

### **Influencer Marketing Strategy and Analytics**

(Luxury Cosmetics Company)

Developed a tiered influencer program and built a pricing structure evaluation model to define the payment structure for each identified tier

## Influencer Marketing Strategy for a Luxury Cosmetics Company

**ABOUT THE CLIENT:** Client is US based **luxury cosmetics company** primarily in the online space.

SITUATION

#### **VALUE ADDED**

#### **IMPACT**

- A US based luxury cosmetics company, primarily in the online space, wanted to evaluate the strategy to engage social media influencers to build their brand presence and boost sales
- With sales expected to be driven primarily by influencer marketing campaigns, it was essential to create a valuation model based on the various influencer payment structures to evaluate the best fit for the brand in the short-term and long-term
- We partnered with the client to build a tiered
   Pricing structure evaluation model to define the payment structure for each identified tier of influencers

- Defined a tiered influencer program; Tiers 1-2 brand ambassadors (5M+ followers), 3-5 top influencers (1M – 5M followers), and 5-10 micro influencers (100K – 1M followers) with an individual payment structure for each group
- Estimated the expected sales and ROI from the program based on the impressions created, click through rates and conversion rates for each of the influencer tiers and estimated the payout under different payment structures
- Suggested a hybrid payment model (fixed fee + revenue share) for brand ambassadors to start with and gradually move to a revenue share model after building a strong online presence, while the other influencer tiers would be a revenue share model from the beginning

- The evaluation model helped the brand to identify the best influencer tiers needed at various stages of the business and shape the strategy accordingly
- The proposed strategy was presented to the board, backed by concrete numbers and detailed analyses, and a conservative version of the strategy was approved with the tiered influencer marketing model

INPUTS — PROCESSING — OUTPUTS

### **Influencer Tier Recommendations**



Description	Year 1 Payment Structure	Year 2 & Onwards	
Tiers of Influencers	<ul> <li>Brand Ambassador</li> <li>\$100k sign-on + 3% revenue share</li> <li>Will also contribute to content creation as part of the role</li> </ul>	Sign-on fee decreases by \$25k each year until \$0 fee in Year 5	
	Top Influencers  1.5% revenue share	Same as Year 1	
	Micro Influencers  • 1% revenue share	Same as Year 1	

The sign-on bonus and revenue share for current years is estimated based on third party research for similar brands. For future years it is per brand business strategy

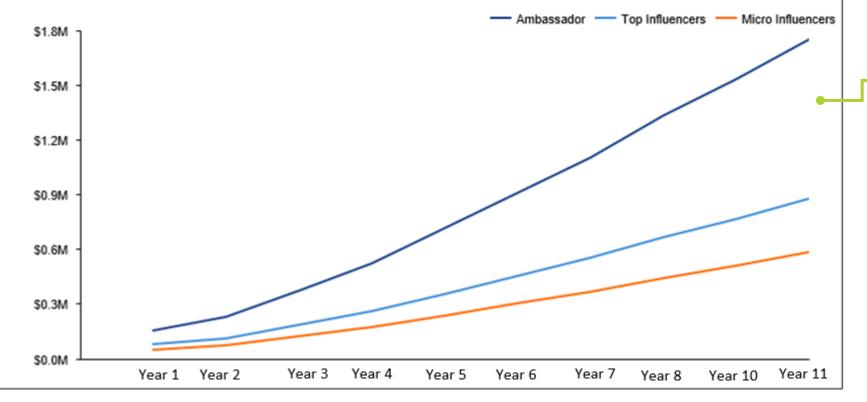
# **Examples Of Key Performance Metrics**

#### **ILLUSTRATIVE**

# Revenue Share to Influencers as % of Net Sales,%

Type of Influencer	Ambassador	Top Influencers	Micro Influencers
Revenue Share (% of NS)	3.0%	1.5%	1.0%

#### Revenue Share to Influencers by years, \$M



The **expected revenue share** to be paid to the various tiers of influencers based on brand sales projection