# Influencer Marketing on Instagram

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**Abstract**

Date

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This thesis is a desktop study done to explore Influencer marketing on Instagram. The idea for this thesis came up when I was trying to think about a new and innovative marketing method. Having friends who are working to become influencers, this topic seemed to form itself. Instagram was chosen as it is one of the most noticeable platforms for influencer marketing.

The introduction gives a more detailed view on the background of this thesis and influencer marketing. In the introduction, keywords, the research question and investigative questions are introduced.

The theoretical framework introduces the honeycomb framework, 5P's of marketing mix and influencer marketing. This chapter explains the meaning of these marketing methods.

The research methods explain the methods used for this thesis, how the data was collected and the limitations and trustworthiness of the data. A method used for data in this research was secondary data collection, using research with same topic done in the last year or two.

The empirical findings explain the data found through research that other companies have done recently, giving the perspective of the marketing specialists and consumers. It is discussed how Instagram marketing is seen by consumers and how many marketers have taken action towards influencer marketing.

In the analysis part, the collected data is introduced through theoretical frameworks and it is explained how the data is applied to the theory frames. Analysis explains how influencer marketing could be used in influencer marketing, focusing on Instagram as a platform. Influencer marketing was applied to 5P's marketing mix from marketer's perspective.

In the last part, discussion, conclusions are presented, how influencer marketing has a mixed perception, but people find it trust worthier than traditional ads. Further recommendations for future research is made such as exploring the legality and how truly effective this marketing method is in bigger scale. Reflection of the writing process has also included in the last part.

**Keywords**
Influencer marketing, Instagram, social media marketing, Honeycomb framework, 5 P's marketing mix

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# 1 Introduction

This chapter will introduce the reader to the concept of influencer marketing and what it means within the context of Instagram and from the perspective of traditional marketers.

Social media platforms have exploded in popularity in the last ten years (Infinitdatum) and there has been a noticeable shift of users, audience and purpose for and of these platforms. The social networks gather data and information on hundreds of millions of users and large companies such as Facebook have begun acquiring, merging and copying competitors to remain in a strong leading market position.

A platform that Facebook acquired, Instagram, has been a growing platform to use for marketers in the last few years. Influencer marketing has become present on Instagram over the past couple of years due to its more "non-commercial" and non-intrusive experience of posting and image sharing between friends and later "followers". As advertisers and marketers have begun to understand the power of this peer network, product placement, ads and sponsorship have entered murky waters and regulations unclear on what the rules of Instagram influencer marketing are.

## 1.1 Background

Influencer marketing is growing tremendously, in report by Fashion and Beauty Monitor in association with Econsultancy (2016, 3) "A healthy majority of survey respondents, 57%, say they already have an Influencer Marketing programme underway. Currently a quarter are allocating between 30% and 75% of their marketing budget to Influencer Marketing."

One of the biggest reasons for this is the ever growing number of adblock users (Barker 2016). According to the Adblock report published by Pagefair (2017, 5), the number of Adblock users with mobile and desktop users has grown by "142 million between Dec 2015-Dec 2016". Because of this, marketers can't rely on the fact that traditional advertising will reach consumers. Also getting people to mention your brand on social media can lead to a higher search engine ranking (Barker 2016.)

After 50 influencers posted pictures wearing the same dress this said dress was sold out the following weekend. Lord & Taylor, an online clothing store, reached these 50 influencers to promote their new Design Lab collection. A Company called Madewell reached the audience of more than one million by using only five influencers on Instagram (Barker

2016.) These are just couple of examples on how using influencers can help to promote businesses.

Instagram influencer marketing can be viewed as a bit similar to word-of-mouth marketing, which can lead to brands acquiring loyal customers. This is all taking a place on Instagram and might not involve over the top recommendations that differentiate it from word-of-mouth marketing. Instagram influencer marketing is done by any individuals who have a relatively large following on Instagram and can affect their follower's purchase decisions (Barker 2016).

## 1.2   Research Purpose

This thesis aims to contribute data to existing but not often cited social media marketing literature in relation to traditional marketing mix framework. To my knowledge, this is the first time that an adapted traditional marketing mix (5P's instead of 4) is integrated with social media use framework theory with the purpose of exploring influencer marketing within a specific social media platform.

## 1.3   Research Question

The research question can be worded as how is influencer marketing perceived by the audience? Research Question is divided into investigative questions (IQ) as follows:

IQ 1. What is an influencer are being followed?
IQ 2. What factors make influencer marketing appealing for the viewer?

Table 1 below presents the theoretical framework, project management methods and outcomes for each project task.

Table 1. Overlay matrix

| IQ | Theoretical Framework* | Research Methods | Results (chapter) |
|---|---|---|---|
| IQ 1. What kind of influencers are followed? | Research, concepts and theories | Quantitative Survey conducted by Annalect and M3 research | 5 |
| IQ 2. What factors make influencer marketing appealing for the viewer? | Researching similar companies and Beauty industry | Quantitative Survey conducted by Annalect and M3 Research | 5 |

## 1.4    International Aspect

International aspects of this thesis will be by using a survey done by Fashion and Beauty Monitor in collaboration with Econsultancy for marketing specialists in United Kingdom and United States. Using international businesses as examples. Analysis and conclusions can be applied to international businesses, because of Instagram being a globally used social media platform.

## 1.5    Benefits

To B2B clients and other stakeholders this introduces them to a new and effective marketing way companies' can sell more and/or cut their marketing costs. For the many people pursuing marketing path, this case study will give them tips and examples of successful influencer marketing campaigns.

## 1.6    Key concepts

**Social media** is primarily Internet and mobile phone applications and tools to share information, personal messages, videos etc. Facebook, Instagram and Twitter are few popular social media platforms (Businessdictionary 2016.)

**"Influencer marketing** is a nonpromotional approach to marketing in which brands focus their efforts on opinion leaders, as opposed to direct target marketing touchpoints" (Hall 2016). In other words, influencer marketing is providing context and expertise about a product through an influential person (Hall 2016).

**Instagram** is a social media platform owned by Facebook. The platform has 700 million users as of April 26, 2017, 8 million businesses using business profiles and more than 1M monthly active advertisers (Instagram, 2017). Instagram is a fun and quirky way to share your life with friends through a series of pictures. Snap a photo with your mobile phone, then choose a filter to transform the image into a memory to keep around forever. We're building Instagram to allow you to experience moments in your friends' lives through pictures as they happen." (Instagram 2016)

**Marketing** is an activity to create, communicate and deliver value to consumers, clients partners, etc. (Tuten & Solomon 2013, 14). When talking about social media marketing, social media will be used as a platform for marketing.

**Content marketing** is about creating relevant content for a certain target group. Content can be anything, opinions, advice, photos, videos, etc. (Tuten & Solomon 2013, 122) Content is created regularly and systematically to give value to readers and customers. Content is mostly free and not a new phenomenon, for example in early 1990's first Digi magazines were released (Isokangas & Vassinen 2010, 66.)

