

Influencers and the Popular Culture Effect On Our Economy

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Research Report

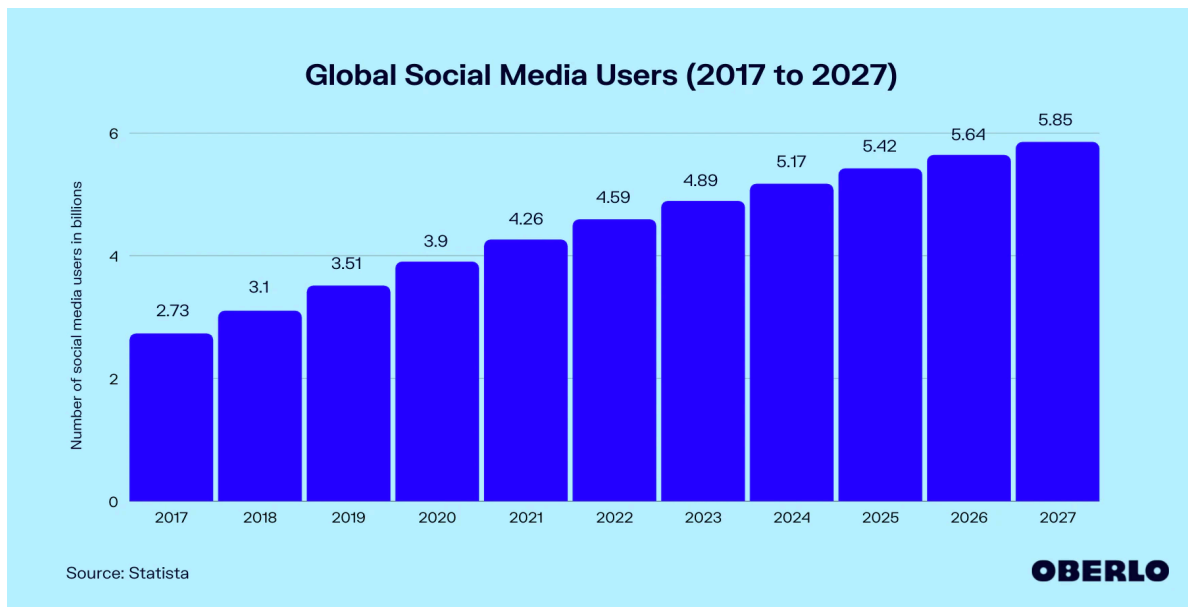
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Introduction

What exactly are influencers?

Influencers are people who have gained a large number of followers or built a good and trustable reputation on a social media platform. These people achieve the title of influencer once they achieve 1,000 or more followers and start becoming regularly sponsored by companies. Of course, with more followers, the more influential power one has, so it is always in the best interest of these influencers to continue networking and promoting themselves to amass more followers. These influencers have a lot of influence over their followers within their respective communities, like fashion, makeup, food, etc., as they have the power to promote or even speak badly about the products they do or do not like. Influencers and marketing through influencing have become much more prevalent over the years as many more people have joined social media, leading to many opportunities to market products to a much wider array of people than ever before.



Graph 1 - Statistics showing the amount of social media users between 2017-2022 and the projected amount of users between 2023-2027

What is the popular culture effect?

The popular culture effect is defined as “Modern popular culture transmitted via the mass media and aimed particularly at younger people.” (Ratha, 2017) and has been seen throughout centuries. The popular culture effect simply makes items like clothing, technology, ideas, and much more become popular or mainstream within a given society. This effect permeates the everyday lives of a given society and is strongly associated with the fear of missing out (FOMO) as it affects what we think, what we do, and especially impacts our decision-making. This effect usually lasts no longer than a year if relating to an item, yet for fashion, it can last for five years and even reemerge years later. Overall, trends are derived from popular culture effects that spread nationwide in an instant but also fade away just as fast.

