Scientific Research Publishing

# Influencer Marketing: Statistics and Skepticism

## Chelsea Peng

The Pingry School, Basking Ridge, NJ, USA
Email: chelseapeng@gmail.com

## Abstract

This paper analyzes how the influencer market has grown exponentially in the past several years and also how difficult it is to track the results of influencer marketing and advertising in general. Using data related to negative consumer impressions of traditional advertising features like pop-up ads and the untrustworthy review phenomenon and relating it to data about Generation Z's modern opinions on social media marketing, I explain how influencer marketing is the better choice to appeal to a younger audience. Pseudo-social relationships are formed between the influencer and consumer and are reinforced by three attributes: physical attractiveness, social attractiveness, and attitude homophily. A successful influencer has balanced all three of these attributes to be balanced, in addition to a strong relation between the brands. While it is clear that the influence market is not a scam, it does require that brands have a certain level of skepticism and know their audience in order to find the most appropriate influencer to maximize the effect of their marketing.

## Keywords

Influencer Marketing, Traditional Marketing, Product Reviews, Influencer Characterization, Parasocial Relationships (PSRs)

## 1. Introduction

With one billion active users, Instagram is the most popular social media network in the world (Dixon, 2023). Many users have utilized their strengths and skills to become internet celebrities and consequently found a way to profit off of their fame. These kinds of people have a name: influencers. Influencer Marketing Hub defines influencers as people with the power to affect buying habits of consumers through social media, and influencer marketing as a brand working with one of these influencers either to market their products or services or simply just to improve brand reputation (Geyser, 2022b). Influencers can be anyone in the world on any platform, and tend to have more creative freedom than

celebrities when it comes to marketing campaigns. A buzzword that has soared with the rise of platforms like Instagram and Tiktok, influencers are seen as a more informal and transparent way of marketing, with the focus being on creating positive brand awareness and a good reputation for the brand. It is a relatively easy way for companies to connect to a younger audience, with the majority of businesses spending $1000 - $10,000 and 7% investing over a million dollars in influencer marketing in 2020 alone (Bailis, 2019).

Despite some criticism, it's worthwhile to mention that this strategy has truly exploded in popularity and will likely continue to grow rapidly. Since the industry reached $10 billion in 2020, it is set to hit $13.8 billion by the end of this year and $22.4 billion by 2024 (Geyser, 2022a).

Let's take a look at the growth of both the US and the global influencer market size in the last six years. In 2016, Instagram rebranded into its current modern, colorful logo, and in 2019, the popularity of Tik Tok skyrocketed and its revenue increased by almost eight times (Iqbal, 2023), both bringing in an increase of influencers from all around the world. Since then, the influencer market has grown and transformed into the large and profitable industry that we know it as today. I collected data from Statista and eMarketer, and created the graph (Figure 1).
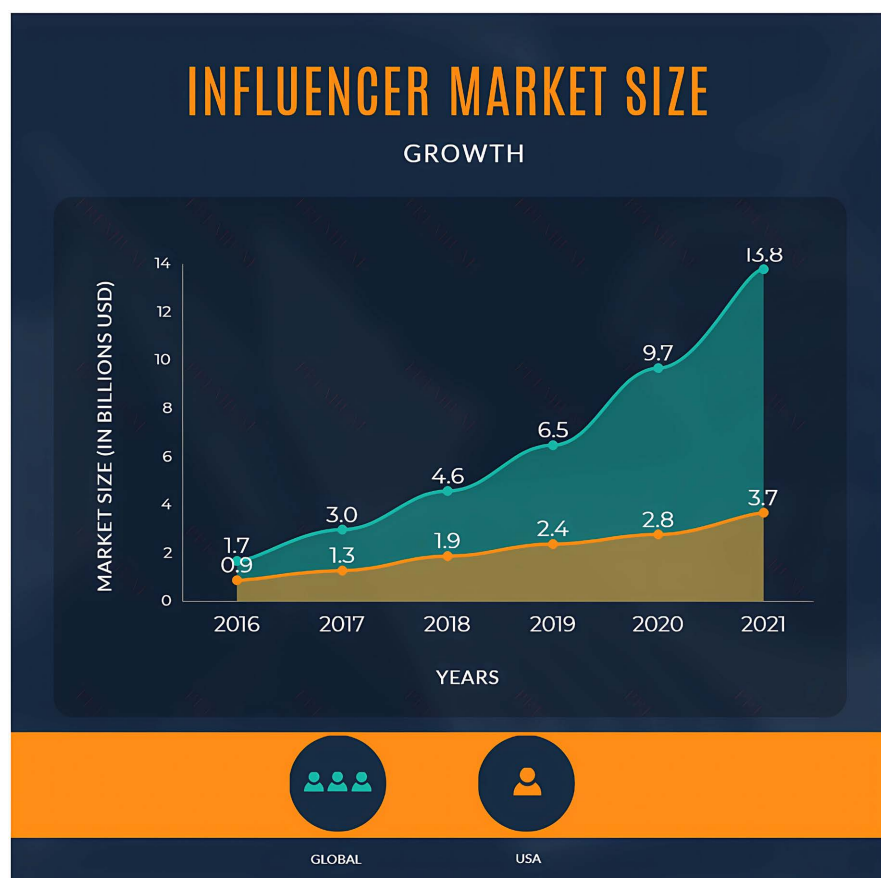