## 2 Theoretical framework

This chapter introduces theoretical frameworks within social media, influencer marketing and the traditional marketing mix.

### 2.1 The Honeycomb Framework of Social Media

Kietzmann, Hermkens, McCarthy, and Silvestre's Honeycomb Framework (2011, 242) has provided a framework based on early research on what theoretical components of social media platforms are built on. Honeycomb framework is formed from seven blocks: identity, presence, relationships, reputation, groups, conversations and sharing. In research, these seven blocks don't occur at once. These blocks allow us to understand and make sense of social media functionality on different levels. (Kietzmann & al., 2011, 242)
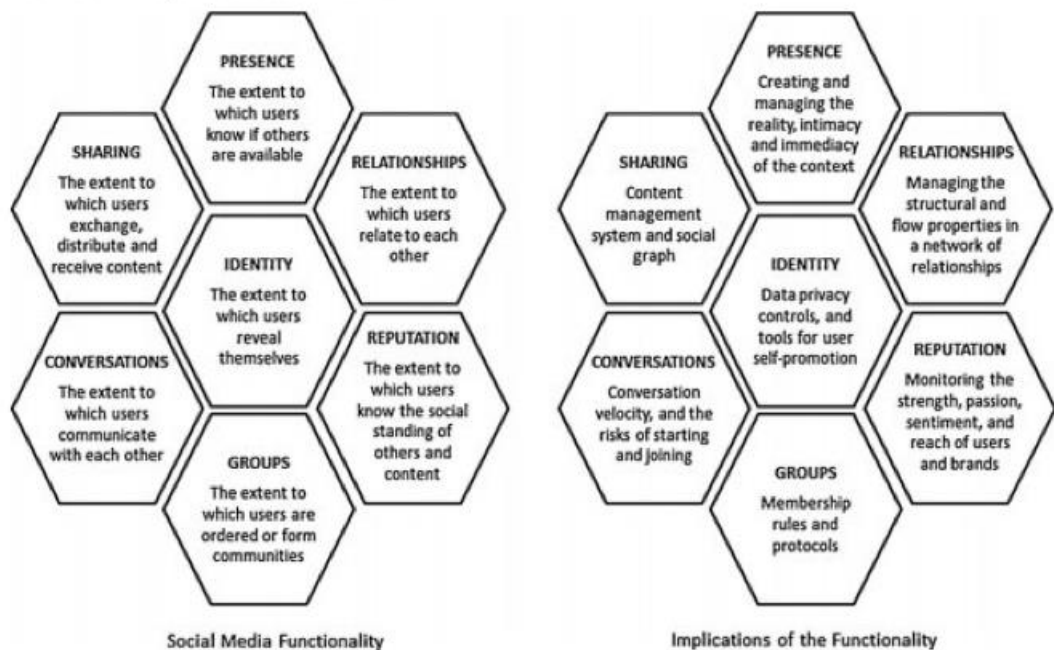


Figure 1. Honeycomb of social media (Kietzmann & al. 2011, 243)

### 2.1.1 Identity

Identity represents how much people are revealing about themselves in social media. This can consist any personal information such as name, age, gender, location and any other information that reflects users such as likes, dislikes, feelings and thoughts, etcetera. When people create their social media profiles most of them use their real names but sometimes (depending on the social media platform) they might also use nicknames or 'handles'. (Kietzmann & al 2011, 243-244.)

Identity is the core function for many social media platforms and it allows self-promoting and –branding. Identity being the core of many social media channels it also brings one major concern for its users: privacy. Even though people share their identities, they are still concerned about secondary companies using this information. (Kietzmann & al 2011, 243-244.)

### 2.1.2 Conversation

Describes ways people communicate within social media. Often social media platforms have been designed in a way that conversations will be held among groups and individuals. Reasons for communication vary from finding true love, meeting like-minded people to using social media as a way to get their message to be heard. Tweeting, blogging, et cetera are ways to achieve these. For companies' different platforms have a different protocol and way of communicating, for instance companies use twitter to give short and more real-time updates while blogs are longer and have more content to create lengthier conversations. (Kietzmann & al 2011, 244.)

### 2.1.3 Sharing

Exchanging receiving and distributing content are all ways of sharing. Sharing can lead to users to want to communicate and maybe even to build relationships depending on to functionality of the platform used to sharing. (Kietzmann & al 2011, 245.)

### 2.1.4 Presence

Is about users knowing if their friends or other users are available and where are they in virtual and/or real world. Various social media platforms showcase the availability of the other person different ways such as using status updates 'available' or 'hidden'. Many platforms such as Facebook, and Foursquare allow its users to check-in where they are. (Kietzmann & al 2011, 245.)

### 2.1.5 Reputation

"Reputation is the extent to which users can identify the standing of others, including themselves in a social media setting. Reputation can have different meanings on social media platforms." (Kietzmann & al 2011, 247.) Usually this is a matter of trust, but verifying this on social media is highly difficult since technology isn't that advanced yet. Within social media reputation also refers to content users create. (Kietzmann & al 2011, 247.)

Reputation block has important meaning for companies who are hoping to engage effectively with social media users. Companies must choose metric to provide information about their reputation. (Kietzmann & al 2011, 247.)

Appropriate evaluation tool must be chosen after identifying the metrics to measure their community's social media engagement (Kietzmann & al 2011, 247). "This could either be based on objective data or collective intelligence of the crowd" (Kietzmann & al 2011, 247).

### 2.1.6   Relationship

When describing to what extent users are connected to other users it's called relationship block in honeycomb framework. Depending on how people are connected to each other it determines how they communicate, what-and- how they share information between each other. Some platforms such as LinkedIn have made it easier to see how many degrees' separation there is between people. LinkedIn also has referrals system where friends of friends can introduce users to a person they intend to meet which makes connecting easier. (Kietzmann & al 2011, 246.)

Other social media platforms are usually centred to maintain already existing relationship rather than expanding network. Some social media platforms relationships hardly matter, such as Twitter and YouTube, these channels don't highly value relationships and identity. Blogs on the other hand allow people with similar interest to connect and develop a relationship without arrangements. (Kietzmann & al 2011, 246.)

There are many ways how the relationship block could be implied, in this paper there has been used two ways: structure and flow, to explain the importance of these.  Structural relationship part refers to how many connections and in what position user is in their network of relationships. User who is central in their network and also has a larger portfolio of relationship is more likely to be an influencer in their network. Flow on the other hand refers to what kind of resources user has in their individual relationship network and how they are using these. Flow property describes the strength of the relationship, and how users can be connected in more than one way for example being work colleagues and friends. (Kietzmann & al 2011, 246.)

These two properties become more important if the social media community values relationships. Social media platforms and companies must understand how users maintain and build relationship if they want to engage with them. (Kietzmann & al 2011, 246.)

