



**Bachelor of Science thesis
in Business Administration**

“From celebrities to the girl next door”

Influencer marketing with a special focus on
the social media platform, Instagram.

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Instructor: Þórarinn Hjálmarsson, Adjunct Lecturer

June 2017



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Final thesis towards a Bachelor of Science degree
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Faculty of Business Administration
School of Social Sciences, University of Iceland
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This thesis is a final project which counts for 12 ECTS towards
a B.Sc. degree in Business Administration at
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Preface

This research paper is the final thesis towards a Bachelor of Science degree in Business Administration with special emphasis on leadership and management at University of Iceland. The thesis is worth 12 ECTS out of a 180 ECTS degree. I would like to thank my instructor, adjunct lecturer Þórarinn Hjálmarsson for all his help and constructive criticism during the past few months, without his expertise this thesis would have been arduous. I would like to thank my uncle, Vilhjálmur Bjarnason lecturer at University of Iceland for proofreading this thesis and giving me notes, his help was very valuable. My friends and family deserve thanks for having my back, pushing me and believing in me in this final stretch and throughout the last four years at University of Iceland. In conclusion, I thank the people who took their time to meet me and answer my questions so I could complete this research.

Abstract

There has been a lot of discussion about product placement, influencer marketing and advertising in general in the media. Celebrities, meaning famous actors, singers, athletes or politicians have been used by companies to generate popularity amongst products and experiences for years. Today, access to the Internet has never been greater and people are constantly connected online across various social media platforms, for example, Instagram. Since it launched in 2010, Instagram has attracted around seven hundred million users worldwide. Due to its popularity, no wonder it has caught the attention of marketers and advertising agencies. Now there seems to have been a shift, social media marketing is bigger than ever and influential individuals are emerging everywhere with what it seems, no global restrictions. Consumers can be vulnerable to advertising and be blindsided by the façade which can create a false need and desire. Companies have started to pay for Instagram posts on user profiles with a large following (exceeding one thousand people), how this affects the buying behavior of the basic consumer is interesting to find out. These influential users are changing the game of marketing. Whether it is a genuine review or if it is a paid opinion, that is open to interpretation by the individual affected.

To aid in finding the answer to the research question a qualitative study was conducted. The objective of the study was not to find a concrete answer but to gain a deeper understanding of the subject at hand. How do Instagram users view these adverts and do they believe the opinion of an Instagram influencer more than the opinions of celebrities?

Data was collected and analyzed by interviewing five individuals, all active on Instagram. They were between the ages of 18 – 29, both male and female. Even though the results are limited to Iceland, the key findings of the research were that there has been a shift from celebrities to social media personalities regarding effective influencer marketing on social media platforms, such as Instagram. The intimacy and trust formed between the influencer and the follower made the advertisements more effective. Most participants even mentioned that they felt like the influencer was their friend or a role

model and therefore recommending something to them as a friend not as a marketing tool. All participants said that they were more likely to buy a product or service if a social media influencer was advertising it rather than a celebrity. However, they said that they thought advertising on social media, especially Instagram was extremely annoying which can be contradictory since it appears to be more effective than other traditional marketing mediums according to the participants of the research.

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1 Introduction

It is safe to say that marketing is a game, where the rules are always changing. Advertisements are a part of the promotion P in the marketing mix (McCarthy, 1964) and one of the main focuses in this essay. They have been around since ancient Egypt and the days of the Roman Empire. The first form of advertising was when the “advertisers” were people walking around yelling and the word for advertisement in Norwegian, “reklame” is loosely translated as repeating something in a loud tone. In Iceland, printed advertising can be traced all the way back to 1694. It was over three centuries ago, when bishop Þórður Þorláksson advertised his rhyme. (Ólafur Stephensen, 1987) With time there has been a lot of technology developments making advertising easier than ever. In 1450 Johannes Gutenberg invented the printer, which was a major milestone in the history of advertisements and with the arrival of the Internet they have increased even more. (Ólafur Stephensen, 1987)

Advertisements are everywhere, while people are running errands, shopping, at home watching television, reading the magazine or surfing the Internet. Compared to the copious amounts of advertisements viewed by the consumer every day, consciously or unconsciously, a lot of them do not make it through the noise and clutter. Advertisements are not the TV show watched, the article read or the website searched for online. (Cook, 2001) All over, there are the hidden products and messages of advertising meant to influence the thoughts and opinions of the consumer. Marketers are constantly trying to find new ways to overcome the noise and clutter and ultimately reach the consumer. Today, the new wave of advertising is on social media. Social media platforms are bigger than ever with Instagram ranking fourth on the most downloaded applications list in the United States in 2016. (McAlone, 2016)

The aim of this research is to find out if it has been a shift regarding influencer marketing and advertising on social media. In addition, thoughts and attitude towards social media advertising will be observed, the believability of the electronic word of mouth source as well as ethics regarding advertising in general. Efforts will be made to answer the research question:

Has been a shift from celebrities to social media personalities regarding influencer marketing?

In this thesis, marketing will be discussed. Emphasis put on word of mouth and electronic word of mouth-, social media-, influencer marketing and product placement. Next, a thorough exploration of advertising with consideration to ethics and Icelandic advertising laws. The final part of the academic section is social media, with a detailed description of the social media platform, Instagram and its advertising opportunities. Upon completion of the theoretical discussion, the research methodology will be disclosed, with subsections on data collection and analysis, the interviews and participants. Ultimately, the results of the research will be made clear and the researcher will discuss them and explain the findings in conclusion.

2 Marketing

There is only one valid definition of business purpose: to create a customer ... [Therefore], any business enterprise has two – and only these two – basic functions: marketing and innovation. They are the entrepreneurial functions. Marketing is the distinguishing, the unique function of the business

(Peter F. Drucker, 32, 1954)

Those are Peter F. Drucker's (1954) words from his book, *The Practice of Management*. He said that marketing is both a tool and process which companies use to satisfy their current customers by analysing their wants and needs and also to attract future customers and appropriate in all areas of business. Marketing is about creating value through the marketing strategy. The marketing strategy consists of two activities, the target audience and achieving an ideal position on the market. (Silk, 2006) Marketing decisions are made on the basis of the five Cs.

- First, *customer needs* and what the company needs to do to meet those needs. (Silk, 2006)
- Second, *company skills* and what special competences the company needs to acquire to meet the needs of the customers. (Silk, 2006)
- Third, *the competition*, meaning who is competing with the firm in meeting the needs of the customer. (Silk, 2006)
- Fourth is *collaborators*, the company needs talented colleagues to help attract customers. (Silk, 2006)
- Fifth is *context*, what external factors might affect and limit the possibilities, for example, legal, cultural or technological. (Silk, 2006)

Traditional marketing is considered to be public relations strategies and mailings as well as advertisements in radio, television, newspaper, on the Internet and in magazines. One message from the company to the consumer. Social media has changed the communication from company-to-consumer and added a consumer-to-consumer communication channel which has become very vital in marketing. (Chu and Kim, 2011)

Marketing is ever-changing. Every day, new marketing tools and distribution channels appear and marketers need to be quick on their feet so opportunities do not pass by. Originally, marketing was a branch of applied economics solely concerned with improving the different distribution channels but over the decades passed marketing changed to a management method focusing on how to increase sales. In 1972, marketing took yet another turn, concentrating on how to understand the customers and their wants and needs, to service them better in the future. (Kotler, 1972) Sidney J. Levy, the Coca-Cola Distinguished Professor of Marketing at the University of Arizona once said that *marketing is a relevant discipline for all organizations insofar as all organizations can be said to have customers and products*. (Kotler and Levy, 1969)

Marketing has many different sectors and types of approaches. These approaches can intertwine and work together. In this thesis, the focus is on how product influencers appear on social media, therefore important to cover the types of marketing associated, for example, electronic word of mouth marketing, social media marketing, influencer marketing and product placement.