**Figure 1.** USA and global influencer market growth. Notes: Data from Statista and eMarketer.

From this graph we can see the correspondence between the global influencer market and the US market and the exponential growth of both markets. The graph demonstrates the dramatic growth of the global industry as a whole versus just the national market. In both circumstances, a large increase from 2020 and 2021 is observed, and it's likely that this trend will continue in 2022 and further into the future. According to *Business Insider*, annual business investment in influencer marketing will reach $15 billion by the end of 2022 (Insider Intelligence, 2021). This paper explores the question of whether the outpouring of money into this brand new form of marketing is justified, beginning with whether society's perception of the advertising industry as a whole has been flawed all along. When influencers endorse a product, it reaches not only their fans but also casual social media users through their algorithm. Seeing the product from an influencer instead of the brand's page instantly makes the user more attracted to the product and more likely to consider buying it. Later in this report, I will discuss psychological contributions to influencer marketing's success and its possible downfalls.

## 2. General Advertising Skepticism

In the well known folktale The Emperor's New Clothes by Hans Christian Andersen, the shallow emperor convinces himself that he is wearing the world's lightest and finest cloth. All of his noblemen, despite being confused, agree and admire his new clothes along with him. As we all know, the emperor was actually wearing nothing at all. With the constant banners, promotional videos, and social media posts being shoved into our faces on the daily, are we becoming those foolish noblemen? It is nearly impossible to determine exactly what makes a buyer want to spend their money on a product or service. Is advertising actually effective or is it widely accepted to be so? And along with that, is influencer marketing truly that dominant or has retail just been making its move to online thanks to Generation Z and the pandemic? Advertising skepticism is the questioning of how much engagement and revenue that any type of marketing brings in due to the difficulty of tracking its effectiveness and source of buyer motivation. Factors including product quality, brand reputation, and consumer tastes can affect buyers as much as advertising can, and it is nearly impossible to determine whether a change in demand is due to a change in marketing strategy.

The example of Amazon Prime Day illustrates this principle. For Prime Day 2021 from July 21-22, Amazon decided to not continue their tradition of partnering with the animation Boxtropolis, instead opting to use "real people" in their campaign. Instead of a cartoon character, Amazon used actors in their 30-second Prime Day Ad. Similar to the benefits of using influencers, having humans in the commercial increased relatability and helped to better convey the excitement of the sales and discounts of Prime Day. According to Supermarket News, their gross sales this year reached $11.19 billion, a 7.6% increase from 2020 and the highest in their history (Redman, 2022). However, no one will ever

know if this growth was a result of the changed promotion style, the pandemic, or simply the growth of Amazon as a company this past year.

Ikea is another brand that can be taken as an example of this point. A major branding change they made relatively recently was in 2019, when they changed their logo from black and white to a vibrant blue and yellow and increased the height of the rectangle it was encompassed in (see figure below). This change was widely regarded as a good one, as its Swedish colors became iconic in the homeware industry. However, since 2019, Ikea's annual revenue has decreased at an average rate of 100 million euros per year, while it was increasing at almost 1.9 billion euros per year in the three years prior to 2019. It is an unfair assumption to make that the sole reason for Ikea's drop in revenue increase was the addition of color to the logo, so how can one possibly mention the effectiveness of more multifaceted changes in marketing strategy?