### 2.1.7 Groups

"The groups functional block represents the extent to which users can form communities and subcommunities" (Kietzmann & al 2011, 247). Many social media groups grow very big, and therefore many social media platforms offer tools for users to manage membership. There are two major types of groups that exist. First one is where users can sort out their friends, followers or followers in different self-created groups. Second, online groups can be corresponding to clubs offline. These groups can be open to anyone, closed or secret. (Kietzmann et al 2011, 247.)

### 2.2 The 5P's marketing mix

Neil Borden's 4P's marketing mix is the traditional approach to marketing (Tuten & Solomon 2013, 14). The 4P's include: Product, Price, Promotion and Place (Kotler, 1984). The 4P marketing mix can be widely described as one of the key foundational models in marketing. According to Tuten and Solomon (2013, 14) the matrix should include a fifth P: Participation. The inclusion of this model is to represent the traditional framework in how to it's used to evaluate marketing strategies that meet their objectives and decision making. There have been a wide variety of additions to the marketing mix over the years such as 6P's with the inclusion of public relations and politics (Kotler, 1984). This is not included in the scope of research.
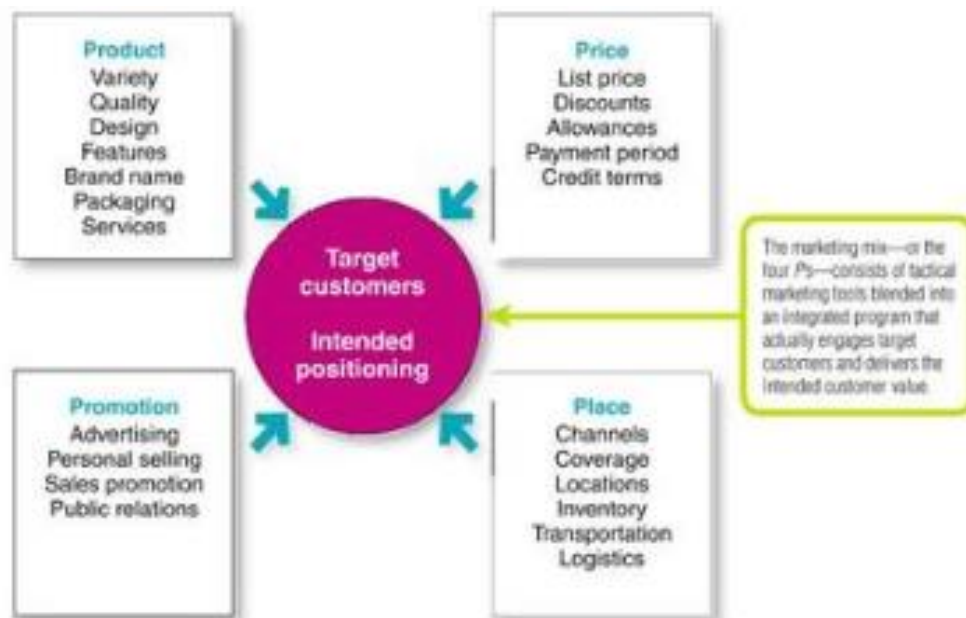


Figure 2. The 4P's of marketing mix (Armstrong & Kotler 2017, 81)

### 2.2.1 Product

Product describes the goods and services company has to offer (Armstrong & Kotler 2017, 81). Product serves as the base of the other competition ways (price, promotion and place). Product should be a way to get a customer to buy the product rather than as a starting point for action. (Rope 2002, 104.)

### 2.2.2 Price

Price as parameter is a way of competition. It forms from the price itself, sales, and payment conditions. Price will be set after the product is ready. (Rope 2002, 105.) "The quality of the product, lifespan and image all affect the pricing decision" (Rope 2002, 105).

### 2.2.3 Promotion

"Marketing communications describes the ways used to promote company's product or services one way or another to their target groups" (Rope 2002, 160).

"Marketing is often viewed as communication directed outwards from the company" (Rope 2002, 160). The concept of marketing has grown throughout the years but nevertheless communication can be still viewed as operative core. Communication is the most visible way to practise marketing and therefore one of the fundamental ways to get results. (Rope 2002, 160.)

### 2.2.4 Place

Choosing the right market channels are always strategic decisions. Companies' goods placement can be done inside the company or they can outsource it to other companies to deliver to end customers. The company has few ways how to do marketing with the first option, they can do either direct marketing or have salesmen to sell the products. The latter option describes the selling done by different kind of stores. (Rope 2002, 144.)

### 2.2.5 Participation

The change in the way people go on about their daily lives makes marketers change their approach on how they go on about their business. (Tuten & Salomon 2013, 14.)

The way brands need to communicate with consumers has changed greatly and has needed adoption due the change in people's communication behaviour (Tuten & Solomon 2013, 14).

## 2.3   Influencer Marketing

Opinion leaders (also known as influencers), are people with great knowledge about a certain category or products, and whose advice others take seriously. These people have the power to influence other people's opinions, behaviour and attitudes. Anyone who puts their time and energy to get power to affect people's opinions, behaviours and attitudes can become an influencer within social media. For one to become an influencer they have to participate within social media communities and submit high-quality content regularly and systematically. Over time these efforts will be recognized and one will be seen as an expert. (Tuten & Solomon 2013, 90-94.)

Influencer marketing and celebrity endorsement are often confused to be same. From the outsiders eyes these two can seem to be one but there is a difference when you look at it below the surface. Influencer marketing creates more of word-of-mouth advertising by people who are trusted in the field they are viewed as experts whereas in celebrity endorsement marketing is solely focused on using the celebrity's fame and reputation to sell certain products. Both of these approaches to marketing are influencing your target market but the way these influence and are put into motion differs from one another. (Geppert 2016.)

When it comes to celebrity endorsement, the celebrity doesn't take part in creating the content, they are there purely to deliver the brands message and used as a face of the brand. In influencer marketing, influencers are creating the whole message from beginning to the end themselves. The message influencers are transmitting to their audience is considered to be theirs completely whereas in celebrity endorsement, celebrities are viewed as messengers who are delivering brands message. (Geppert 2016.)

# 3   Research Methods

This chapter will outline where data was collected from and discusses the limitations and trustworthiness of this research.

## 3.1   Secondary data

Secondary data has been collected previously by someone else than the researcher and/or for some other purpose than the research or project. Secondary data has been divided in two parts: internal secondary data and external secondary data. (Burns, Veeck & Bush 2017, 116-119.)

Internal secondary data is data that has been collected within the company for other purposes. Some examples of internal secondary data are sales records, invoices, purchase requisitions, and complaints. Databases that contain information about sales, customers, suppliers or an else part of the business a company would like to track are a major source for internal data. (Burns & al 2017, 119.)

External secondary data is data that has been collected from outside the company. For external secondary data there is various different possible sources for external secondary data, such as books, dictionaries, articles, statistics and reports, etc. (Burns & al 2017, 120-121.)

Secondary data used for this thesis is external secondary data. Sources for external secondary data in this thesis are books, articles, online dictionaries, blog posts, influencers websites, business technology websites. These sources have been filtered through to find the most reliable and relevant information for this thesis.

