

Influencer Marketing for Start-ups: The Rise of Micro-influencers

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ABSTRACT

Social media influencers have been utilized by many companies as a marketing method for the past decade. The benefits of micro-influencers, the group of influencers that have a relatively smaller following size, are often underestimated. In this paper, we will explore the effect of micro-influencers for start-up companies and if they complement each other. By analyzing previous cases and the perceptions of viewers, we came to the conclusion that micro-influencers are able to satisfy the general marketing demands of start-up businesses. Additional research can be done on specific formats of collaboration and the effectiveness in different fields.

Keywords: *Social media campaign, commodities' engagement rate, trend of branding, targeting audience, marketing strategies*

1. INTRODUCTION

One of the greatest challenges for start-up companies is to build brand awareness with limited resources. Increasingly, they're turning to influencer marketing to do that. However, the more effective they are at marketing--has been proven to be nothing but a misleading assumption. In fact, influencers can be categorized into various types according to their number of followers. Micro-influencers, influencers who usually have a relatively smaller following size of 1,000 to 100,000, may be a better method of getting the recognition necessary for many brands and they are more affordable as well. Contrary to popular belief, micro-influencers can have considerably more advantages than those who have more followers. The particular reason is that micro-influencers, due to their limited reach, are generally more trusted and there are more to choose from. Companies, especially start-ups, are able to work with a group of micro-influencers simultaneously without spending too much. Also, micro-influencers are typically niche experts with a more concentrated following. Therefore, brands are able to target specific groups of people if they choose to work with micro-influencers who can reach their target audience directly. The demand for micro-influencer marketing will likely be escalating as companies begin to recognize its success. Is micro-

influencer marketing an effective strategy for start-up companies in the future? In this paper, we explore whether micro-influencer strategy is effective for start-ups, why and how it actually works.

2. LITERATURE REVIEW

2.1. *Micro-influencers and Macro-influencers*

As social media became one of the most popular platforms for advertising, more and more brands are reaching out to social media influencers for collaboration [1]. The further classification of influencers based on their size of following helps different companies to decide which influencers to work with. Micro-influencers usually have less than 100K followers, whereas macro-influencers can have millions of followers [2]. Any average person who post content on platforms such as Instagram, Facebook, or YouTube that has a certain amount of influence can be considered as a micro-influencer. Macro-influencers may be celebrities or affiliated with social media agencies.

2.2. *Consumer Engagement*

It is said that 'customer engagement is the ongoing interactions between company and customer, offered by

the company, chosen by the customers [3]. As companies seek to maximize profit, they might try to raise revenue by increasing quantity of potential customers or creating possible ongoing interactions. Those companies usually attempt to target as more consumers as possible. However, omnichannel consumer engagement is usually difficult to achieve, which is a reason to use micro-influencers. In most situations, micro-influencers aim to post branding messages to certain group of people [4]. Once the audience is targeted, engagement rate tends to be higher.

2.3. Social Media Campaign

As of now, many companies use micro-influencers in the form of social media campaigns. 'A social media campaign is a coordinated marketing designed to reinforce information or sentiments —about a product, service, or overall brand—through at least one social media platform.' [5] Social media campaign is the best medium for message transmission since it includes various methods of advertising. The algorithm of platforms would recommend various information for different users. Nowadays, short video loop and hashtags on social media platform lead to greater flow of information, helping companies to raise recall of brand image in consumers' memories. Additionally, video loops are usually time saving, which enable users receive massive information every day. This is the process of how information and advertisement through social platform.

2.4. Word of Mouth

Since nowadays all the things are given rise to an interaction by this SNS due to a development in the society, more use of SNS (Social Networking Services) totally changed the mode of how the merchants get along and gain the chance from their potential buyers. In a relative study, a lot of post-2000 clients will affect each other by the suggestions and comments after every shopping experience. Therefore, we estimate that influencer marketing will be an very important part of marketing in a SNS environment. According to the essay, we want to introduce a critical definition--Word of Mouth (WOM) to interpret the operation of influencer marketing, which then leading to a discussion about how significant role WOM plays in that market as well.