1967          2019

(Oliver, 2019)

This same logic can be applied to the entire concept of influencer marketing. While brands can attempt to track their influencers' reach and impact through affiliate links and custom coupon codes, variables like the customer failing to use said code during purchase, getting to the website in through Google Search despite discovering it through the influencer, or customers using the link to browse the site without making a purchase all prove to be reasons that data collected in that way would be unreliable (Marketing Evolution, 2017). It's well known knowledge that brands will pay anywhere from hundreds to hundreds of thousands of dollars to influencers for promotion of their product. These companies place full trust in the influencer to give them maximum ROI, or return on investment. Unfortunately, there is no way to guarantee this. Neither a follower count nor an engagement rate can promise that an influencer can direct their audience to increase sales or website traffic (Wallace, 2019). While influencer marketing certainly does work, it is only to a degree, and will not result in profit for all companies with all influencers. In fact, 25% of businesses who use it are either losing money or just breaking even (Infinit-O, 2021). Instead of blindly following this trend which is promoted by data that is likely to be at least slightly inaccurate, brands should eye influencer marketing with caution and not plunge in head first.

## 3. Influencer Marketing vs. Traditional Marketing

Before the age of influencer marketing, most advertising came from pop-up ads

on websites, show-interrupting clips on TV, and the occasional broadcast on the radio. However, that type of traditional advertising is no longer effective because so many potential customers simply ignore the ad and click out of it or otherwise skip it. You are more likely to die in a plane crash than click on a banner ad (East, 2016), and a big reason for that is how common ad blocking has grown. One in five people worldwide have ad blocking on their phones, and it has grown 41% in the past year alone (Social Industries, 2019). People generally dislike pop-up ads because they are an annoying and unwanted interruption that interferes with the user experience. They have no choice in whether or not they want to see the ad and it forces their attention away from the content they are in the middle of viewing. In fact, they are so widely disliked that their inventor, Ethan Zuckerman, has publicly apologized for their creation.

The need for a new type of marketing comes from the nature of traditional marketing like said pop-up ads to irritate the consumer and force unwanted information on them. Though traditional marketing has the potential to be viewed by a large audience, there is the question of if they are the correct audience for the product or service. Since traditional marketing has no target, most people who see the ad will not respond to it. With influencer marketing, brands can advertise to the exact group of people that they want and draw their target audience to their website.

Not only that, unlike traditional ads, in influencer marketing, the product is not forced onto the viewer. Instead, viewers can decide what kind of information and content to be accessible to them. "The success of influencer marketing stems from its basis in "trustworthiness and perceived expertise" (Masuda et al., 2022).

### 3.1. Connection between Influencer and Consumer

The main difference between influencer marketing and traditional marketing is the emotional and personal connection that the marketer, the influencer, can form with social media users. 60% of Gen Z, users born between 1997 and 2012, are more likely to believe in what a YouTuber, who is someone who has grown a platform and audience on Youtube, says than a movie star, and 82% of people are more likely to follow a recommendation by a micro influencer, one with less than 100,000 followers, than a bigger celebrity with follower counts in the millions (Ewen, 2017). Unlike a celebrity, who gains their fame from other industries such as sports, music, or acting, influencers gain their relevance purely on the internet. As a result, an influencer's reputation comes from their activity and the content they post. They are able to interact with followers who share similar interests on a closer level, making them seem more like a friend and less distant than someone like a Kardashian. This builds trust between the influencer and potential customer and builds credibility and reputation for the brand being sponsored.

Micro influencers carry 22.2 times the amount of product purchasing conversations than the average consumer (Ewen, 2017), making them excellent sources

of transferring information from the brand to the consumer. People are able to connect a human personality to a product, which differentiates it from similar others in the same industry or market. The more an influencer promotes an item and makes it part of their image, the more it creates a sense of loyalty. The brand becomes "sticky" and customers are more likely to return to the business and purchase more products, or return to the influencer's page to see how the product held up over time and decide for themselves.