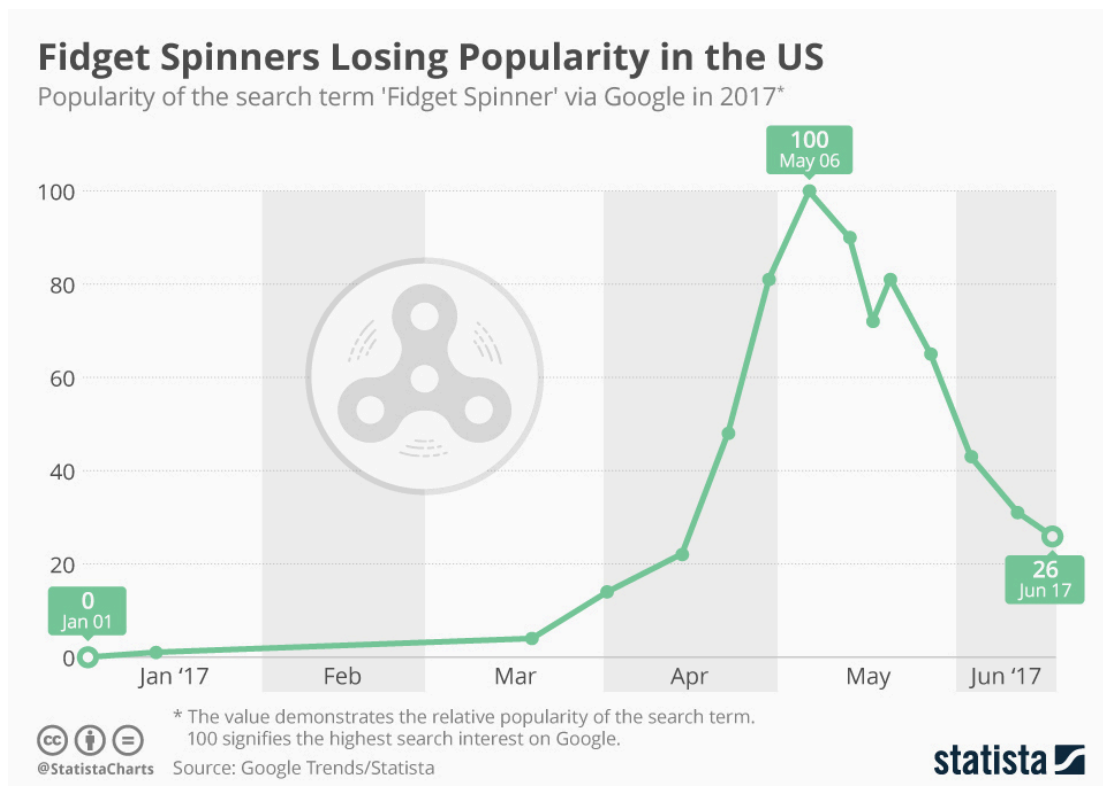


Chart 2 - Graph showing the sudden interest and quick decline of Fidget Spinners, a trend caused by the popular culture effect in 2017

Where I Stand On These Two Factors Within Our Economy

In general, I do believe that we require both influencers and the impact of popular culture within our economy, yet should be regulated in some form. Influencers assist companies in promoting new products by showcasing innovative and beneficial products to a wide range of consumers, as well as providing brand-new job opportunities for many. The popular culture effect increases demand for certain products and boosts business profits by providing people with a general concept of what is trending in the marketplace. However, the popular culture effect creates things like FOMO, which leads to people buying things they don't even want but still buy to fit in, and influencers should be regulated in some way because they can easily persuade young and impressionable people into making purchases they don't necessarily need.

Positive Aspects

Boost Sales for Businesses

Influencers or the act of influencing helps promote both small-upcoming businesses and large-established businesses alike. Small businesses could advertise or sponsor an influencer to help promote their business or a product that they are selling, helping that small business to get that jump start it needs to become more successful. Influencers help bring more attention to the product and to the entire company, which helps generate more traffic to their online websites or stores, ultimately generating more revenue for the business. Businesses could also make an influencer their spokesperson of the company, which would help bring more attention to the business as there is now a familiar face that the consumer can look towards and trust. Yet, one of the biggest factors as to why businesses would use influencers to boost sales is because of how cost-effective it is as an influencer has the same or even better reach as all of those other

marketing tactics. All-in-all, influencers reach a broader audience, bring more attention and traffic to the business, and it is the most cost-effective way to promote one's products.