2.1 The Marketing Mix

Back in 1948 James Culliton, an American scholar and professor at Harvard came up with the term, marketing mix. His colleague Neil Borden (1964) further defined the term in 1964. Borden liked that marketers were “mixing” together several tactics for marketing strategies in their mission to run a profitable organization. Nowadays the Marketing Mix is best known as the work of E. Jerome McCarthy, who like Borden, was a marketing expert in the 1960s. He came up with the 4Ps of the marketing mix. The definition of his marketing mix is fairly simple. When a company has a product and needs to sell it to a customer, various different factors need to be considered. That is when the four Ps come in, which are, *product, price, place* and *promotion*. (McCarthy, 1964)

- The definition of the *product* in the marketing mix is the design, functions, name of the product, everything that the company controls. (Kotler and Keller, 2009)
- The definition of *price* is selfexplanatory, whatever is associated with the pricing of the product, whether it is discounts, grace period et cetera. (Kotler and Keller, 2009)
- *Place* has to do with all distribution channels, storage and where the product is to be sold. (Kotler and Keller, 2009)
- The last P is *promotion* and is the most important one in this thesis. Promotion is advertising and selling the product and also public relations. (Kotler and Keller, 2009)

Watershoot and van den Bulte (1992) further defined the promotion part of the marketing mix and said that it was broken down into subsections. Those subsections are *advertising, personal selling, sales promotion* and *publicity*. In their article in the Journal of Marketing, they say that the promotion P is, in fact, twofold. Promotion is a mixture of both promotion and communication, because communication is a vital part of promoting a product.

Due to the emergence of services marketing, relational marketing and other marketing streams, three more Ps were added to the mix later on to increase depth, especially when marketing services. Those Ps were *people, process* and *physical evidence*. (Jobber and Fahy, 2009) In recent years due to the massive increase in online marketing, the emphasis on the original four Ps has changed.

In social media marketing and influencer marketing the emphasis is on people and promotion. Even though the marketing mix is considered to be one of the main tools in marketing (Zineldin and Philipson, 2007), it has been criticized for being too simplistic and not applicable to modern day complex marketing problems, like business-to-business networking or for instance, social marketing. (Gordon, 2012) The most notable weakness is that, it is said to mainly focus on short term rather long term strategic thinking and brand equity. (Rafiq and Ahmed, 1995)

2.2 Word of Mouth Marketing and Electronic Word of Mouth Marketing

Word of mouth (WOM) marketing is when someone recommends something to another person and that person tells another friend about it. Why do we believe a person when they recommend something? This is how word of mouth marketing starts. Word of mouth plays a very important role in reducing second thoughts about purchasing as well as consumption. (Wong and Sheng, 2012) Since the emergence of social media, individuals are increasingly using social media platforms for recommendations that influence their buying behavior. (Meuter, McCabe and James, 2013) The wide reach of the Internet has created a common ground for people to share their experiences on various products instantaneously at little or no cost for the company.

Today the traditional word of mouth marketing has been transformed into electronic word of mouth (eWOM) marketing, that takes place in the virtual world on many different blogs, discussion forums, comment sections and review platforms. (Li and Du, 2011) Related to WOM, eWOM is defined as “any positive or negative statement made by a potential, actual, or former customers about a product or company, which is made available to a multitude of people and institutions via the Internet”. (Hennig-Thurau, Gwinner, Walsh and Gremler, 39, 2004) Electronic word of mouth marketing can reach large groups of people all over the world and has little or no geographical limit. Like previously mentioned, people are increasingly looking for recommendations and reviews online whether it is buying a product or planning a vacation. These reviews are an important variation of electronic word of mouth marketing and even more important for companies to try to control it and make sure it is as positive as possible. (Zhu and Zhang, 2010)

Today, product discussions and recommendations are most popular on social media sites, like Instagram for instance. It is thought that suggestions and recommendations from friends and acquaintances are more influential than regular marketing. Consumers are more willing to try out product because they know someone personally who has already had a positive experience with the product. (Iyengar, Christopher and Thomas, 2011) However, per early literature about word of mouth

marketing, the source needs to be credible, attractive, have good physical appearance, be relatable and powerful to some extent. (Hovland and Weiss, 1951) That can be translated over to electronic word of mouth marketing. eWOM is divided into source credibility, source attractiveness, source perception and source style. Credibility comes down to expertise, trustworthiness and experience. (Wu and Wang, 2011) Also defined in early WOM literature, attractiveness is defined as similarity, familiarity and likeability. (Triandis, 1971) Perception is associated with interpersonal relationship between participants. (Steffes and Burgee, 2009) Source style is associated with the presentation of the review, for example, the mix of visuals and captions on social media. (Lin and Huang, 2006) All these elements are thought to have a significant impact on the credibility of the message.

The focus in this thesis, is if there has been a change from celebrities being the most believable source of information about products and services to social media influencers. True or false, these attributes mentioned above apply to both, celebrities and social media personalities.

2.3 Social Media Marketing

Every day, marketers are seeking new ways to approach the future and current consumer and to create value for their businesses. Over the years, various different social media platforms have emerged allowing marketers access to millions of future clients. The definition of social media marketing is the usage of social media sites to promote and sell products or businesses. The goal being to create an online presence and hopefully, generate and maintain positive electronic word of mouth. (Keitzmann and Canhoto, 2013)

In 2011, Constant Contact conducted a survey, they stated that 73 percent of businesses use social media and 63 percent are planning to integrate the usage of it in future marketing plans. Constant Contact conducted the same research later that year and those numbers had escalated to 81 percent of companies using social media marketing. (Constant Contact, 2011) Even though the survey is a couple of years old, it gives an example just how popular social media was then and an idea of how popular it

is today. Social media is a relatively new form of media but, it has a substantial amount of daily users across multiple platforms, like Instagram, Snapchat and Twitter to name a few. Like other marketing channels, social media is used to connect and communicate with consumers, build brands and promote a product in a creative way.