3. DISCUSSION

3.1. Why micro-influencers are a better fit for start-ups

Devising a strategic marketing plan is crucial for start-up companies since they need brand recognition. When it comes to start-up businesses, working with micro-influencers may be an effective method to

promote the brand and get feedback on their products. Since most micro-influencers have a specific niche they focus on, their followers are also much more concentrated than bigger influencers. Therefore, it would be possible for brands to reach their target audience directly if they choose the right micro-influencers. In addition, start-up companies can even establish a long-term relationship with micro-influencers by sending them products to review. Studies have shown that developing a long-term connection with a micro-influencer may result in a stronger buying conversion than a brand mention in a single post of a celebrity [6]. Collaborating with micro-influencers may be an alternative for the traditional sponsored posts by celebrities. Many brands are starting to realize that they can easily work with a group of micro-influencers at once without much investment [7].

3.2. Micro-influencers and celebrities for companies

Although micro-influencers have fewer followers than macro-influencers, the followers of macro-influencers and celebrities are far more diverse demographically. On the other hand, the followers of micro-influencers are usually more focused on specific age ranges and gender. A great amount of the followers of celebrities are simply viewers and might not care about the content they create. Therefore, micro-influencers are likely to generate more qualified leads and easy conversions when compared to macro-influencers [8]. Micro-influencers can be perceived as friends to customers, which helps the connection between the brand and consumers [9]. Additionally, research shows that 17% of marketers will spend half of their budget on market influencing, we could conclude that using micro-influencers are the main trend, during the transaction of commodities, word of mouth is represented. According to the report, the engagement rate of micro-influencers and macro-influencers are 2.75% and 2.65% respectively [10]. Micro-influencers lead to a higher rate of engagement than macro-influencers. When it comes to start-ups, micro-influencers can achieve the approximately the same target with a much lower cost than using macro-influencers. Since start-ups have a more limited budget for marketing, micro-influencers are definitely a suitable option for those firms. According to Dichter (1966), if the advertisements are perceived as a sales tool rather than an informational channel, the consumer feels threatened and would then turn to word-of-mouth marketing as a credible source for their purchase decision. Micro-influencer marketing can strengthen the connection between consumers and businesses to make word-of-mouth marketing more credible.

3.3. Perceptions of micro-influencers by consumers

The reason why companies choose micro-influencers is that the experiences shared micro-influencers are more relatable for most consumers. Micro-influencers generally have a friend-like image, so consumers are not as aware of the advertisements for products. Micro-influencers can also be more persuasive than macro-influencers due to their persona. Unlike macro-influencers who puts the name of the brand and the

products directly, micro-influencers introduce the actual qualities of the products in an informative way. As shown in the figure 1, the following pictures illustrate the difference between positive and negative advertisement. Positive advertisement doesn't highlight the product itself but offers the influencer's authentic experience using the product. In contrast, the negative example simply posts the product, which might discourage engagement of consumers since the consumers realize it is an advertisement right away.