### 3.2. The Untrustworthy Review Phenomenon

According to the Washington Post, a third of all American adults use their electronic devices to make purchases at least once a week. Since online shopping differs from shopping at a store in person in the way that you cannot physically see and feel the product, many rely on reviews to form their opinions. 82% of American adults say that they sometimes or always read reviews before new purchases, and two-thirds of those adults believe that those reviews are "generally accurate" (Smith & Anderson, 2016).

It turns out that neither positive nor negative reviews can be completely trusted. 4.5 million sellers sourced positive fake reviews in 2020 alone (Proserpio et al., 2020). Compensated reviews are created when businesses are paid to create dummy accounts and purchase products so that they can write fake high reviews on Amazon. This is common knowledge for most people, so they tend to see negative reviews as more useful and reliable. However, negative reviews are hardly accurate either. Only 1.5% of purchasers actually write reviews (Beaton, 2018), which makes those reviews quite circumstantial. Reviews will be different depending on expectations, which vary wildly from person to person. "Super Contributors" on TripAdvisor tend to write "more critically to appear more professional", but they are more valued because they seem to have more credibility than a casual reviewer (Beaton, 2018).

Due to this untrustworthy review phenomenon, influencers appear to be more reliable and human despite also being paid by companies to promote products. This is a result of the transparency of promoting on social media, where an influencer must disclaim that they are receiving compensation for sharing their positive experience of the product. The buyer is aware of this, which eases their suspicions. Because of this, 51% of businesses claim that they get "better quality" customers because of influencer marketing (Foster, 2018).

### 3.3. Cost Efficiency and Future Growth

Influencers take the role of model, photographer, and sometimes even editor, saving the company from having to pay for these responsibilities. The cost from all of this is included in the fee that they charge, which is dramatically lower than a typical professional photoshoot since most work from home. For reference, social media marketing (posted by the brand) is 3 times more expensive than influencer marketing (East, 2016). Not only that, the influencer market has been

and will continue to grow rapidly, with many young people dreaming of becoming internet famous. The number is currently at 500,000 and growing on Instagram (East, 2016). A summary of the most notable mentioned points is presented in Figure 2.

## 4. Attributes to Characterize Influencers

In this digital age, it is now up to the marketers to earn the trust of the consumer. Brands must figure out their consumer's interests and what drives them to buy a product. Only after trust is gained and the customer is curious can the brand begin to strongly market themselves. Because followers aspire to be like influencers, an influencer whose image and values align themselves with a product will also cause followers to ask themselves if they too match the product. Due to their internet fame, they are seen as providers of expert opinions and opinion leaders for their followers in their social networks. Said perceived expertise and trustworthiness are the backbone of the credibility of influencers. Their ability to convert their followers into a brand's customers relies on the followers' "stickiness", or loyalty to the influencer.

This "stickiness" comes from pseudo-social relationships that consumers form with these microcelebrities. This phenomenon is similar to how a relationship is developed towards media personalities after repeated exposure. This process, which is called the parasocial relationship (PSR), is formed through social attractiveness and requires no physical social interactions. Users create a PSR by following their accounts on social media or subscribing to their channels. Because

| Influencer Marketing | VS | Traditional Marketing |
| --- | --- | --- |
| Targeted audience | | No target |
| Part of the social media experience | | Irritates viewers |
| Emotional and personal connection with users | | Viewers are indifferent |
| Human connected to product | | Brand connected to product |
| Transparent | | Untrustworthy |
| Cost Efficient | | Expensive |

Figure 2. Influencer marketing compared to traditional marketing.

of these relationships, followers view them as not only friends but also people they can converse with, thanks to the limited internet communication of commenting and responding.

Physical attractiveness, social attractiveness, and attitude homophily are three main attributes that are important for characterizing influencers.

Though shallow, physical attractiveness is essential because followers are looking at influencers all the time. In a study conducted by Airbnb, Airbnb hosts' physical attractiveness in online photographs affects their perceived attractiveness. One's physical attractiveness has a positive effect on perceived expertise and liking, as more attractive individuals are viewed as more knowledgeable and persuasive. Despite popular belief, this idea continues to apply to influencers in the beauty and fashion industry, but is reversed for social media fashion bloggers. This raises the idea that though followers are drawn to physical attractiveness, their main goal is not to seek a perfect physical appearance.