The objectives for this research are:
RQ: How is influencer marketing perceived by the audience?
IQ 1. What kind of influencers are being followed?
IQ 2. What factors make influencer marketing appealing for the viewer?

## 3.2   Quantitative Data

When using secondary data, the "research entails drawing upon established theory and inferring hypothesis that must be tested by the empirical findings" (Bryman & Bell 2011, 11).

Carr (1994, 2) adds "quantitative research approach is an objective, formal, systematic process in which numerical data are used to quantify or measure phenomena and produce findings". Quantitative data is publically available published material found elsewhere. Primary data is seen as more valuable for researching phenomena, but gathering secondary is faster and cheaper than primary, but can be as valuable if the available data collected is within the scope of research. (Carr 1994, 2.)

## 3.3 Online survey

Online surveys are a simple and cost effective way to gather data from a multiple amount of users within short period of time, as it does not need personal customisation and the same survey form is send out to those participating in the study (Wright 2005). The degree of the success of survey relies in participant selection process and the design of the survey to be non-biased and limiting non-leading questions.

For this research, two large scale online surveys were completed and carried out by professional market research data collection agencies, one in the USA/UK markets and one in the Finnish market both with a focus on Beauty and Fashion Instagram influencers. Design was both open and closed questions and when giving feedback it was given as Likert scale in terms of help to evaluating the degree to which respondents within Instagram community would agree or disagree with statements.

## 3.4 Credibility of Research

As this thesis relies heavily on secondary data for empirical analysis, it is important to outline the limitations of this approach, reflect on the implications of its use and assess its trustworthiness as a source of credible information.

### 3.4.1 Limitations

Given the extensive amount of secondary information available from a variety of sources on the Internet, but not so much peer reviewed literature, the scope of the research was limited to Instagrammers, who are focused and active only in the Fashion and Beauty segment within influencer marketing. Results from this segment may be hard to generalize across other segments, considering differences in age groups and geographical areas.

Given the explorative purpose of this thesis, use of primary data was not essential, but the inclusion of a case study or focus group by conducting selected group interviews would

have given specific insights regarding for example the use and perspective of Finnish Instagram Fashion Influencers. Identifying and reaching out to these influencers proved difficult and as such was abandoned in the design of this thesis.

Being aware of my thesis scope limitations aided in how I approached data collection and viewed sources of influencer marketing information, limiting it to large reports that were done with reputable companies and dismissing gossip magazines and avoiding using other influencer bloggers own fabricated statistics. These studies didn't distinguish the difference between celebrity endorsements and Instagram influencer marketing, limiting the research to just influencer marketing where both Instagram "famous people" and celebrities were categorized as same.

### 3.4.2  Trustworthiness

Finally, trustworthiness is necessary to assessing the research conducted in this research design content (Bryman & Bell, 2011). The online surveys were carried out by major data collection firms with participations being verified and not as fake profiles. Other sources such as blogs has been from the researchers' personal blogs and or influential Instagram influencers whose websites were chosen due to their topical expertise on the specific social media platform. Information taken from other sources in the Internet that was found through Google Boolean search have been removed after the first round of edits due to the difficulty to validate claims made by an individual.

# 4 Empirical Findings

This chapter provides the reader with an overview of the social media platform Instagram which is the focus of this thesis. It provides consolidated view of the product which serves as a reference when investigating influencer marketing from a marketing perspective.

## 4.1 Instagram the social media platform

The table 2 is constructed from secondary data sources such as Instagram's business page, influential Instagram bloggers, academic literature and the author's observations as an Instagram user.

Table 2. Consolidated key product features of Instagram App (Business Instagram 2017, 2016; Kirschener 2015).

| User name (real or fake) | User handle (account) | Profile description | Profile picture | View Count (Posts, Followers, Following) | Instagram Stories |
|---|---|---|---|---|---|
| News Feed | Geo Locations | Photos of Users (Tagged) | Search (Explore) | Take Photo/Video button | Likes |
| Mentions | Hashtags | Sharing | Instagram Direct | Disappearing content | Instagram Live |
| Commenting | Private or Public accounts | Block | Activity Feed | Photo Map | Followers |

Instagram Direct which was introduced in December 2013. Instagram saw that there is moments in life that a user might find that it's not relevant to share with all of their followers, they would rather share it just with a smaller groups of people. Now when sharing a picture there is directly the option to send it either to users' followers or with Direct to specific people. If a stranger sends a Direct message, it will go to requests where the user can decide if they want to open it or not. (Instagram 2013). "After sharing a direct message, users can track down who's seen it and who's not. Who's liked it and receiving comments in real time" (Instagram 2013).

In 2016, Instagram launched disappearing photos and videos to friends and groups on Instagram direct. These videos/photos will disappear after the recipient has received and viewed these. If the recipient replays it or takes a screenshot of the message, sender will get a notification about it. (Instagram 2016.)

In 2016 Instagram launched a new feature; Instagram Stories. With Instagram stories users can share all the moments of their day. User can share in these moments videos and photos, they can also use separate tools (drawing, stickers, etc.) to make these moments

more interesting. These moments won't stay at their feed. Instagram Stories last 24 hours before it disappears from users' profile. (Instagram 2016). There is over 250 million Daily Stories Activities (Instagram 2017).

In the beginning of 2017 Instagram launched their new feature: Instagram Live (Instagram 2017). Instagram launched Live video to help users to connect with their friends and followers right now. Users might get a notification if their friend goes live so they can tune in. Live videos can be up to one-hour long. After the user id done posting a live video it disappears from the app, to make users feel more comfortable sharing anything and anytime. (Instagram 2016.)

## 4.2    Instagram survey data

Company Annalect has collected the primary secondary data used as main secondary data. They conducted a quantitative online survey research with M3 research. The target group for the research was 15-65-year-old Finnish Instagram users. The scope of data collection is the 1,884 people who replied to the survey, and from that 492 people were listed as Instagram users. Most of the questions were revolving around Instagram user group. (Somppi 2017.)

According to the study done by Annalect and M3 Research; 75% of the Instagram users use the app at least once a week. Between the users aged 15-24, 86% use the app daily. The main reasons why people use Instagram is to follow up on friends and spending leisure time. It is also used because users feel like it keeps them up to date of newest trends. Users also find that they can find information about interesting stuff. (Annalect 2017, 8-11.)

Every other person remembers seeing influencer marketing on Instagram, this is more common between the age group 15-24 with 66% remembering seeing influencer marketing on Instagram, and 83% are aware that well known users are collaborating with companies. Nearly half finds (7% very useful and 42% somewhat useful) influencers bringing up product and services useful and between the ages 15-24 63% finds it useful. (Annalect 2017, 25-28.)