In a case study conducted by Mangold and Faulds in 2009, they said that social media is, in fact, a part of the marketing mix. It is defined as a hybrid element of the promotion P because it enables customers to talk to each other as well as the companies to communicate with the customers. Through social media so-called “online word of mouth” or eWOM is created. (Mangold and Faulds, 2009) This can be further explained as when a person shares, likes or comments on a company’s social media site, they are endorsing that said company to their friends and followers. Surveys show that up to 75 percent of social media users are likely to share the things they like or dislike on their page creating valuable online word of mouth marketing. That same survey also showed that up to 49 percent of people share content at least on a weekly basis. (Chadwick, Martin and Bailey, 2013) Word of mouth is thought to be one of the most influential factors when trying out a new brand, product or activity and through the Internet and the social media platforms, companies have access to millions of people worldwide and the possibility to improve their image with positive online word of mouth. (Zhu and Zhang, 2010)

It is obvious that companies increasing usage of social media marketing tactics. A similar survey to the Constant Contact 2011 Attitudes and Outlook survey, was conducted in Iceland, March 2017 by MMR for ÍMARK - The Icelandic Marketing Association. The study showed that 60 percent thought that social media was the most important marketing channel and 64 percent thought it was their website and/or social media. (MMR, 2017) However, with its increasing popularity it is easier for advertisements to get lost in the noise and clutter. Since everyone is “doing it”, social media ads are proving less effective and pushing the marketing channel closer towards traditional marketing, for example, print, television and radio in effectiveness and reach. (Hsuan-Ting Tai and Chang, 2005) Nelson-Field, Riebe and Sharp (2013), generalized content about clutter on Facebook in their article More Mutter About

Clutter, they explained that the number of ads on Facebook reduce the ability of the user to remember all of them and the amount of material they are exposed to. This can also be applied to radio and television advertisements.

Today, it is vital for companies to have a social media presence, it is important to have marketers who stay on their toes so a big opportunity does not pass by because it could be, in the worst-case scenario, fatal to the company. It is even said that it is as important as having company email, telephone number or website. (Schlinke and Crain, 2013) Consumers demand more access and constant contact to companies and products. Schlinke and Crain (2013) said that businesses who choose not to participate in any social media platform are out of sync with their current clients and future clients.

Social media marketing is as well, still relatively cheap compared to other types of advertising. However, because of the increase in popularity, companies must now spend more money to overcome all the noise on social media platforms so their ads ultimately reach their target audience.

2.4 Influencer Marketing

What is an influencer? In the Cambridge Business English Dictionary *influencer* is defined as a marketing term. An influencer is a person or a group of people who possess the ability to influence the behavior and/or the opinion of others. (Combley, 2011) Celebrities and other influential characters have been used as marketing tools for a long time and this kind of endorsed advertisements have been considered very effective for the last decades. (Low, and Lim, 2012)

Cristina Schlecht (2003) defined a celebrity as “a well-known personality who enjoys public recognition by a large share of a certain group of people” and Friedman and Friedman (1979) definition is, a “celebrity endorser is an individual who is known by the public ... for his or her achievements in areas other than that of the product class endorsed.” Michael Jordan has been a spokesperson for Nike’s Air Jordans, Britney Spears for Pepsi, Charlize Theron for Dior and the list goes on, none of which they are known for professionally. Competition between organization has increased, therefore

companies are using significant amount of money to pay stars to endorse their products for them to gain a competitive advantage and expand their client base. Even up to millions of US dollars. (Dix, Phau and Paugnet, 2010) By spending such grand amounts, the celebrity hopefully positively influences the target group and it is said that this sort of marketing actually influences brand recognition, brand recall, purchase intention, purchase behavior and advertising effectiveness in addition to influencing the target group. (Spry, Pappu and Cornwell, 2011)

The more fame they possess, the more attention they both create and maintain. They also receive impressive recall rates. (Ohanian, 1991) The celebrity can be used as an expert opinion giver, a spokesperson or associated in a way to the product, for example, as a model for the packaging. (McCracken, 1989) Influencer marketing can be a tricky thing for companies to manage since the main influence on the brand's success is a dynamic person and cannot be as easily managed like inanimate objects.

Therefore, an obvious risk factor because of the influential character's actions and reputation. (Cortsen, 2013) When using an influencer, companies need to take into account how the public or target group views the individual. The influencer needs to show charisma, authenticity and believability through personal reviews and experience of the product in question. (Cortsen, 2013)

What about social media? Social media's increasing popularity spiked an interest with marketers. "Ordinary" people are creating a buzz, both good and bad, around experiences and products they have bought on their multiple social media accounts across the Internet, spreading word of mouth. In Friedman and Friedman's article (1979) about endorsers they also named two other types of endorsers in addition to the celebrity type, the professional expert and the typical consumer. These so-called "Citizen Influencers" have a direct and close relationship with their following. (Bell, 2012) They can be considered as, the typical consumer.

What does it take to be a social media influencer? To many people, fame is some what of a goal. To be liked by the masses. Social media can be considered a good

starting platform for fame. When an individual starts an account on any given social media platform he or she is seeking attention whether it is from friends, family or strangers through a creative outlet, for example, sharing thoughts and opinions on Youtube and Twitter or photos and visual content on Instagram or Tumblr. To be successful on these platforms, one has to give the followers something to follow, something interesting and entertaining. This is closely related to branding. That is where the consumer decides if the brand, product or service is interesting enough to buy. (Armellini and Villanueva, 2011)

Takumi is an advertising agency that specializes in connecting companies to influential users on Instagram, it is based in Iceland, the United Kingdom and Germany. The agency defines the influential user as a person who has a following that exceeds one thousand followers excluding the followers they might have purchased. (Solberg Audunson, personal communication, April 24th, 2017) So it can be said that people with a following greater than one thousand people on social media can be considered in a way, a celebrity. This kind of power inevitably catches the attention of marketers and companies and it goes hand in hand that the more of a following an individual has, all the more attention they attract. This needs to be considered by the company when choosing possible social media endorsers for their brand. (Wang, Yu and Wei, 2012)

In 2016 a study was published in the Journal of Islamic Marketing which researched the effectiveness of an advertising campaign in relation to the credibility of the celebrity used to endorse the product. The study showed that that one of the greatest factors impacting buyers was if the celebrity was likeable and attractive. (Hassan Fathelrahman Mansour and Mohammed Elzubier Diab, 2016) Being attractive is a very important factor in influencer marketing, but what is being attractive? In marketing, being attractive divides into several qualities, such as, physical appearance, personality and if the endorser is likeable or not.

This can be directly associated with the *halo effect*, which is when individuals are good at one thing, famous actors or successful athletes, they are bound to excel in other areas of life, such as being cool or respected. (Solomon, 2002) So it is given that

when marketers are looking to endorse their product by a celebrity, they need to choose their endorsers wisely whether it is a social media personality or a well known global celebrity.

Jonas Colliander and Susanna Erlandsson (2015) researched how consumers reacted to endorsers on social media, blogs in particular. The aim of the research was to find out how the blog readers responded if they found out that the influencer was being paid for the product reviews. The result was if consumers found out that the review was paid, a lot of anger arose amongst readers and negative discussion towards the blogger. In addition to the bad publicity, the blogger lost followers. However, the brand remained relatively unharmed. This indicates that influencers, both social media and celebrities, need to be careful when choosing these campaigns and make sure they align well with what they stand for or else they could come across as fake and the whole endorsement end up negatively affecting their careers and possibly, the endorsed brand. However, the final result of the research was the even though the brand could have been negatively affected by the endorsement it was the endorsers who took most of the fall.