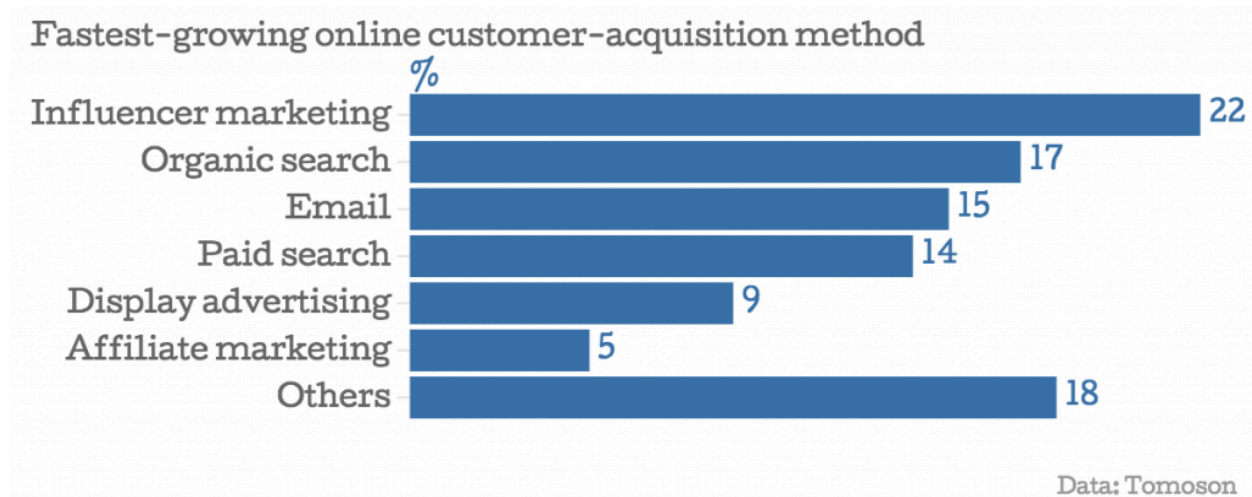


Chart 3 - shows the different percentages of customer-acquisition methods, with influencer marketing being the highest

The popular culture effect also shares the same results with influencers in the fact that it brings more awareness to a relatively unknown product. Once a product becomes mainstream or everyone begins to talk about and purchase it, the product then has a chance to become a staple in their respective field. One great example of such a case is the product Scrub Daddy, a simple yet innovative kitchen sponge that has become a staple in many households today. Scrub Daddy was nothing more than a simple start-up company, yet it made an appearance on Shark Tank where it would become an instant hit for viewers at home. More and more people would begin to buy and recommend it to their friends and family, who would then recommend it to their friends, leading Scrub Daddy to become popular in 2012. While Scrub Daddy is not as popular as its peak in 2012, it has remained one of the largest cleaning product companies to date due to the popular culture effect.

Creates Jobs and Economic Opportunities

Influencing has now become a new and possibly one of the best ways to earn a living doing something that you love. The thing about influencing is that you aren't necessarily confined to one specific industry, as all industries like fashion, food, gaming, and many more all have opportunities for their respective influencers. This allows for people who have a deep interest or love for an industry, or those who have expertise in it, to have a different way of earning a living and could even lead to greater opportunities for their future which they wouldn't have gotten without the help of influencing. One such case is that of Emma Chamberlain, a young woman who started a YouTube channel blogging about her daily life and her takes on fashion. She would then gain millions upon millions of subscribers in such a short amount of time earning her the title of influencer, where she now is the spokesperson for Lancôme cosmetics and started her coffee brand all thanks to the opportunities brought by her influencer status.

As for the popular culture effect, once a product or device becomes popular enough, companies and businesses will shift resources in trying to recreate or improve that product to capitalize on the trend. This means that businesses will create new branches within their firms to specifically focus on the new product, thus leading to more people being hired as a result. Also, the popular culture effect doesn't necessarily have to affect a product but rather can affect an idea, which was shown with the introduction of remote or stay-at-home working. Before the Covid-19 pandemic, very few companies promoted the idea of working from home, yet once many became accustomed to remote working and companies saw how it didn't negatively affect people's work, it started to become more normal and encouraged. Thanks to this realization by

society that remote working could be enjoyable and just as efficient, many new remote job opportunities have been created and are here to stay.

