GOVERNANCE & TRANSPARENCY IN INFLUENCER MARKETING

The increase in marketing spend and complexity in the social media ecosystem calls for greater accountability.

COMMON CHALLENGES IN INFLUENCER MARKETING

#1. Low Transparency in Influencer Costs
Cost packaging by campaigns; Vague package by cross-platform influencers; Mix-up with additional costs

R3 Discovery: In an assessment, 3 campaigns were costed at a single price, making it impossible to evaluate cost efficiency. This issue impacted 7% of total annual influencer spend.

#2. Performance & Value Loss
Post loss within 1-year; Posts underperform compared with quotation; Cost per engagement (CPE) inefficiency

R3 Discovery: During a KPI and performance check of one influencer campaign of 9 items, R3 identified 4 posts that were underperforming by 66% when compared with the commitment in the agency's quotation.

#3. Cost Efficiency Gap vs. Market
Higher cost than the market benchmark; Unclear agency fee

R3 Discovery: In an influencer cost evaluation, R3 benchmarked influencer buying costs for a marketer and identified an 18% difference from market price and discrepencies in buying service fees.

#4. Loopholes & Mismanagement in the Social/Influencer Marketing Process
Lack of goods-received process; Incomplete influencer-related terms in the contract

R3 Discovery: Several areas of low transparency were identified in a brand's influencer management process. Among them, the goods-received process posed the highest risk with inconsistency in the actual buy vs. pre-buying quotation.

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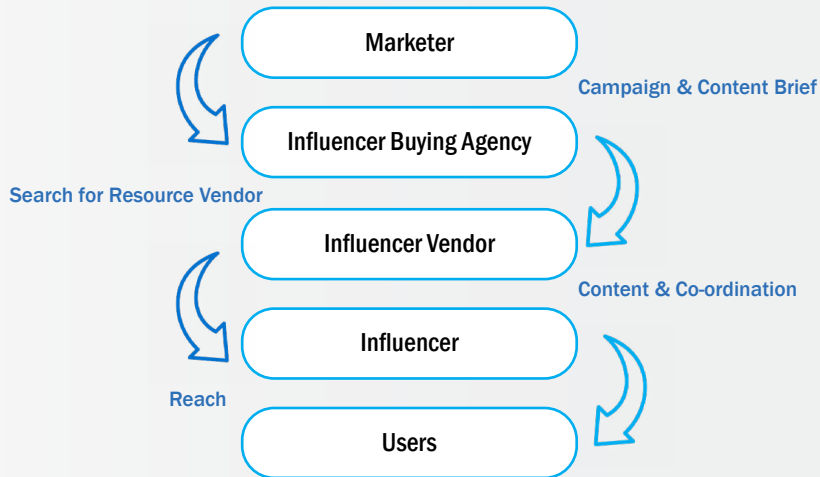*EVP, Global Growth*
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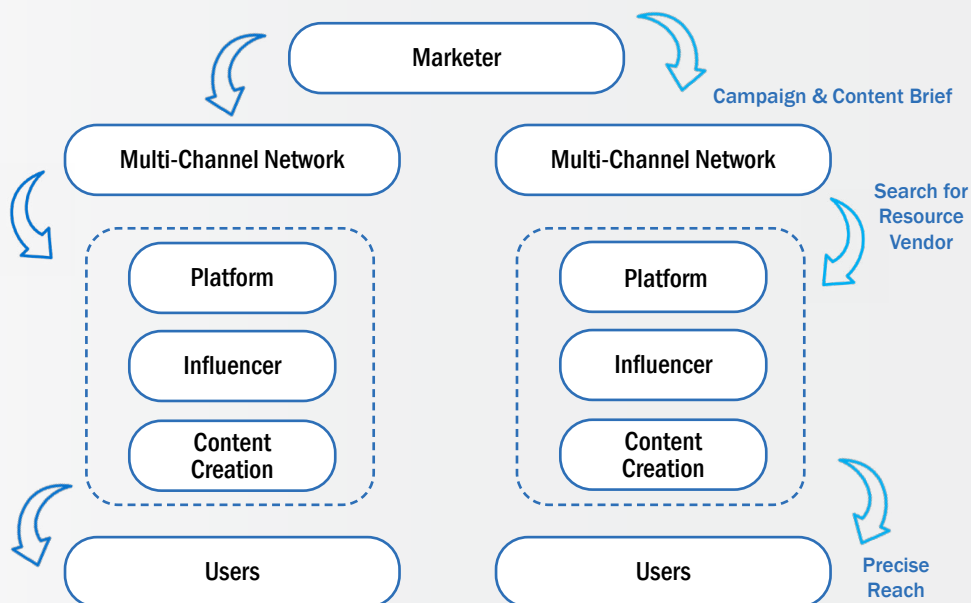
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TYPICAL BUYING JOURNEY