Motivation for involvement in online fan pages is discussed in Willy Abdillah's article in the Journal of Indonesian Economy and Business (2016). These fan pages can be either, product brands (fan pages for Vans, Neutrogena et cetera) or personal brands (fan pages for One Direction, Jake Gyllenhaal, Bill Clinton et cetera). In the article, he talks about motivational factors that people need to possess to follow fan pages in the online environment. The research was conducted because of the increasing popularity of social media sites, studying how individuals get involved and how organizations use online marketing. Abdillah links the social influence theory to his research.

Social influence is what happens when the thoughts and actions of an individual are influenced by others. It does not matter if the influence is conscious or unconscious just that it is a result of other individuals, a group of people or even society. Kelman's social influence theory (1974) tries to explain this phenomenon further by dividing

social influence into three separate processes, *compliance*, *internalization* and *identification*.

- *Compliance* is when an individual consciously accepts influence by a person or group to feel accepted by them. (Kelman, 1961)
- The second is *internalization*, that is when people notice a suitability or similarity between them and the influencer. That can be very important factor when choosing an endorser. Creating a relationship between the consumer and the influencer on some level. (Kelman, 1961)
- The last dimension is *identification*. Identification is when people's perception changes to behave in accordance with values and behavior shown by the influencer they admire, for example, celebrities and social media stars. (Kelman, 1961)

Even though social influence theory is categorised as a social science theory and not associated with marketing, it is an important theory to understand regarding this topic. Marketing is a highly social activity and about understanding the person, their target group and how it thinks and functions.

2.5 Product Placement

Product placement is when companies pay for exposure of their products within television programs, movies and video games. (McPherson, 2008) It is not like regular advertising, where the product in question is directly sold to the consumer by catchy phrases et cetera. Product placement is when the product is used by a person within visual media but not mentioned, so it is secretly conveyed to the customer. In most places, there are laws considering this kind of low profile marketing. In Iceland, in front any form of advertising the consumer needs to be specifically informed that it is an advertisement. (Lög um eftirlit með viðskiptaháttum og markaðssetningu nr. 57/2005) The goal of this type of advertising is to increase demand for the product in question by using realistic situations produced in audiovisual media so the consumers do not realize that they are being sold something unconsciously. (Sutherland, 2005) In 1998 journalist, Dale Buss (1998) wrote an article on the subject where he compared product placement

to regular advertising, there he clearly showed that it reaps similar or sometimes even greater profits for the company.

2.6 The Consumer Decision Making Process

The different marketing strategies mentioned affect the consumer and his decision making process. Today, consumers can choose from more products and services than ever before. The choices are what it seems, endless. It is often hard to determine the reason why a consumer chooses a product or service over another because it is individualized, solely based on the person.

All buyers go through the same process when deciding to buy or not to buy a new product or service. The process is called the consumer decision making process. (Kotler, Armstrong, Wong and Saunders, 2008) The consumer goes through a five step process. The process starts with the realization of the need for the product or service. The second step is gathering information on the product. This is where all the influencers, endorsers, product placement and eWOM that have previously been discussed, come in. Third step is evaluation, when the consumer evaluates all the different possibilities which leads to step four, the decision to buy or not to buy. Step five is postpurchase satisfaction or maybe, dissatisfaction. (Jobber and Fahy, 2009)

The second stage of the consumer decision making process is the most important one in this dissertation. During this stage the consumer is searching for information about various products or services that they have sensed the need for during the first stage of the process. Searching for this information can be both internal and external. This is described as such, when a possible buyer uses internal search, he or she is counting on memory. Information that the buyer already knows. However, during external search the buyer can consult other people, for example, friends, family, colleagues, sales representatives or various advertising material. (Kotler, Armstrong, Wong and Saunders, 2008) Like previously stated, possible buyers can access readily available information about most products and services online through the Internet and social media. (Schiffman and Kanuk, 2010)

Through advertisements, the buyer gets the most information, such as the description, functions and pricing of the product or service but the most dependable information a buyer can get is from close friends or family. The more information the buyer can gather about various brands available, the more understanding and knowledge the consumer possesses about the products and services. This can affect the postpurchase satisfaction or dissatisfaction. (Jobber and Fahy, 2009)

3 Advertising

Advertising is where creativity, business interest, needs of the consumer and regulation meet. (Lohana, 2011) Advertising is a form of marketing and has been around for ages. Ads influence the consumer every day, but what is the main goal of advertising? It is to persuade customers and to actively attempt to change or modify their attitude towards the brand. (Solomon, 2002) John S. Wright and Daniel S. Warner (1966) defined advertising in their book Advertising as *“any paid form of non-personal presentation and promotion of ideas, goods, or services by an identified sponsor”*.

Advertising as well as marketing is ever-changing. Advertisements are a part of the promotion sector of the Marketing Mix discussed in chapter 2.1 in this essay. Advertising is among the most important communication channels, used for reaching out to customers. With the arrival of television, radio and most recently, the Internet, mass advertising is possible with the continuous evolution of technology. If a company wants their advertising campaigns to succeed, the ads must get the attention of the target focus group and provide sufficient information about the product or activity.

The advertisement must appeal to a need or create a want with the customer which has to be strong enough for them to buy it as well, it must influence the consumers to a point where it is reflected in their behavior. (Clow and Baack, 2002) Even though ads are mostly designed to attract future consumer, they are also useful in influencing the current buyer. It is all about both getting the current buyer to keep buying the product or to buy even more as well as influencing the future buyer to start buying. (Jones, 1995)

3.1 Advertising Laws

Everywhere in the world there are some laws or rules regarding advertising. What can be advertised, at what time and where? It is important to keep in mind when advertising to ensure the individual knows about it and is not ambushed. Therefore, the individual can make an informed decision on if the product in question is something that they want or need. In this essay, advertising laws in every country will not be listed,

since the focus is on Iceland a short explanation on Icelandic advertising laws will be covered.

3.1.1 Icelandic Advertising Laws and The Consumer Agency

Icelandic law nr. 57/2005 addresses businesses and marketing, subsections six, seven and fifteen in the legislation are dedicated to advertising and making sure consumers are well informed. Advertisements should always be clear and no doubt with consumers that the advertisement is, in fact, an advertisement. It should be clearly stated in all forms of media, including television, social media platforms, radio and print, that there will be some level of advertising.

Advertisers should always think of the fact that children may see the advertisements, so measures must be taken accordingly. Children and teenagers are very receptive and can be gullible, special care must be taken for that type of focus group. All advertisements must be true and the company must be able to substantiate everything as indicated in the ad. (Lög um eftirlit með viðskiptaháttum og markaðssetningu nr. 57/2005)

The Consumer Agency (*Neytendastofa*) is a governmental agency in Iceland who is responsible for market surveillance of business operators, good functioning and transparency of the markets in respect to safety and consumers legal right as well as enforcement of legislation adopted by the Icelandic Parliament for protection of consumes, health, legal and economic rights.