Women especially between the ages 15-24 thinks that marketing done in collaboration between companies and Instagram users is less annoying than marketing with other channels (Somppi 2017). Every other user thinks that influencers' collaboration with companies

is acceptable as long as they are open about it. Of the surveyed, 45% thought its acceptable if the influencer is genuinely interested in the product. Little under half the users recognize hidden marketing in influencers posts (Annalect 2017, 33-35.)

According to the survey, influencer marketing affects sales directly with positive growth of 33% having bought stuff within the last year because of Instagram collaboration and 72% thinks they could buy products or services based on these collaborations. It also creates traffic to web pages with 47% people searching more information about products. (Annalect 2017, 37-39.)

In the survey, 42% of the Instagram users who took the survey are following only or mostly just following Finnish Instagram users. 36% say they are following both Finnish and foreign influencers and 22% only or mostly just foreign influencers. (Annalect 2017, 15.)

The most favored Instagram accounts are related to music with 35%, humor 30%, animals 29%, sports 28%, and memes 25%. Interests between men and women vary distinctively. Men are more interested in sports, technology, cars, people with less clothes and politics. Women on the other hand are interested in beauty, fashion, interior design, animals and health. (Annalect 2017, 19-20.)

There are differences in interests between age groups, 15-24 year olds are more interested in memes, beauty, humor, fashion and other users' daily lives. 35-44 year olds are interested in fitness just. 45-54 year olds interests are nature, traveling, animals, politics, and news. 55-64 year olds are interested in news, traveling, politics, arts, and nature. (Annalect 2017, 21.)

Of the respondents most likely 39% would buy clothes, 32% cosmetics/beauty products, 25% electronics, 23% jewelry, etc. 28% of the respondents don't see themselves buying any products based on influencer marketing on Instagram. With males' top four products they would be interested to purchase based on these recommendations are: electronics, cars/ motorcycles, sports equipment and games. Females would purchase: cosmetics, jewelry, clothes, and beauty services. Between ages 15-24 cosmetics, clothes, electronics and games. (Annalect 2017, 40-41.)

Respondents between ages 25-34 were interested in buying restaurant services, cars/motorcycles and exhibition/ events. Between ages 55-64 were interested in buying trips on and beauty in. Respondents who had purchased products based on Instagram company

collaborations the most popular categories were clothes (24%), cosmetics (17%), sports equipment 17%), jewelry (16%) and beauty services (13%). (Annalect 2017, 42-43.)

## 4.3    Influencer marketing data survey within fashion and beauty

Fashion and Beauty Monitor published an influencer marketing survey, in collaboration with Econsultancy. 348 marketing specialists took part in the research. All the respondents were representing UK and US fashion and beauty industry. (Fashion and Beauty Monitor 2016, 8.)

57% of the respondents were already actively purchasing Influencer marketing strategy. 21% were planning to over the next 12 months. Only 22% or the respondents didn't have any plans to take any action towards this in the next 12 months. 67% of the respondents had had their influencer marketing program up for 2 years or more and from which 11% had had their influencer marketing program up for more than 5 years. (Fashion and Beauty Monitor 2016, 11-12.)

Most of the respondents (78%) have chosen to do their influencer marketing in house. Only 1% of the respondents were using a specialist agency to identify influencers for them and from there on they manage them. Very few of the respondents (15%) paid for social media monitoring tools. Most of the respondents (84%) were manually searching for influencers on social media platforms. Many of the marketers (59%) also thought that identifying the right influencers that fit the brand is hard and time consuming. (Fashion and Beauty Monitor 2016, 12-20.)

27% of marketing specialists thought that influencers play a critical role in their marketing strategies for product launch and 42% thought it was very important. Influencers were found to be important in content marketing and distribution with 24% thinking it was critical and 51% very important to have them part of the strategy. (Fashion and Beauty Monitor 2016, 14-15.)

Marketing specialists thought that with both product launch, and content promotion and distribution, having influencers part of their marketing strategy has been highly effective (49%) or effective (28%), this meaning that more than two thirds share these thoughts (Fashion and Beauty Monitor 2016, 16).

 72% of the respondents that when picking the influencer, the relevancy to subject area is more important than reach. 63% of the respondents agreed that influencers are expensive

for brands who have budget constraints and 73% thought measuring ROI on influencer marketing is challenging. Less than half (49%) of the respondents agreed that if marketers don't have content strategy they don't really need influencers. (Fashion and Beauty Monitor 2016, 20.)

# 5 Analysis

This section presents findings of the thesis and analysis is used against the theoretical framework in chapter two. Analysis is used to build a honeycomb framework for Instagram, how the 5'Ps are applied to influencer marketing and finally how content marketing within the Beauty segment of influencer marketing of Instagrammers affects marketing efforts.

## 5.1 The Honeycomb for Instagram

From the analysis of the honeycomb framework the most important block is sharing as illustrated in figure 2 as the darkest component in the model. Appendix 1. Illustrates all the Honeycomb Functions on Instagram.
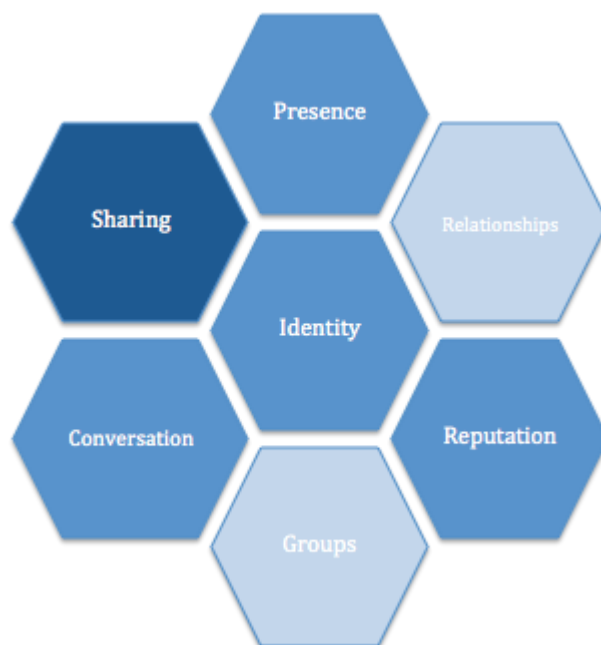


Figure 3. The honeycomb of social media functionality for Instagram

### 5.1.1 Sharing

Instagram own description of the service is that it is a mobile, online, "photo-sharing application" and service that enables the sharing of pictures and videos. This clearly demonstrates the core function of Instagram as identified in Kietzmann & al. (2011).

The object medium for Instagram is picture and video, where users and account holders are able to share personal, impersonal, funny or ordinary objects that categorized by Kietzmann & al. (2011, 245) "are experiences and observations with the world". Instagram

platform limits the degree to which these objects can be shared through the sharing set-tings on account as either public or private, and if private, further enabling users to create lists to block certain users from viewing their content such as Instagram stories (video and LIVE video stream) or pictures (image posts).

