 TESTING CAMPAIGNS

If influencers are involved in cross-media campaigns in particular, these campaigns should be tested in advance; if possible, very early in the development process.

5 USING THE RIGHT KPIS

Specific KPIs are indicative of a campaign's potential to go viral; benchmarks and standards are useful for classifying and evaluating the results. In addition to classic surveys, specially developed social intelligence approaches that go well beyond classic social media monitoring should not be overlooked.

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BRIEFING
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GAME CHANGERS