(Neytendastofa, 2017)

The main priorities of the Consumer Agency are consumer safety and consumer rights. These rights are ensured by legislation. The agency wants to ensure that consumers receive the correct information and that companies are fully informed of legal rights and obligations when dealing with customers. The Consumer Agency is notified when possible breaches occur, for example, when consumers are not notified beforehand that it is an ad. If considered necessary the agency can issue sales bans, recalls, fines et cetera. (Neytendastofa, 2017)

3.2 Ethics in Advertising

Advertising is a highly visible marketing activity, therefore often criticized. (Lohana, 2011) It is very important to remain ethical in all business procedures but ethics are often subjective to the person, the country and/or the company in question. Ethics are an important part of all promotional activities. Marketing ethics is an umbrella term for the area of applied ethics that deal with the moral principles surrounding all aspects of marketing. In the area of advertising, marketing ethics overlap with ethics dealing with media, therefore it can get complicated.

What is unethical in marketing? Targeting the elderly, children or using selective marketing is considered unethical. Selective marketing is when certain groups, for example, the LGBT+ community, plus-size or ethnic minority groups are disenfranchised. (Lohana, 2011) There are different opinions on various types of advertising. Many think that it is not good but nevertheless an inevitable part of running a successful business and promoting a product. *“Product placement is deceptive advertising, it is dishonest advertising, it sneaks by our critical faculties and plants its message in our brain when we are not paying attention”*, these are the words of Gary Ruskin of Commercial Alert in 2006 when he was interviewed by CBS. (McPherson, 2008) Product placement is not the only form of advertising that does not sit well with people. It is said that advertising has negative impact on individuals, it weakens their personal autonomy. It plays on desire, planting false need with individuals since almost everything advertised is beyond the primitive needs for living and breathing. (Lohana, 2011)

Consumption of goods and services has been gradually increasing for the past years. In recent years social media advertising has become bigger and bigger, now most social media platforms offer some kind of paid advertising space on their sites and smart phones and tablets applications, for example, Facebook, Instagram and Tinder. Influential users on social media have started to impact their followers with their reviews and consumption. This “power” has caught the attention of companies. (Wang, Yu and Wei, 2012) French and Raven talk about five different sources of power, referent

power being one of them. These influencers possess this variation of power. Referent power, the power over people, influencing others and/or being a role model to a group. (Turner and Schabram, 2012)

“With great power comes great responsibility”, these are the wise words of Ben Parker, a character from the Spiderman comics. So it can be deduced that the more followers they have, the more people they influence with their posts and reviews which leads to greater responsibility. The influencers need to be aware of the impact they are making on people and the power they possess for them to make ethically correct choices regarding product placement and endorsements on their profiles.

4 Social Media

Social media combines mobile and web technologies to create a highly interactive online platform. There users can share, create, discuss user-generated content. (Kietzmann, Hermkens, McCarthy and Silvestre, 2011) The Internet is one of the most utilized interactive multimedia, which can be a mix of both imagery, text, video, sound et cetera. (Wang and Bagaka, 2002) Today, it is not uncommon for businesses to have profiles on multiple platforms, for example, Facebook, Instagram, Snapchat, Pinterest, LinkedIn and Pinterest.

4.1 Instagram

Instagram is thought to be one of the fastest growing social media platforms and compared to other platforms, it has one of the highest engagement levels according to Phua, Jin and Kim (2017). Instagram is an smart phone and tablet application, a social media platform with access to millions of future consumers. Instagram is about creating captivating visuals through photos, short videos and captions. Essentially, Instagram is a giant photo album. Each user creates a personal profile which can instantly share photos and video clips from the phone's photo album. The user can edit the photos through the application, write a caption and tag up to twenty hashtags. Hashtags are so-called keywords used to describe the picture. Other users can look up popular hashtags and see what other people are doing around the world. People can also like, comment and share the photos on other social media platforms, for example, Facebook, Flickr, Twitter and Tumblr. Each profile can follow other accounts and create a following.

Instagram was launched in October 2010 by programmer, Kevin Systrom and software engineer, Mike Krieger. The application was an instant hit to say the least. In only three months, December 2010, the application had a shocking one million users. Two years later the application was sold to Facebook for one billion US dollars. (Facebook Newsroom, 2012) Two years after its launch approximately eleven thousand people were signing up every day (Facebook Newsroom, 2012) and today an estimated seven hundred million user profiles have been created. (Instagram Business Team, 2017)

It is safe to say that Instagram is one of the most popular application for smart devices today, it was the fourth most downloaded mobile app in the United States in 2016. Downloaded 40.4 million times during the period from January to June according to Business Insider. (McAlone, 2016) In addition to the obvious popularity, Nielsen Mobile Netview surveyed that people spend approximately one in every five minutes while using a mobile device on Instagram or Facebook. (Instagram Business Team, 2016)

Pew Research Center's Social Media Update 2016 stated that around one-third of all online adults use the platform with six-in-ten aged between 18 – 29. Around half of all the users of Instagram access the application on a daily basis and 35 percent access it several times per day. (Greenwood, Perrin and Duggan, 2016)

4.2 Advertising on Instagram

In March 2017, the Instagram Business team made an announcement, Instagram reached one million monthly advertisers on the popular social media platform. Over eight million businesses have created a business profile on the platform where they can connect their website, show directions, provide phonenumbers or emails for current and future customers. From 2016 – 2017 Instagram went through more change than it did from its launch in 2010, for example, adding a new feature called *stories*. Which is a popular advertising tool. (Instagram Business Team, 2017)

How can Instagram be combined with businesses? According to the Instagram team, users make a profile to follow their passion, whether it is fashion, travelling, food or anything else. Passion extends to brands and today, 80 percent of the users are following a business. (Instagram Business Team, 2017)

Since Facebook bought Instagram, marketing on the application has never been easier. Through Facebook Business, marketers can now buy publicity and advertising space on Instagram. According to Facebook, all businesses belong on Instagram. Interesting statistics are available on the Business Instagram website, for example, every day over four hundred million users log on the application and up to six hundred

million use it monthly. (Instagram Business, 2017) 60 percent say they do discover new product while using the app, 75 percent say that they have been inspired by a post they saw on Instagram to check out a product or company and 80 percent of follow a business profile. (Instagram Business, 2017) Instagram recent Snapchat-esque feature, *stories* also has over two hundred million users every day. Where individuals and businesses can share short videos and photos through out their day. (Instagram Business, 2017)

Advertising on the platform has never been easier with step by step instructions on the Instagram Business website and can be created with Facebook Ads Manager, Power Editor as well as directly through the Instagram page. Advertisements are divided into photo ads, video ads, carousel ads which contain multiple photos in one post and stories ads. Since Instagram is owned by Facebook, the only prerequisite is that the business already has a running Facebook page. The marketer can choose the location, the demographics, interests, behaviors, custom audiences, lookalike audiences and automated targeting. (Instagram Business, 2017) Because of Instagram's huge popularity it is the ideal platform for creating valuable electronic word of mouth reputation and brand visibility.