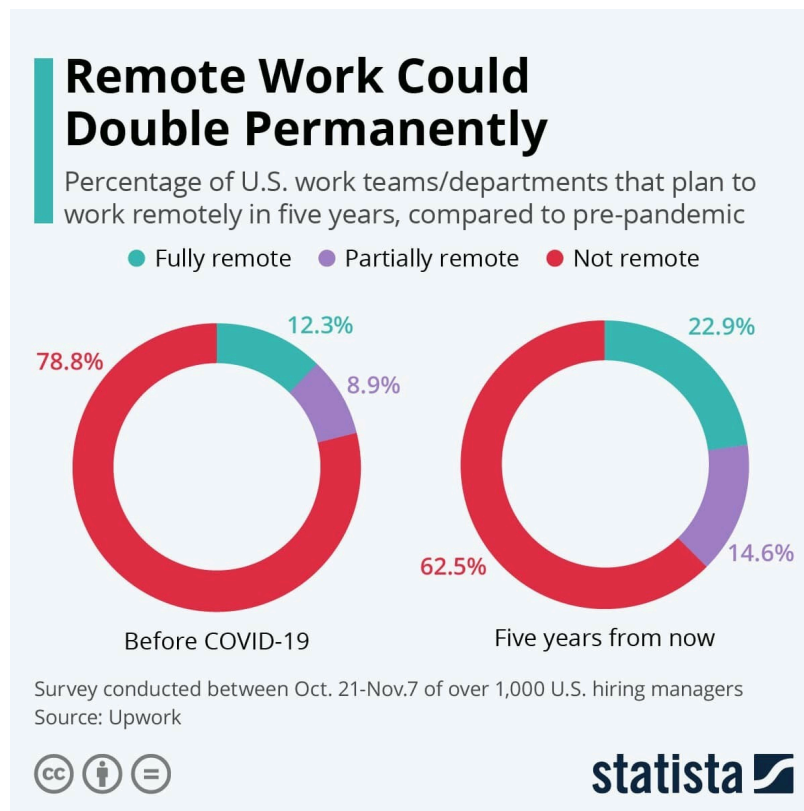


Chart 4 - Two pie graphs illustrating the number of remote jobs worked before Covid and the projected amount of remote jobs in the next 5 years

Creates Creativity and Innovation

Both the popular culture effect and influencers help to promote relatively brand-new or underground ideas. A single person or a company just needs to find the correct influencer to help them promote their new and innovative product since the influencer is generally unbiased and could help a relatively new designer or company reach the spotlight it deserves. It would be much harder for a new company or a single person to try to promote their new products to the world when established companies are already taking up all of their advertising space, so using

an influencer would help spread your products to your intended audience who might then buy your product and begin talking about it to other people. The popular culture effect also has a similar effect as, for example, it could take one song from an artist and make it popular. This artist would then be able to capitalize off of the fame and hype around this single song to continue making a name for themselves and proving to the world that they are capable enough to continue producing some of the best music around, leading them to have an established singing career. Overall, both influencers and the popular culture effect help more innovative ideas come into the spotlight, helping small start-ups or creators earn the recognition they deserve.

Negative Aspects

Promotes Materialism

While it is not wrong for an influencer to promote or advertise a product of their choosing, some of their audience will look at the product and buy it simply because they believe their favorite influencer is using said product. Some of the influencer's audience might not even need the product they are advertising, yet they will still buy it in hopes of imitating or trying to be like their favorite influencer leading to this very materialistic mindset. Fans of the influencer may also buy products sold by the influencer themselves simply because it has their name attached to them, rather than buying a more affordable or better option that is from a generic brand.



Images 1 & 2 - KKW Beauty by Kim Kardashian and Kylie Cosmetics by Kylie Jenner

The same idea goes for the popular culture effect since, as mentioned previously, FOMO is heavily associated with it and can lead to people making rash purchasing decisions to keep up with the trends. Even if people don't need this hot new product, they might still purchase it just to see what all the hype around it is about knowing that it is of no real benefit to them. In general, influencers and the popular culture effect can lead people into less than rational purchasing decisions as they simply rather keep up with the trends or times, rather than buy what they need.

Promotion of Scam or Cheap Products

Influencers can promote whatever they choose to, which could be bad since they can promote cheap or scam products to their audience just to make more money for themselves. While a majority of influencers have morals that prevent them from doing things like this and genuinely care for their audience, there have been some recent examples of a select few only using their audience for profit and nothing more. One such example is that of the YouTuber Kay, formerly FaZe Kay, and his brother Jarvis, both of which promoted a cryptocurrency, savethekids.io, under the guise that it will help children with every purchase. A lot of their fans believed them and believed that they would be doing the right thing while also making a little bit

of money as an added benefit, so they would, of course, buy the cryptocurrency which of course raised its stock price. When the stock price reached its peak, the two main stakeholders, Kay and Jarvis, would sell their stake causing the cryptocurrency to crash for everyone who invested in it while they reaped all the profit.