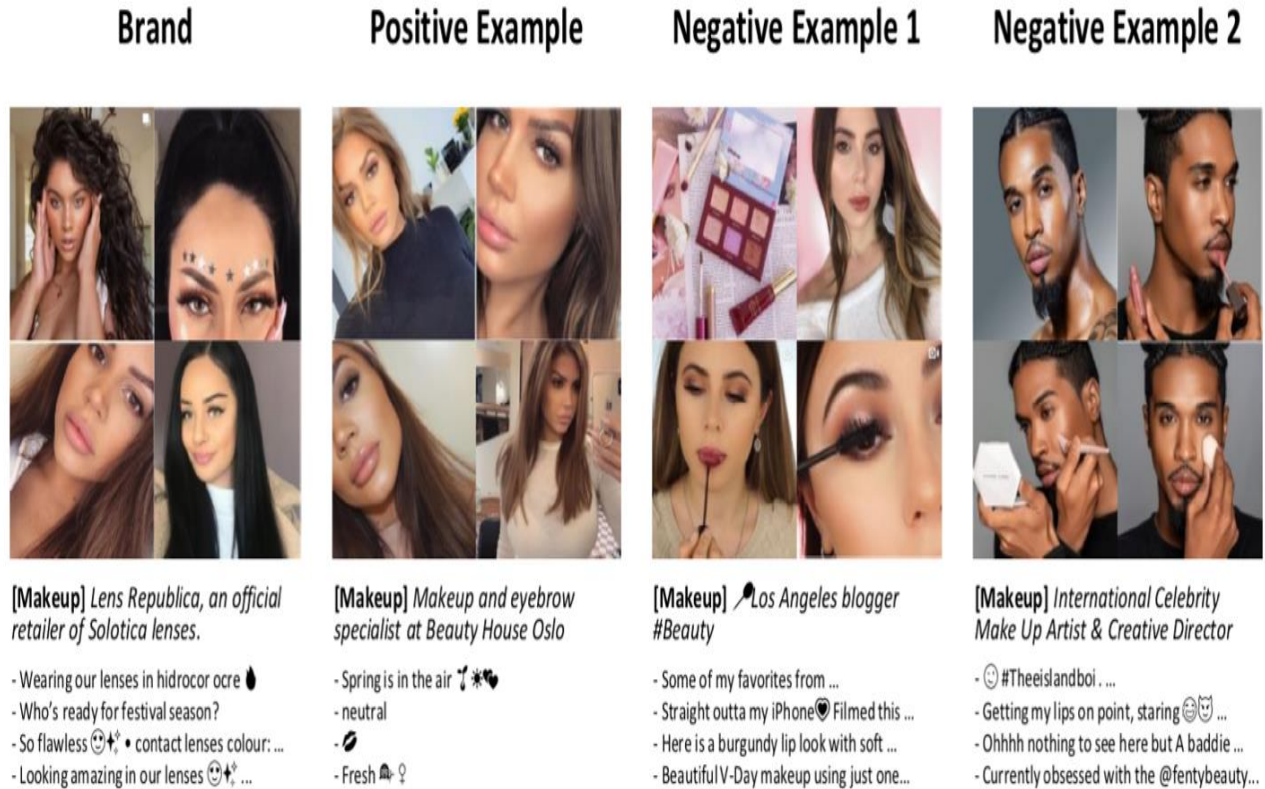


Figure 1 Various branding expression

3.4. How micro-influencers have been used by companies

Even though there is only a limited amount of research done investigating micro-influencer, companies have been using the strategy for years. Glossier, a beauty cosmetics brand founded in 2014, have turned itself into a billion-dollar company using Instagram campaigns. In fact, 70% of online sales and traffic for Glossier is generated by peer-to-peer referrals [11]. The brand prioritized social media marketing since the very start and are constantly engaging with their followers. The online eyewear company, Warby Parker, has had a great success with the help of their social media platforms. Warby Parker has not only been able to showcase their products but were also able to demonstrate real people

with authentic experiences. The founder of the Swedish watch brand Daniel Wellington, Filip Tysander, also discovered the benefits of micro-influencer marketing [10]. Tysander recognized that the marketing budget for the brand was limited, so he reached out to small influencers on Instagram and sent them a watch in return for a post. Founded in 2011, Daniel Wellington is now a \$200 million business with the help of micro-influencers. The yoga and fitness brand Lululemon have been using micro-influencer partnerships as well. The brand has an Ambassador program in which they connect with smaller influencers and local communities.

4. CONCLUSION

Overall, we believe that micro-influencer marketing

may be a very effective and cost-efficient way for the promotion of start-up brands. Companies can definitely explore the practical use of micro-influencers and further research should be done in this area. By contrasting the qualities of micro-influencers and macro-influencers/celebrities, we are able to identify that micro-influencers are able to satisfy the demand of start-up companies with a much lower cost. Micro-influencers are also great for building a word-of-mouth effect for the brand, which would be especially significant for start-ups that have not yet gained much recognition. We have demonstrated that micro-influencers can have considerably more advantages than celebrities or influencers with a larger following size. There are already successful cases in the past where micro-influencers are utilized by start-ups. With the increasing number of users and new integrations of social media platforms, micro-influencers can certainly become a sustainable and sizeable way for new brands to attain awareness.

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