Posting photos of purchases and products and sharing opinions about them in captions or comments sections may count as a type of review, either positive or negative. However, buying advertising space is not the only way to advertise through Instagram. Companies are now endorsing influential users, that were discussed earlier. According to Takumi's founder Solberg Audunsson, Instagram influencers are getting paid upward of 70 US dollars per post and some even being paid up to 1400 US dollars depending on their reach, referring to the extent of their following. These influencers are being used as an advertising tool because of their close connection with followers. (Solberg Audunson, personal communication, April 24th, 2017) This is associated with the "Citizen Influencer" mentioned in chapter 2.4.

5 Research Methodology

In this chapter the methodology of the research will be explained. The aim of this research is to understand the changes in marketing and advertising today. The possible shift from celebrities to social media stars as influencers and product endorsers and if consumers realize that they are being sold something on these social media platforms, such as Instagram.

How do consumers view this new type of endorser? In order to gain a deeper understanding of the subject and get closer to answering the research question a research had to be conducted. This research was conducted with the aim to understand the consumer and their opinion on influential users and if there is something about them that makes them more believable than celebrities as endorsers of products. By using a qualitative research method, one has to understand that there is not one right answer to the research question rather a deeper understanding of the subject. (Ritchie, Lewis, Nicholls and Ormston, 2013).

Qualitative research methods are divided into data collection and data analysis (Gephart, 2004) and then separated into three sections, *interviews*, *observations* and *written data* and unlike its opposite, it is not bound to quantity. It is bound to feelings, experiences and opinions of the participants. The data analysis starts simultaneously which can lead to the collection of additional data. (Strauss and Corbin, 1998) Phenomenology is also relevant in this thesis. Phenomenology was introduced in the early twentieth century by great scholars like Heidegger, Husserl and Jasper. Later on further defined by Merleau-Ponty and Sartre. (Lanigan, 1979) It is used to understand a person's life experience and deepen the understanding of the subject. The researcher has to put himself in the shoes of the participant and try to see things from their perspective. (Orbe, 1998)

Phenomenology is a mix of a research method and philosophy which focuses on feelings and experiences and ultimately obtains a deep understanding of the participant. (Manen, 1990) The key to a successful research is that the researcher has

some experience with the subject, so that it can be used to gain better insight into the material. Even more important is that the researcher remains impartial so it does not affect the outcome of the research. (Orbe, 1998) The author got the idea for this research because of the controversy influencer marketing is facing in 2017.

Further thesis framework and possible research methods were discussed with Þórarinn Hjálmarsson, the instructor of this thesis in January 2017. Following the initial interview, the author started connecting the thesis to academics and theories. Interviews were considered to be the best choice.

5.1 Data Collection and Analysis

The data was collected through interviewing five avid Instagram users and it was processed according to the three stages of phenomenology. The three stages are *description*, *reduction* and *interpretation*. By going through the stages the researcher gets closer to figuring out the interviewee's experience and thoughts on the subject. (Orbe, 1998)

Preparation and information collected through the interviews form the first stage, *description*. The interviews are then typed up to make them more manageable and easier to analyse. By typing up the interviews the researcher listens to the interviews again and becomes more conscious and susceptible to all the information. During this phase it is very important for the interviewer to remain impartial and objective so it does not affect the results of the research. (Orbe, 1998; Smith and Martinez, 1995) At this stage the interviewer listened to the recordings several times and noted down important and interesting comments to get the best possible description of the participant's thoughts and attitude. The second stage is *reduction*. The researcher starts to interpret all the data. (Smith and Martinez, 1995) During that phase a more indepth analysis of the interviews takes place. The main goal of reduction is to truly understand the themes of the interview and the feelings of the participants. The researcher tries to see the subject from the interviewee's perspective. The researcher attempts to notice if there are some similarities between the participants' experiences that can be drawn together to form a theme. (Orbe, 1998) The third and

final step in the phenomenology is *interpretation*. The apparent themes need to be carefully observed and how they connect with each other. During this phase it is important to keep the focus on the research question and how the themes can assist in finding an answer. When the researcher has gone through and finished these three stages of phenomenology, the researcher can better understand and interpret the answers and can explain them in his own words. (Orbe, 1998)

When all the interviews had been taken, the researcher could start analysing the data. The interviewer wrote down a short description on how the interviews were conducted, the situation and what kind of attitude the interviewee had towards the subject. While the interviews were copied, the researcher noted down all interesting facts and especially, the facts relating to social media influencers. The interviews were carefully analysed and major codes and themes highlighted.

5.1.1 Interviews

The reason interviews were picked as a research method for this dissertation is because the information comes directly from individuals affected by situation, in this case the advertisements on Instagram and their feelings about these influencers. (Merriam and Tisdell, 2009) The interviewer tries to not only listen to the answers of the participants but also sense their feelings, opinion and attitude towards the subject. (McDaniel and Gates, 2013) The interviews were semi-structured, they offer the flexibility structured interviews do not. In semi-structured interviews, the researcher does not have to have to ask the questions in the same sequence and using this type of interviewing also allows the interviewer to ask more questions, should the researcher feel so inclined. (Merriam and Tisdell, 2009) It is important for the researcher to remain objective like previously mentioned and listen closely to the interviewee.

The participant should feel free to talk about anything associated and the researcher should only interfere if the discussion is getting off topic. This is done because the goal of the interview is to find out how the interviewee experiences the subject and this way participants can freely express their feelings and opinions about the topic which ultimately leads to a great research. (Esterberg, 2002)

After reading books and scholarly articles, an interview frame was made. The interview frame was made with an emphasis on getting the interviewee's opinion on social media influencers and advertising. The questions of the interviews were as straight forward and as open-ended as possible and meant to encourage further discussion around them. They were recorded on a mobile device and in continuation typed up for the researcher to process the interviews. The following questions were asked:

- Why do you use social media?
- What do you consider a social media influencer?
- Do you follow some of them? If yes, why?
- How do ads appear to you on Instagram? What about sponsored ads?
- What do you think about social media influencers advertising?
- Do you rather believe them than celebrities?
- How do they affect your buying behavior?
- Are you more likely to buy something if an influencer advertises something rather when a celebrity advertises something?

5.1.2 Participants

Since qualitative methodology is based on small samples (McDaniel and Gates, 2013), five individuals were sent a informal request to take part in the research. The interview was explained to them, the questions made visible before hand and the goal of the research. There was no obligation to take part in the research and all participants had a choice to deny the request and not take part in the interview. The research on social media mentioned earlier conduted by Pew Research Center stated that around one-third of all online adults use the platform with six-in-ten aged between 18 – 29 (Greenwood, Perrin and Duggan, 2016), so it was only logical that that age was the age of the focus group. All participants were found in the researchers own social network and all these people use social media daily, including Instagram. Four women and one man took part in these interviews at a time and place that suited their time schedule.

Three interviews were conducted at the interviewee's home, one at the researcher's office and one at a restaurant. Most interviews went well and the researcher put effort into making the participant feel comfortable and relaxed. The researcher also put effort into listening, being indifferent and open minded. Here below is a description of participants with regards to how the researcher viewed their attitude towards the interview. All participants have decided to be anonymous, however their age and gender will be stated. Participants are not described in order and do not give out any information in which order the interviews were taken.