Image 3 - An imaginative image of a “scam coin”, a popular term used to describe pump-and-dump or other shady cryptocurrencies

The popular culture effect also relates to this since combined with FOMO, people will purchase items that they do little to research only because everyone is talking about it at the current moment. This has been the most prevalent recently with cryptocurrency, as everyone has been looking for the next big one after BitCoin. More and more cryptocurrencies have been created all with the same notion that they will be, if not better, the next BitCoin. People will then hear about these new upcoming cryptos and would want to invest believing they can get rich off of it, and without doing any to no research, will simply trust what the most popular crypto is at the moment. This leads to many putting a lot of money into these cryptos, some of which don't

have that much to offer, and when these cryptos fail or don't reach the high they're expected to, the customers are the only ones to suffer the losses.

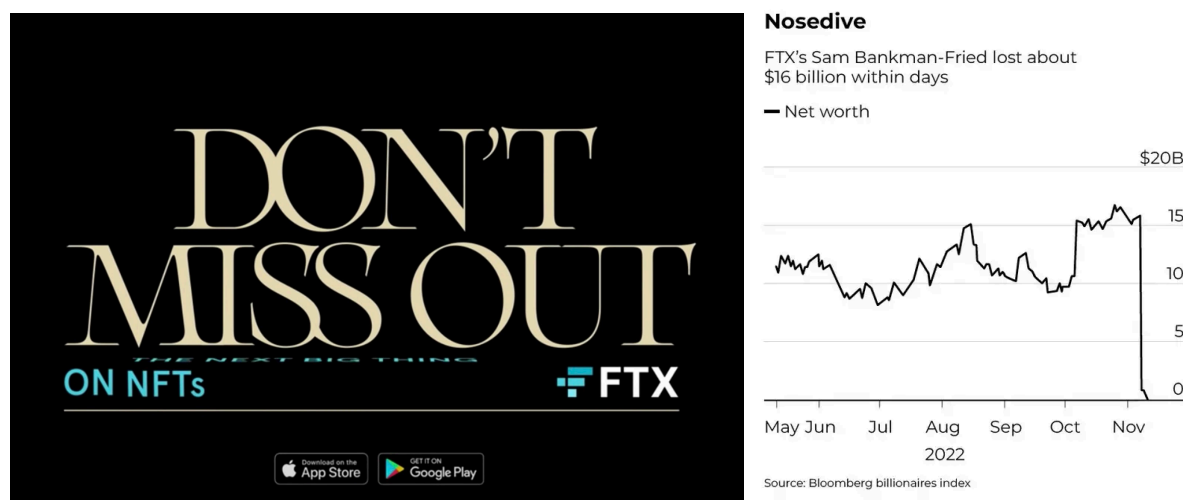


Chart 5 - The 'FTX Coin' which was heavily promoted in SuperBowl 2022, lost \$16 billion in stock in a matter of a couple of days

It is Unregulated

The biggest problems with these two big factors of our economy are that both are completely unregulated, or at the very least have very little regulation. Influencers can promote whatever they please as it is their platform, which can lead to the promotion of harmful or explicit things online. As it is, the internet is largely unregulated, and anyone, including children, can stumble upon something that they weren't or aren't meant to see. Children or young adults can see their influencers promoting vaping, smoking, or even sexually explicit content and they would want to purchase these advertised items not knowing any better that it isn't for them. It is an even worse case for the popular culture effect since you can not regulate what society thinks is popular or likes at a given time. This means something like smoking, drinking, or something even more dangerous could be the fad of the month, and everyone is going to hear about it

eventually, no matter how young you are. Both influencers and the popular culture effect can promote less than positive ideas to the masses, ideas that only aim to hurt, embarrass, or diminish somebody's livelihood.

Conclusion

In conclusion, influencers and the popular culture effect are definite factors in our economy that are needed, but they still need to be regulated in some way. Influencers or influencing provides a new pathway for those who have a deep interest in a certain industry to earn a respectable living and allows them to create communities upon their shared interest. However, just as there are bad people in the world, there are also bad influencers who don't care about their audience and only care about money. The popular culture effect helps bring about new ideas and new businesses into the spotlight and allows our society to improve itself. Yet, the popular culture effect can have no regulation put on it meaning that a negative idea that may be harmful to society may become popular and there is nothing other than not participating in it to stop it.

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