Second, social attractiveness, which is the likability of a speaker, must be viewed separately from physical attractiveness. Universally, customers assign human traits or personality to brands, and the social attractiveness of that "human" indicates a higher level of trustworthiness, perceived expertise, and PSR, and increases customer loyalty. As for influencers, social attractiveness refers to their tendency to trigger an emotional appreciation from their followers that goes beyond a simple "like" on a social media platform. It is seen as an antecedent to customer loyalty and also a customer's tendency to share with family and/or friends (Masuda et al., 2022).

The last attribute is attitude homophily, which has to do with similarity and the idea that people who are similar in attitude communicate with each other more than those who are dissimilar. Like how celebrities who are familiar with their audience have more success in marketing, influencers who are seen by their fans as similar to them are also more effective. Attitude homophily is closely related to trustworthiness level, which increases when an influencer is more relatable to their followers. Homophily, not only in attitude but also value, background, and appearance, also influences the perceived expertise of these influencers, which leans to the formation of emotional attachment. A study by Harry Potter fandom found that attitude homophily was an important determinant of the PSRs with Potter (Masuda et al., 2022), concluding that value sharing is a strong aspect of persuasion.

This study shows how the efficiency in formation of PSRs triumphs over all other factors in determining influencer effectiveness. The results demonstrate that PSR from influencers positively impacts their followers' purchase intentions, and that of the three characterizations of influencers, social attractiveness was the strongest and attitude homophily was the weakest. As a result, these results indicate that different marketing contexts need to be considered while maximizing PSR in addition to the characterizations. To conclude, a combination and balance of these three attributes in an influencer is key to the ability of

an influencer to sell products for a brand. When a company is searching for people to represent them, they should keep an eye out for their physical attractiveness, social attractiveness, and attitude homophily. In this way, brands can optimize their effectiveness in marketing by recruiting influencers with stronger PSRs.

However, even if an influencer meets all three of these points, they might still not be the right one for the brand. Take Chriselle Lim and Volvo for example. Chriselle Lim is an influencer whose posts are mainly centered around lifestyle, beauty, fashion, and motherhood. After deciding on her collaboration with Volvo, Lim posted to promote Volvo's toxic-free car cleaner which immediately confused her followers and caused them to complain that it was unlike the message she usually posts. To make matters worse, followers even brought up the fact that promoting an eco-friendly product was inconsistent and even hypocritical because of Lim's frequent traveling and jet-setting lifestyle. Due to this lack of authenticity, both the influencer and the brand received criticism. For Volvo, they wasted resources on a partnership that did not highlight the strengths of their product. And for Lim, she was forced to respond to the risk of losing followers, influence, and credibility by apologizing for her post and removing it from her feed. As a result, we can observe that brands and influencers must look at the bigger picture when creating their partnerships. It's important to not only see past high follower counts and engagement rates, but also past the "quality" of an influencer that includes the three attributes that were previously discussed. If a brand does not match an influencer in image and values, then no other positive points are relevant.

## 5. Conclusion

What this study reveals is that the influencer market is inevitably challenging traditional advertisements to become a more prominent industry thanks to the extraordinary popularity of social media. From 2016 to 2022, the average annual growth rate of the influencer marketing industry was 46.9% (OBERLO, 2022), with a sharp increase during the pandemic. Influencer marketing is effective because of the emotional and personal connection formed, the reliance on real reviewers due to the untrustworthy review phenomenon, and the efficiency of an influencer working from home. Quantifying effectiveness is very challenging due to the infinite number of variables that influence statistics such as increases in sales. Further data collection and research is needed to show how effective it truly is, and to narrow down the key factors that maximize its positive impact or minimize its negative impact. One cannot assume a sole reason for drops or peaks in revenue, so one cannot possibly assume results of more multifaceted changes in marketing strategy. Advertisers should focus on balancing physical and social attractiveness with attitude homophily and similarity with the influencers to further reinforce pseudo-social relationships with consumers.

## Conflicts of Interest

The author declares no conflicts of interest regarding the publication of this paper.