- **K:** Female. Born in 1992. Relaxed while the interview was conducted. Goes on social media daily, mainly follows people with similar interests. Seems to be aware the usage of social media influencers as advertising tools.
- **H:** Female. Born in 1998. Nervous in the beginning. Needs some assistance understanding the questions. Is negative towards social media influencers in Iceland. As the interview went on, the participant became more relaxed.
- **M:** Female. Born in 1991. Very talkative about the subject. Interested. Had been aware of social media influencers advertising for a long time. Mix of postive and negative feelings about the subject.
- **B:** Male. Born in 1990. Nervous in the beginning of interview, more relaxed in the end. Not very talkative, in need of some explanation regarding questions. Seemed to be indifferent regarding social media influencers.
- **G:** Female. Born in 1994. Very enthusiastic about the subject. Relaxed and talkative the whole time. Had a lot to say. Very interested about social media influencers and considers himself/herself to be one as well. Mixed feelings about social media advertising.

6 Research Results

In this chapter the results from the research will be discussed and if there has been a change in influencer marketing. Several codes were identified through the interviews, following three themes were formed and it is only logical to discuss them all separately. The themes were *connection*, *role model* and *criticism*.

6.1 Connection

When participants were asked why they used social media, their answers were that the main reason they signed up was to keep in contact with friends and family. They had as well, similar things to say about what kind of accounts they followed in addition to their family, friends and acquaintances. The accounts were people or pages with alike interests and relating to their hobbies, for example, beauty, adventure, sports, fitness, food et cetera. Through time they started following some of these influencers, most of them with similar interests as themselves. Even though there was no real relation between the two, all of the participants talked about how they felt like they knew the social media influencer and thought there was a personal connection through similar interests. The perception concept in electronic word of mouth marketing is associated with interpersonal relationship between participants which was prominent in the participant's answers. Some of their statements were, that social media influencers:

.. keep a personal connection with their followers .. people take them more seriously .. you feel like they are your friends (M).

.. to me it is someone I think I can in some way relate to (G).

.. it is like you know the person a little bit .. the intimacy, the trust (G).

They talked about how social media influencers are people just like them and could relate to their lifestyle a lot more compared to a multimillion dollar celebrity. In their eyes the social media influencer seemed more real and relatable. In eWOM, the attractiveness of the source is divided into similarity, familiarity and likeability. All those qualities were apparent when the participants were talking about the social media influencers.

- .. because it's just the average, average Joe (K).
- .. you feel like you are closer to someone who is day to day vlogging than you do to Justin Bieber (M).
- .. you can connect more with the lifestyle that they are living (M).
- .. you get to know the person a little bit, like with celebrities, you just see the glamour photoshopped version (B).

The participants said that the closeness made the social media influencers more believable and it seemed like they were more recommending something to them as a friend rather than selling them something as a marketing tool. Because of this feeling, they were more likely to buy something if a social media influencer recommended it rather than when a celebrity was used to endorse a product.

- .. yes, I believe it more when a someone who I follow says something because trust has formed. Like, yes ok, she likes this product, I'm going to try it .. you always feel like you know the person a little bit (G).

One participant mention that social media influencers are more compelling when advertising because they are on the same level but mentioned as well that the amount of sponsored ads is repelling.

- .. if social media (influncers) would quit, for a moment, sponsoring everything you know what I mean, I would probably buy more from them because they are more, you know, on our level (H).

6.2 Role Models

All of the participants described these social media influencers as some kind of role models, someone they look up to or think is admirable. Referent power is the type of power social media influencers possess and they need to realise how they affect people with their posts. Like previously mentioned, participants said that influencers are people they think are admirable:

.. if you have a role model and that person likes some product or wears some clothes you think it is cool because it is your role model (K).

Another one said:

.. a role model or someone I want “to be” .. someone I look up to or yeah, think is admirable (G).

According to the statements above it is immensely important for influencers to be ethical. When influencing other individuals it is important for them to be a good role model and not influence substandard products, services or behavior. They are recommending a product as a mix of an expert opinion, for example, athletes or make up artists and the typical consumer opinion. Thirdly, technically being considered to be a minor celebrity with plus one thousand followers on Instagram. They also apparently show a level of charisma, authenticity and believability through personal reviews of the product in question. According to the statement below, participants feel like their product reviews are authentic and real.

.. social media influencers are more likely to put their own touch on the review and tell the truth, hopefully (B).

.. I feel like there are so many people following them because there is this trust and most of them say that “they don’t need to advertise this” (G).

Payments were not an issue with the participants. Most of them mentioned that especially here in Iceland, it is not likely that the influencer is probably not getting grand amounts of money so according to them, social media influencers are not willing to put their name on a product if they do not like it and compromise their integrity. They associated the amount of money recieved to trust and believability of the review.

.. so if we are thinking about stars like Kylie Jenner, you know. You starting thinking immediately, yes, she could be getting millions for this (G).

.. I do believe that with lifestyle bloggers and such that they don't want to put their name out saying that something is a good product if they don't believe it .. that are not going to be saying oh, I mean, I love it unless they are getting that much paid for it (M).

.. you always know that the celebrities get paid more so they are less likely to tell the truth (B).

However, one participant mentioned that she would definitely think more about buying a product if it would include some level of financial commitment. All the product she bought were makeup or skin care products.

.. I am mainly thinking about makeup, skin care products .. I think it would be a bigger deal is we were talking about some (financial) commitment .. I just try it, what is the worst that could happen (G).

For an electronic word of mouth message to be successful, the source needs to possess some qualities. Consumers need them to be believable and to show some level of expertise, trustworthiness and experience. One of the participants follows an Icelandic beauty and lifestyle blogger, to whom she goes to for expert advice on beauty related products. Even though the blogger in question is not a professional beautician.

.. I listen to what Þórunn Ívars (an Icelandic lifestyle blogger) says about a product more than what I read about in the paper (G).

6.3 Criticism

There was a level of negativity associated with advertising through social media influencers. Due to recent coverage in the media about hidden ads, they seemed to be more informed about advertising on the social media platform. Almost all participants described online advertising, especially on Instagram, as annoying both when talking about sponsored ads through Facebook Ads as well as product placement and sponsored reviews through influential users.

.. advertisements are rather annoying if I'm being honest .. it just popped up out of nowhere .. I just scroll past them fast (G).

.. it is annoying, very annoying .. it is more noticable on Instagram (M).

.. they (social media influencers) post something sponsored in every post and they post maybe seven times a day or something, you get tired of it (H).

Compared to the statements above, they also do not to pay a lot of attention to the ads. However, a couple of participants mentioned that it is just the way marketing is evolving and it is a part of their job as social media influencers to review products and reflect on various services and experiences. That is how they keep your following and stay relevant.

.. it is just the evolution of marketing, it is more difficult to get people and this is the new way .. you get all those bloggers because there is a need for it, companies actually need to get closer to the people and get that connection .. people don't trust advertisements anymore and you need the trust before you can sell something to the person (B).