Sharing is done through multiple outlets and many features serves this function of sharing. The ability to easily tap one button to share a post across other social media platforms is deeply embedded in the Instagram culture as is sharing great content that users relate to. In the findings, 15-24 year olds were more interested in memes (Internet humor culture), beauty, humor, fashion and other users' daily lives (Annalect 2017, 19-20). Users widely share within their personal networks interesting content, regardless of the who posted a meme or who might own the intellectual property rights for it, because it is so simple to press @ in the app and fill in your friend's name and hit "send".

### 5.1.2 Identity

On Instagram you can sign up as a private individual where user can choose unique user handle (access as site URL and for "mentions" by other users) in addition to a profile name. A user handle does not necessarily reflect the true identity of the individual control-ling the account as shown in appendix 1. As (Kietzmann et al., 2012, 111) comments on the lack of single identity on social media, this results in partial or 'unreal' identities be-coming endorsed by others.

In the findings (Annalect 2017, 8-11) many use Instagram to follow up on friends and spending spare time browsing through their friends' picture feeds for hourly or daily up-dates they've shared. In this case many Instagram users use their real name both for pro-file name, handle, give an accurate or funny description and add a picture of themselves.

For influencers, the identity of account is much harder to verify. Instagram has taken steps to ensure no fake profile exists through algorithm changes and now the inclusion of a blue "check" mark next to a profile if Instagram has verified the account holder. Influencers oc-casionally use their website, blog or nickname when doing promotional work or influencing as these profiles are open and aim to gain as many views, likes and shares as possible. In these cases, the Instagram influencers have created another profile with their real name, but made it private (both users must approve to be followed to gain access) so ensure others cannot follow, access or engage with their private content that they would like to share with only friends.

A majority (66%) of the survey respondents in the first survey (Annalect 2017, 25-28) remember seeing influencer marketing on Instagram because the identity of the account holder and profile owner in their style of communication was different. Using the tagging feature of a business was an obvious sign, in addition to including company specific hashtags in the captions to increase the discovery of the posted picture made it clear that the influencer was aiming to sell and influence purchasing decisions through the identity of that specific Instagram account.

Women especially between the ages 15-24 thinks that marketing done in collaboration between companies and Instagram users is less annoying than marketing with other channels. Every other user thinks that influencers' collaboration with companies is acceptable as long as they are open about it. Of the surveyed, 45% thought its acceptable if the influencer is genuinely interested in the product. Little under half the users recognize hidden marketing in influencers posts. (Annalect 2017, 33-35; Somppi 2017.)

### 5.1.3 Reputation

S. C. Rice, (2011) stated in Kietzmann & al., (2012, 113) "that reputation plays a tremendous role, particularly on platforms where trust is important." For influencers on Instagram, there is a mixed response to reputation. Losing trust may not result in losing sales or web traffic to an advertiser because users may not care that posted content from an influencer is in fact for product placement or sponsorship purposes.

Reputation is measured through many ways, between users, it is done through the View Count and measured in the amount of following and followers a profile has. Secondary measurements are the amount of engagement per post (measured through likes and comments). It is not rare that if a posted picture does not generate enough likes, comments, shares then it may be deleted for fear of being viewed as "failed" or poor influence through its low results.

Mentions are an important function of Instagram because it acts as an endorsement. Many beauty influencers use mentions of the brands and businesses of the products they promote in the post captions, as well as tagging the company in post and including hashtags.

On Instagram, the influencers are able to control what content they promote or become included in. Many influencers build a certain reputation that mirrors their identity while others build a reputation for something that may be completely out of character and their identity. This makes it hard for marketers to determine which influencers they should use

for their campaigns as evidenced by the respondents (84%) of marketers who stated they were manually searching for influencers on social media platforms.

In the survey findings it was found that 50% of users think that influencer collaboration with companies is acceptable as long as they are open about it and 45% thought it's acceptable if the influencer is genuinely interested in the product. For marketing purposes when selecting the audience and segmenting the preferences of the market, these are very lucrative margins. It means that even if users are exposed to "secret influence campaigns" or for products the influencer does not believe in, it does not necessarily dilute the purchase decision of the influencee.

### 5.1.4   Presence

In the findings, (Annalect 2017, 8-11) "75% of the Instagram users use the app at least once a week […] and between the users aged 15-24, 86% use the app daily". Instagram has been increasing this block in recent years with added platform functionality of live videos. Originally a feature of other social platforms such as meerkat and SnapChat, Facebook and Instagram have introduced Instagram stories and Instagram LIVE. This create presence-focused platforms where influencers can use their current status to indicate events of importance that are happening right now or live. This can be particularly effective for promotional campaigns, giveaways and interacting with fans or groups of people at an event (letting them know you are there too and available to chat).

The rise of 24h stories gives influencers with large followings of fans the opportunity to via Instagram perform advertisements similar to Infomercials on TV. The survey data showed that of the respondents most likely 39% would buy clothes, 32% cosmetics/beauty products, 25% electronics, 23% jewelry, and etcetera. LIVE demonstrations of products and applying beauty makeup which shows up on potentially hundreds of thousands of interested viewers screens is an incredibly lucrative opportunity for marketers to reach their audience. The key for marketers within social media as mentioned before, is selecting the appropriate influencer as many Instagrammers in Finland follow both Finnish instagrammers (only Finnish content), but also foreign celebrity and English speaking influencers outside of Finland (Annalect 2017, 15).

### 5.1.5   Conversation

The extent that users of Instagram communicate with each other is very broad, if not taking into consideration the product feature of "blocking" someone. The functionality of the enables conversations to be held both in real time (such as during live stream) where

other friends and followers of a profile can comment and engage with content in real time. This exchanging of short messages are real time status updates that amount to a lot of user generated content. The engagement is huge when you consider that there are over 250 million Instagram stories on a daily basis (Instagram 2017).

Instagram Direct allows more personal and one to one communication that is a feature of e-mail or inMail of LinkedIn. The conversation can become deep and meaningful between users, creating a chat like environment of replying and responding. Influencers within Instagram marketing are able to take advantage of this by sending personalized invites to select users. This is similar to targeted e-mail marketing and can prove effective with carefully selected audiences with whom the influencer has a clear reputation with such as a highly reputable celebrity beauty Instagrammer.

When publishing a post with an open profile, you invite many users outside of your personal network to engage and interact with you through the use of mentions, tagging and sharing directly with other users. The group conversation, although not necessarily two-way, just one way- from the point of view of the commenter, is amplified by the ability to share these posts across other social media platforms and networks.

## 5.2  5P's marketing mix for influencer marketing

4P's marketing mix is probably the most known and used marketing approach. Tuten and Solomon (2013) added the 5th P in the marketing mix, the 5th P being participation. This addition was due to changes in communication.

### 5.2.1  Product

Like Armstrong and Kotler said (2017, 81), product describes to goods and services company has to offer to their customers. When companies are picking their Influencers they need to connect their products with the right influencer. In the study done by Annalect and M3 Research (2017, 33-35), it showed that 45% surveyed thought influencer and company collaborations are acceptable if the influencer is truly interested in the product.