## References

Bailis, R. (2019). *The State of Influencer Marketing: 10 Influencer Marketing Statistics to Inform Where You Invest.* Big Commerce.
https://www.bigcommerce.com/blog/influencer-marketing-statistics/

Beaton, C. (2018). *Why You Can't Really Trust Negative Online Reviews.* The New York Times.
https://www.nytimes.com/2018/06/13/smarter-living/trust-negative-product-reviews.html

Dixon, S. (2023). *Instagram: Distribution of Global Audiences 2023.* Statista.
https://www.statista.com/statistics/325587/instagram-global-age-group/

East, E. (2016). *4 Reasons Why Influencer Marketing Is Very Cost Effective.* LinkedIn.
https://www.linkedin.com/pulse/4-reasons-why-influencer-marketing-very-edward-east

Ewen, L. (2017). *The Costs, and Benefits, of the Influencer Economy.* Retail Dive.
https://www.retaildive.com/news/the-costs-and-benefits-of-the-influencer-economy/510223/

Foster, J. (2018). *Why Influencer Marketing Is Creating Huge Returns for Businesses.* Convince&Convert.
https://www.convinceandconvert.com/digital-marketing/influencer-marketing-for-businesses/

Geyser, W. (2022a). *The State of Influencer Marketing 2022: Benchmark Report.* Influencer Marketing Hub.
https://influencermarketinghub.com/influencer-marketing-benchmark-report/

Geyser, W. (2022b). *What Is an Influencer?—Social Media Influencers Defined.* Influencer Marketing Hub. https://influencermarketinghub.com/what-is-an-influencer/

Hu, L., Min, Q., Han, S., & Liu, Z. (2020). Understanding Followers' Stickiness to Digital Influencers: The Effect of Psychological Responses. *International Journal of Information Management, 54*, Article ID: 102169.
https://doi.org/10.1016/j.ijinfomgt.2020.102169

Infinit-O (2021). *Social Media Influencers Can Significantly Boost Your Sales Leads.* Infinit-O.
https://resourcecenter.infinit-o.com/blog/social-media-influencers-can-significantly-boost-your-sales-leads/

Insider Intelligence (2021). *Influencer Marketing: Social Media Influencer Market Stats and Research for 2021.* Insider Intelligence.
https://www.businessinsider.com/influencer-marketing-report?IR=T&itm_source=facebook&itm_medium=social&itm_content=influencer-marketing-report&itm_campaign=1-10-2021&utm_campaign=sf-bi-main&utm_medium=social&utm_source=facebook.com

Iqbal, M. (2023). *Tiktok Revenue and Usage Statistics (2023).* Business of Apps.
https://www.businessofapps.com/data/tik-tok-statistics/

Marketing Evolution (2017). *The Challenge of Measuring the Impact of Marketing.* Marketing Evolution.

https://www.marketingevolution.com/knowledge-center/the-challenge-of-measuring-marketing-impact

Masuda, H., Han, S. H., & Lee, J. (2022). Impacts of Influencer Attributes on Purchase Intentions in Social Media Influencer Marketing: Mediating Roles of Characterizations. *Technological Forecasting and Social Change, 174,* Article ID: 121246. https://doi.org/10.1016/j.techfore.2021.121246

OBERLO (2022). *Influencer Marketing Market Size (2016-2022).* OBERLO. https://www.oberlo.com/statistics/influencer-marketing-market-size#:~:text=From%202016%20to%202022%2C%20the,experienced%20in%202020%20and%202021

Oliver (2019). *The Best and Worst Logo Evolutions of All Time.* Looka. https://looka.com/blog/best-and-worst-logo-evolutions/

Proserpio, D., Hollenbeck, B., & He, S. (2020). *How Fake Customer Reviews Do- and Don't- Work.* Harvard Business Review. https://hbr.org/2020/11/how-fake-customer-reviews-do-and-dont-work

Redman, R. (2022). *Amazon Prime Day 2022 Sales Growth Estimated at Double Digits.* Supermarket News. https://www.supermarketnews.com/online-retail/amazon-prime-day-2022-sales-growth-estimated-double-digits

Smith, A., & Anderson, M. (2016). *Online Reviews and Ratings.* Pew Research Center. https://www.pewresearch.org/internet/2016/12/19/online-reviews/

Social Industries (2019). *Why Influencer Marketing Is So Cost-Effective.* Social Industries. https://social.industries/2018/09/23/why-influencer-marketing-is-so-cost-effective/

Wallace, G. (2019). *How to Know Whether Your Marketing is Working.* The Department of Marketing. https://blog.deptofmarketing.com/how-to-know-whether-your-marketing-is-working