They all agreed that it was important that the social media influencer specified when it was an advertisement so they as consumers knew that the review was paid and they could decide for themselves if they believed it or not. There were also some concerns about the popularity of social media with the younger generation, who are easier to influence. This can be associated with ethics, when you have a younger audience the influencer needs to take that into consideration. That was also apparent with the youngest interviewee, born in 1998. It seemed like the participant was not as aware of influencers and product placement as the older participants.

.. it is their job. So I don't think it is that bad .. I just think that it is important that they do announce when it is an ad .. because there are a lot of like younger people who are keeping track of them, who necessarily don't realise what is going on (M).

7 The shift from celebrities to the girl next door

The aim of the research was to delve into changes in influencer marketing. Celebrities have been the main focus of endorsements for the past decades. Recently there has been a lot of discussion about the usage of social media personalities, so called Instagram influencers, as product endorsers. The focus was the social media platform, Instagram and how advertisements appear to users there. Answers were sought to the research question, which was:

Has been a shift from celebrities to social media personalities regarding influencer marketing?

It has to be taken into account that only five participants were interviewed, all Icelandic between the ages of 18 – 29. So the results can not be used to generalize about the topic. Given those assumptions, the research results showed that there has definitely been a shift from celebrities to social media personalities. It is obvious that the embodiment of these influencers is very different to how people view celebrities. The results clearly stated that the participants viewed these personalities as role models and as friends. They associated more with the lifestyle depicted by Instagram influencers compared to celebrities with mansions and expensive cars. This can be associated with French and Raven's referent power which is the power over people, the power to influence others and or being a role model to a group. (Turner and Schabram, 2012) It is immensely important, that influencers realise their power and take responsibility for how they are affecting their followers. Whether it is influencing the purchase of good skin care products or something more expensive, the important thing is for them to remain ethical.

Advertising is a highly visible marketing activity, therefore often criticized. (Lohana, 2011) It is said that advertising has negative impact on individuals, it weakens their personal autonomy. It plays on desire, planting false need with individuals since almost everything advertised is beyond the primitive needs for living and breathing. (Lohana, 2011) It can be considered unethical if the influencers are abusing their power

and recommending product, services or experiences that they do not believe in to their followers for financial rewards.

When comparing the results of the research to the academics there were a lot of similarities. Influencer marketing on social media is a mix of all the marketing branches covered in the chapter 2 of this essay. The influencers are spreading electronic word of mouth through their Instagram posts. These influencers are reducing second thoughts with consumers (Wong and Sheng, 2012) and as a result reducing post purchase dissatisfaction as well, which is the final stage of the consumer decision making process. (Jobber and Fahy, 2009) Like mentioned in chapter 2.2, consumers are more willing to try out product because they know someone who has already had a positive experience with the product. (Iyengar. Christopher and Thomas, 2011) This was confirmed by participants. They all felt like they knew the influencer personally and when they saw a positive review about a product on the influencers profile it made them more driven to try out the product or gather additional information about it. Even though, the participants did not mention all the characteristics of a good eWOM source they agreed that the source needed to, be relatable and powerful to some extent.

Since Instagram is a social media platform, the principles of social media marketing are also relevant. The main goal of social media marketing is to create a positive electronic word of mouth and raise brand awareness on the Internet. (Keitzmann and Canhoto, 2013) According to the participants, the creation of electronic word of mouth concerning the product, was successfully done by these influencers and alongside it, the brands they were advertising more visible. However, all participants mentioned that they found social media advertising, especially, on Instagram annoying to some extent. Which is quite contradictory since they were more likely to buy a product if advertised there rather than through traditional mediums like, for example, newspapers and television et cetera. The annoyance can be connected to the amount of advertisements per influential user.

Social media marketing was defined as a hybrid element of the promotion mix by Mangold and Faulds in 2009, social media marketing enables both customers to talk

to each other as well as the companies to communicate with the customers. (Mangold and Faulds, 2009) In this context, the companies are using these influential online personalities as an intermediary or a messenger of some sort. Marketers and advertisers are constantly looking for new ways to get to the consumer. Due to an increase in the popularity of social media marketing, companies must now spend more money to overcome all the noise from the amount of advertisers on social media platforms so their material reaches their target audience. (Nelson-Field, Riebe and Sharp, 2013) Using these influencers has created opportunities for a possible increase in sales, for now, at least here in Iceland.

These influencers are considered to be celebrities. “Citizen Influencers” have a direct and close relationship with their following. (Bell, 2012) Even though they are not actors, musicians, athletes or politicians, they have a large enough following to be considered a celebrity. They are “a well-known personality who enjoys public recognition by a large share of a certain group of people” (Schlecht, 2003) The more fame they possess, the more attention they both create and maintain, also they receive impressive recall rates. (Ohanian, 1991) This can be transferred over to social media influencers, the more followers they have, the more fame they possess which ultimately leads to more successful influencer marketing. Cortsen (2013) said that there are various things to consider before recruiting an influencer. The person needs to be liked by the public, show charisma, authenticity, believability through personal reviews and experience of the product. The participants mentioned that these influencers were more believable than celebrities or traditional marketing techniques. Through the formation of the personal relationship and trust between the influencer and consumer, the influencers were more capable of conveying a believable, original and personal review of the product which made the followers more likely to buy it.

According to many of the participants, the personal relationship was based on similarities in lifestyle and hobbies. The greatest factors impacting buyers is if the product endorser was likeable and attractive. (Hassan Fathelrahman Mansour and Mohammed Elzubier Diab, 2016) These influential Instagrammers would not possess a large following if they were not, to some extent, likeable. The *internalization* section in

Kelmans's social influence theory (1961) directly links to the participants answers. The participants noticed a suitability or a similarity between them and the influencer. That can be a very important factor when choosing an endorser.

When the participants were asked about how they felt about advertising and product placement on the application, they said that they thought it was annoying. In Jonas Colliander's and Susanna Erlandsson's (2015) research, the aim of was to find out how the blog readers responded if they found out that the influencer was being paid for the review. What they found out was if consumers found out the truth, followers felt betrayed, angry and talked negatively about the blogger. In addition to the bad publicity the blogger lost followers. However, the brand remained relatively unharmed. Like previously mentioned, all participants were annoyed by the amount of advertisements on the platform. However, they didn't seem to be that bothered by the fact that they were getting paid for the review. The main reason was the amount of money, they figured that the influencers were not getting paid that much that it would affect the truth. According to Takumi's founder Solberg Audunson, they pay up to 1400 US dollars per post, which is considerable amount but a small fee compared to the millions celebrities are getting for endorsements. (Solberg Audunson, personal communication, April 24th, 2017)

It is clear that there has been a shift from celebrity influencers to social media influencers. Even though this thesis has a special emphasis on Instagram, the results can all be transferred over to most social media platforms. Across all these various platforms and in the virtual world are influential individuals affecting opinions and the life of people. There will always be people who only focus on the payments and are willing to promote a product or service for the right amount but not for the right reasons. Hopefully, these influencers will be ethical and realise how their power is affecting the masses and just how extensive their influence can be, with little or no geographical limit as the world gets more technologically advanced.

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