Companies need to truly evaluate their product features, and in what categories it fits the best (beauty, electronics, etc.). Influencer should be good in that category and her online identity should be at least partially built on their expertise in this category. This can create a more trusting bond between the target group and influencer.

### 5.2.2 Price

Price is one way of competition. According to Rope (2002, 105) price itself, sales and pay-
ment conditions form a parameter of competition. Quality of the product, lifespan and im-
age affect the pricing decision. According to the Annalect's (2017, 37) study influencer
marketing affects sales directly. 33% of the respondents had bought stuff as a result of In-
stagram influencer and company collaboration within the last year (Annalect 2017, 37).



Figure 4. Kukatrio and iDeal Of Sweden collaboration (Kukatrio 2017)

There are ways for companies to compete with pricing when they are using influencer
marketing as a way of marketing. Some companies have adopted these already. As
shown in figure 3 iDeal Of Sweden is using price competition here. When they are collab-
orating with influencers they are giving a special discount code for the followers of the in-
fluencers. Daniel Wellington might be one of the most noticeable company using celebrity
endorsement and influencer marketing mixed and using this price competition. Many other
companies have done this as well, using special discount codes with influencers.

With these promotion codes it is easier to track down the effectiveness of their influencer marketing campaigns. Daniel Wellington for example is using Specific codes (usually influencer's name) for each influencer they are using for their influencer marketing. These codes keep track of whose influencer marketing is being effective.

### 5.2.3 Promotion

Promotion being one of the key concepts to take into account when discussing 5P's with influencer marketing. According to Rope (2002, 160) marketing communications promote company's products and/or services to their target audiences. Throughout the years' company's marketing ways have shifted to what we have today.

Influencer marketing being still relatively new way to do marketing, companies haven't taken fully advantage of this yet but are planning. According to study done by Fashion and Beauty in collaboration with Econsultancy (2016, 7) 57% of the marketing specialists taken part in their survey had an active influencer marketing strategy and 21% were planning to create one within 12 months.

In marketing perspective, Influencer marketing on Instagram would be a platform for this. In a study by Annalect and M3 Research (2017, 33-35), Finnish respondents found marketing done in collaboration between Instagram users and companies to be less annoying than marketing with other channels.

Transparency with these collaborations was important to half of the people partaking the survey (Annalect 2017, 33-35). Companies and influencers seems to have recognized this also. This comes noticeable when going through influencers post. Many times influencers put in the picture, video or blogs #ad to be more transparent with their followers.

### 5.2.4 Place

In influencer marketing place doesn't held a significant importance. Marketers need to just take into account what channels they should use and is most fitting for them like said by Lorraine (2012). When thinking about what channels to use marketers need to take into account if the platform is fitting for products and/or services and if their target customers are there as well.

### 5.2.5 Participation

There has been a change in how people go on about their daily lives, which forces marketers change their approach on how they go on about their business (Tuten & Salomon 2013, 14). People being now more connected than ever forces brands to do necessary changes in their communication with consumers. Social media presence is necessary for most companies to communicate with their consumers.

Companies don't need to be present on all social media platforms to be able to communicate with their consumers (Lorraine 2012). Figuring out the right channels for companies might become challenging. When doing this companies should think about what they are selling, in which channel it suits the best and finally is their target groups there as well.

After the right channels have been figured out. Companies may use Influencer from these channels. Communication between the influencers, companies and consumers would run more smoothly and easier when everyone is in one platform.

According to the study done by Fashion and Beauty Monitor and Econsultancy (2016, 13-14) only 1% used specialists to identify influencers for them and 15% paid for monitoring tools. The rest 84% were manually searching for influencers. Finding the right influencers can be very time consuming for companies, with Internet filled with different influencers.

# 6 Discussion

This chapter outlines the discussion of the findings and analysis. The discussion looks at the results of the study, comes up with a conclusion for marketing in Instagram and provides further research ideas and reflections on the writing process.
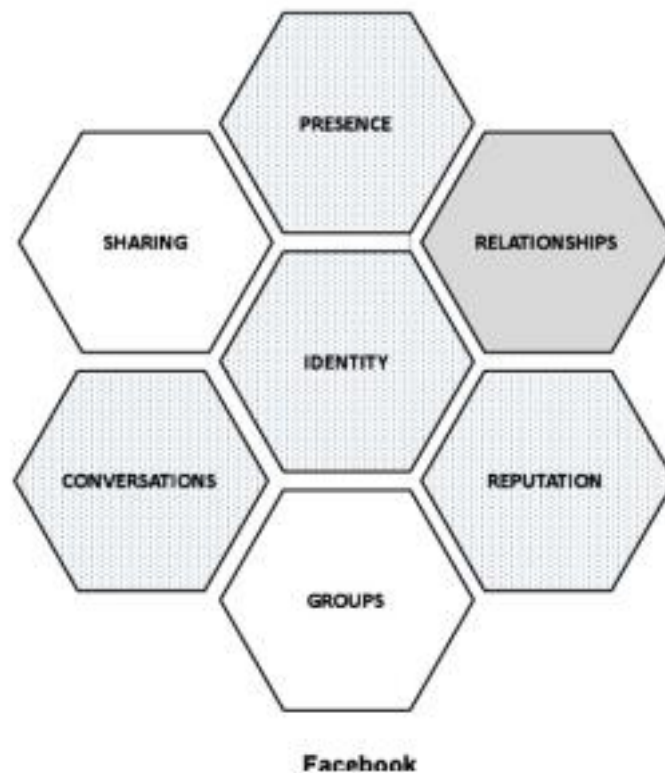


Figure 5. Facebook honeycomb (Kietzmann et al. 2011)

For the purpose of discussion, differences and similarities of the honeycomb framework of the same company but different platforms through acquisition, the Facebook honeycomb is presented Kietzmann & al. (2011) in figure 5.

Facebook is centered around "relationships" as outlined in the honeycomb framework. The supporting pillars are presence, identity, conversations and reputation. This is a complimentary honeycomb as demonstrated when compared to figure 3 in analysis for Instagram.

Facebook has been the dominant social media network since its breakthrough in 2007. In 2012 "Facebook acquired Instagram for $1 billion in cash and stock" (TechCrunch, 2012). The deal was portrayed in media as hostile since Instagram's rapid popularity as a mobile

photo app had just started to grow big. It is interesting to note that it was reported that "Instagram will remain an independently branded standalone app that's separate from Facebook, but the services will increase their ties to each other" (TechCrunch, 2012).

It can be argued that Facebook saw them as a threat to their growing marketing business and users and acquired them rather than competing with them. The interesting question, was Instagram a threat to Facebook business as a social network platform or a highly lucrative business deal to create synergy and complete social media market dominance? I would argue the latter as seen by the construction of Instagram figure 3 and Facebook figure 5.