Marketer

Influencer Buying Agency

Campaign & Content Brief

Search for Resource Vendor

Influencer Vendor

Content & Co-ordination

Influencer

Reach

Users

EMERGING BUYING JOURNEY

Marketer

Campaign & Content Brief

Multi-Channel Network

Multi-Channel Network

Search for Resource Vendor

Platform

Influencer

Content Creation

Platform

Influencer

Content Creation

Users

Users

Precise Reach

EXPERIMENTAL BUYING JOURNEY

Marketer

Private Domain Key Opinion Consumer Nurturing

In-House Multi-Channel Network Development

Key Opinion Consumer Nurturing

Key Opinion Consumer Recruitment

Multi-Channel Network Investment

Reach

Multiple Platform Matrix

Multiple Platform Matrix

Multiple Platform Matrix

User

User

User
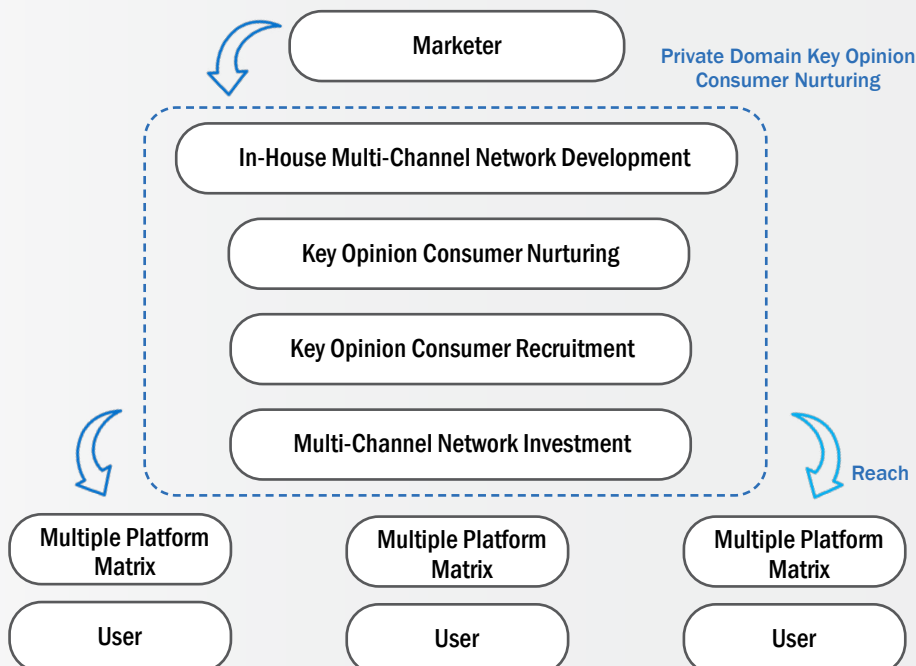
THE EVOLVING INFLUENCER BUYING JOURNEY

THE INFLUENCER LANDSCAPE

Influencer industry value and the number of companies offering related services have grown significantly over the past 2 years

	Influencer Growth	# of companies (Global)	# of companies (APAC)
2019	41%		
2020	49%	40%	45%
2021	42%	26%	23%
2022	19%	NA	NA

Source: Influencer Marketing Hub

The industry expects to see some consolidation of influencer agencies

The large number of new and independent start-ups reflects the nascency of the industry.

In the long-term, smaller independent companies will likely consolidate/get acquired. M&A activity is already starting to pick up (e.g., WPP acquired INCA and Village Marketing, Brainlabs acquired Fanbytes, Tag acquired L&A Social).

Exclusivity is not an expectation of influencers to brands and agencies; there is zero loyalty amongst influencers

Top influencers are highly sought after and exclusivity comes at too hefty a price tag.

Based on a sample of influencers contacted, a majority had asked to work directly, or work with, various influencer agencies. Less then 20% had mentioned to work with a specific agency.

Ad hoc nature of brand requirements has resulted in a fragmented and disorganized industry

Local relationships
Most brands work with influencers on a local market level.

No concerted effort by brands to engage
Influencers are not part of the overarching marketing strategy but more of an executional lever.

Adhoc, project basis
Influencer engagement often on a project basis.

HOW R3 CAN HELP

EMPOWERING MARKETERS WITH INSIGHTS AND INSPIRATION THAT LEAD TO SEAMLESS COLLABORATION BETWEEN INFLUENCERS AND BRANDS

Since 2008, R3 has worked with over 20 top marketers cross 9 industries to provide insights and consultancy services in helping them establish celebrity and KOL evaluation and measurement.

INFLUENCER AGENCY LANDSCAPE ASSESSMENT

Review of influencer agencies and their influencers, including operations, team, and clients they represent. Consideration across scopes including strategy, buying, planning, influencer verification, affiliate sourcing and content checks, livestreaming, social commerce and capabilities across all influencer tiers or specialists in tiers.

INFLUENCER MARKETING MANAGEMENT OPTIMIZATION

MODULE 1

Historical Influencer Buying Cost Evaluation: Cleanse and benchmark your historical influencer cost, and identify potential gaps that can be optimized in future activities.

Performance/Fulfilment Check: Verify influencer post fulfilment and identify issues that might contribute to overall efficiency and lead to potential savings.

MODULE 2

360 Influencer Management Process Check: Review the current influencer management process through documentation and stakeholder interviews to identify areas of improvement.

Influencer Management Process Optimization: Recommend a suitable influencer agency model, internal and external ways of working and governance and evaluation framework. Includes a playbook to be used by all stakeholders in the influencer management chain.

INFLUENCER AGENCY REVIEW

Reduce risk and maximize the value of your new agency hire. We leverage our latest agency market insights and benchmarks for fees to conduct a thorough and efficient search process. Our objective is to create a long-term, mutually profitable partnership of talent that will drive brand and business growth.

Brands which we have worked with on influencer marketing

L'ORÉAL   SAMSUNG   mastercard   BMW   Coca-Cola   ESTĒE LAUDER   Mercedes-Benz   Beiersdorf