From a marketing perspective, having the ability to cover all functions in the honeycomb framework as well as benefit from cross platform sharing of advertising and sponsored content makes Instagram a widely popular tool to consider for marketing efforts. Instagram influencers and their content marketing strategies have shown good return on investment spend for companies using them and that is why many marketers as found in the study, are willing to invest more in social media marketing.

Facebook has shifted towards business advertising by serving personal ads to their Facebook users. This it has because Facebook knows their interests, behavior and owns the data. The same applies now applies to Instagram as influencers are now acting as the proxy "ads" that deliver content that users interact, engage and can make decisions on.

The difference between the two is that Instagram use of influencer marketing is still more authentic based (compared to celebrity endorsements) which may support the findings in this studies that users do not feel, to a significant degree, that they are misled or targeted by companies who are trying to entice them to spend money on their products when it shows in their Instagram activity and news feed.

The application of the traditional 4P's marketing mix or in this case 5P's marketing mix to his new innovative marketing can be done. Basing the influencer marketing to 5P's marketing mix can give marketers more clear understanding how to shift to influencer marketing from the more traditional marketing.

With the 5P's the change from traditional marketing to influencer marketing might become easier for older generations that are set to do things in a certain way.

Many marketing specialists perceive influencer marketing to be highly expensive as shown in the study done by Fashion and Beauty Monitor (2016). Marketers might see that ROI is difficult to measure with influencer marketing. But as shown in the study done by Annalect (2017) 33% of the respondents had bought products based on influencers recommendation and 72% thinking they could buy products based on these recommendations.

As mentioned above ROI could be possibly measured. Some companies, such as Daniel Wellington and iDeal Of Sweden, have given special discount codes for influencers to share with their followers. These codes are used while purchasing from companies' online stores. This method helps companies to track down which influencers are influencing more and which not. This helps later in deciding which influencers to use. This method doesn't show the true ROI with influencer marketing. Some brands are operating with online stores as well as physical stores. The ROI of influencer marketing is hard to measure with physical stores.

## 6.1   Conclusion

To conclude, influencer marketing has a mixed perception by the audience (users). Instagram has outgrown its phase as a photo-sharing app and has becoming a platform that serves multiple functions and implications, but still has sharing at its core. When it comes to purchase decisions, posts by Instagram influencers are perceived to be trust worthier than traditional ads, even though the audience may suspect that an influencer may not be authentically promoting products that they themselves use or believe in as products.

The area of influencer marketing was defined, "as a nonpromotional approach to marketing in which brands focus their efforts on opinion leaders, as opposed to direct target marketing touchpoints" (Hall 2016). Based on the findings and analysis of this thesis, an influencer should be defined as an opinion leader whose actions on the social media platform, uses the functionality of the platform to deliver sales, brand awareness and web traffic to a business in return for compensation.

This study could not confirm what exact factors make influencer marketing appealing for the viewer but it sheds a light on how audience is segmented into categories based on interests which indicate that a potential factor that is appealing is the ability to tailor design content and personalize marketing efforts by selecting specific influencers and specific content for particular selected audiences based on their public profiles published or shared interested in various categories.

Intrusive non-native sponsorship and product placement is distrusted, but a trusted influencer with clear identity, reputation, presence and conversation communicating same messages as a traditional ad may be perceived as non-intrusive and may lead to purchase decisions. This form of activating paid content marketing that uses a targeting is a recommended social media marketing strategy for effectiveness of product campaigns.

"Firms interested in getting serious about social media can use the honeycomb framework to monitor and understand how social media activities vary in terms of function and impact, and to develop a congruent social media strategy based on the appropriate balance of building blocks for their community" (Kietzmann & al. 2011, 250).

## 6.2   Recommendations for future research

It would be interesting to compose a research-oriented thesis that would measure the effectiveness of a single homogeneous ad that is issued out by a controlled sample of beauty influencer markets, during the same period of time to the same audience. Would this effect consumer purchase decision and sales (as measured through reputation and presence) and what are the audience perceptions of trust, credibility of the influencer if the same ad is repeated shown in their activity and news feed as it targets the same user base.

Ad blocking was lightly touched in this thesis as was the subject of influencer marketing material and their collaboration with businesses and how they choose or not to choose to report partnerships, sponsorships or product placements. There is very little research on the legality and effectiveness of this new gray area of Instagram marketing and it would be encouraged to pursue an explorative research on the opportunity cost or analyzing a prisoner's dilemma on how companies pick and choose influencers and how their paid campaigns are carried out. Is it worth the risk to publish and not disclose? What are the penalties and effects between same ad that is marked as "promoted" and an ad that is "personal endorsement"?

I was unable to find cited articles on the subject despite it being in the news lastly and mentioned in the findings. I did discover a thesis which I believe to be one of the first to touch up on the subject, Ewers (2017), "#Sponsored – influencer marketing of Instagram: an analysis of the effect of sponsorship disclosure, product placement, type of influencer and their interplay on consumer responses".

## 6.3 Reflections of writing process

At Haaga-Helia we are taught the importance of values and reflection and application of research for commercial businesses. There was a risk in the thought process that the thesis potentially changes audience from academic to business, shifting the research thesis towards a management consultancy report which outlines business strategy and formula for success within Instagram influencer marketing.

Taking into considering this belief and attempting to limit my bias to researcher than business student, I was t able to identify theoretical frameworks and to some extent apply new perspectives that could be in use within the scope of the thesis and social media marketing.

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Appendices

**Appendix 1. Summary on Honeycomb functions on Instagram**

| Block | Instagram | How |
|---|---|---|
| Identity | -Account real name, age, gender, profession<br>-Profile biography<br>-Account handles (@sarachafak (real) or @shotsbyvivian (handle) | • Identity that require users to set up (Kietzmann et al.,2011,243)<br>• Virtual identity<br>• Focus on self-promotion (Kietzmann et al.,2011,244) |
| Presence | -location tagging<br>-Instagram Stories<br>-Instagram LIVE<br>-responsive to commenting<br>-mentions<br>-sharing and liking other users user generatee content | • Allows users to share their status updates and check-ins across networks (Kietzmann et al.,2011,245) |
| Relationships | -comment and reply to followers<br>-Engaging with those following<br>-Friends (public or private account, as listed above) | |
| Reputation | -View Count<br>-Mentions<br>-Followers<br>-Verified<br>-Endorsed by other influencers<br>Geo-location tagging<br>-Disclosing promotional activities | |
| Groups | Potential fan groups for celebrities, influencers, and brands | |
| Conversations | -Comments in posts<br>-Selected posted images that capture moments<br>-Stories that are mostly real-time visual status updates<br>-Direct Message (profile inbox) | |
| Sharing | -Self portrait photo posts, selfies, food pictures, daily life images, group (pictures)<br>-Meme images<br>-Advertising posters and product placement<br>-Short videos<br>-Screenshots<br>-Friend tagging in posts to create engagement (link)<br>-Contact information, tagging (geo location)<br>-Profile LIVE (video) streaming of point of view (POV) through mobile smartphones<br>-News captions and summaries (text) | |