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66Agency: Building an Influencer Marketing Firm

Matthew Philp, Ali Tezer, and Anne-Frédérique Tremblay wrote this case solely to provide material for class discussion. The authors do not intend to illustrate either effective or ineffective handling of a managerial situation. The authors may have disguised certain names and other identifying information to protect confidentiality.

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Ariane Thibault and Vee Thakrar were in a heated discussion in their office—an old mattress factory converted into hip commercial lofts—in the small Montréal neighbourhood of Saint-Henri. They looked back on the success they had enjoyed over the past eight years building one of Canada’s first social media-only marketing agencies, OVRGRND (pronounced “over-ground”). Back in 2010, helping brands establish and position themselves in the social media space by producing content and managing their accounts had been an innovative service. However, in May 2018, social media marketing agencies had become commonplace, and the market was becoming saturated. Thibault and Thakrar knew that they needed to continue expanding the horizon of their agency in order to maintain sustainable growth and a competitive advantage. With the expertise they had accumulated in providing social media management for brands, they set their eyes on the recent social media phenomenon of influencer marketing.[[1]](#footnote-1) Entering the influencer-marketing space would come with major challenges—something the team had faced after creating a new firm in June 2017, 66Agency, which connected brands with social media influencers.

Thibault and Thakrar were confident that influencer marketing was a booming space that would only keep growing. Moreover, they understood the benefits of specializing in influencer marketing for OVRGRND: the influencers they collaborated with would drive people to the content and pages that OVRGRND created and managed for their clients (i.e., the brands). Therefore, they were convinced that entering this space was a good strategic decision that would complement the value they provided with OVRGRND. However, their business model, which involved no formal procedures and required significant human resources and case-by-case decisions about day-to-day operations, was wildly inefficient in terms of resource optimization and quality control. They were quickly realizing that the time, effort, people management, and profit margins required to connect brands with influencers made it neither financially worthwhile nor satisfying. If they were to continue in this space, they had to find an innovative business solution for 66Agency.

establishing OVRGRND

Founded in 2010 in Montréal, OVRGRND wanted to position itself as the first social media-only marketing agency. Its inception had coincided with the establishment of Facebook Inc. (Facebook) as a new and legitimate advertising platform, so Thibault and Thakrar initially offered services to educate brands about the importance of optimizing such online channels in reaching their target audiences. Furthermore, while Facebook frequently updated its platform with innovative services for brands, new social media platforms such as Instagram and Snapchat also emerged, resulting in a significant need for brands to adapt to the changing ecosystem. During this period, OVRGRND dedicated many resources to educating brands about using social media platforms as advertising channels rather than doing what Thibault and Thakrar had dreamt of doing: creating and managing social media content for brands.

As time went on, brands became more fluent in social media marketing, and OVRGRND was able to focus its attention on its core activities: social media management, multichannel advertising, and influencer marketing. OVRGRND used these three pillars to uniquely position itself among the marketing agencies in Montréal, promising to provide “fun and strategic campaigns that will help you kill it in the digital era.” As a result, the agency was able to attract local and international clients from various industries, including functional beverage company Liquid Nutrition, herbal liqueur maker Mast-Jägermeister SE, and coffee shop chain Café Dépôt.

adapting to Facebook and Instagram

As time passed, advertising on Facebook lost its mystery and became a regular part of many brands’ advertising strategies. However, Instagram was still waiting for brands to use it to reach consumers, and this made it the next target for OVRGRND’s focus. Launched in 2010 as a photo-sharing application (app), Instagram—where users could upload photographs and short videos, follow other users, and geotag images with names and locations—was now one of the biggest social media platforms in the world. Users could also identify their posts with hashtags, as popularized by Twitter, which made pictures or videos easy to find through feeds of posts that used the same hashtags.

By 2018, Instagram had one billion users across the globe.[[2]](#footnote-2) In 2012, it was acquired by Facebook as part of a portfolio diversification strategy for US$1 billion.[[3]](#footnote-3) The idea to monetize the platform came in 2013, as Instagram started incorporating advertisements in users’ feeds. By 2015, Instagram had introduced innovations that helped brands advertise, for example, by making “Shop Now,” “Install Now,” and “Sign Up” buttons available at the bottom of advertisements.[[4]](#footnote-4)

Instagram introduced numerous features and tools over the years. Its 2018 version included aspects such as Explore, where users could find popular and other photos and videos up to 10 minutes long based on location and previous searches; photo filters; Instagram Direct, where users could send direct messages and photos to other users; Instagram Stories, which were videos or photos that could be posted and seen by everyone following a specific user or using a specific geofilter;*[[5]](#footnote-5)* and finally, Instagram TV (IGTV), which allowed videos of up to an hour long.

The rise of Instagram among consumers made brands realize the importance of alternative social media platforms for exposing their products to their target markets and for directly engaging with consumers. However, the personal nature of the app made it difficult for brands to get people to follow them. Independent users, on the other hand, were able to create immense follower bases by creating content that specialized in domains such as travel, fashion, beauty, or video games (see Exhibit 1). In general, the content these independent users created provided their follower bases with first-hand information about products, services, and brands or with inspiration that their followers could use in their own lives.

Brands were not blind to the attention these independent users attracted and quickly realized the potential benefits of working with them (see Exhibit 2). Many brands saw collaborations with selected independent users with solid follower bases as a sound tactic for reaching out to the brand’s target markets, driving traffic to their own accounts, and converting visits into purchases,[[6]](#footnote-6) and so, the role of Instagram influencers was born.

acting as Matchmaker between Brands and Influencers

While Thibault and Thakrar continued to manage the social media channels of companies and to create content for their Facebook and Instagram pages at OVRGRND, they also saw the benefits in driving traffic to the social media channels they managed. They saw the opportunity to be on the cutting edge of social media marketing by carving out another niche as matchmakers between brands and social media influencers.

Although the idea was simple, expanding into this new market came with liabilities that raised eyebrows. First, a relatively new channel such as Instagram necessitated educating the brands about its importance and basic functionalities. The brands needed to be educated about how Instagram worked and who Instagram influencers were—about the persuasive power of Instagram influencers and how collaborating with them offered a unique value that could not be captured through traditional communication channels. However, OVRGRND was hesitant about returning to the role of educator. More importantly, the nature of the matchmaker role was inherently different from OVRGRND’s current offering. Earlier, when OVRGRND had been approached by brands asking for assistance in managing their social media activities and content creation, it had been creative and fun—the work of a boutique agency. But once the company started working with social media influencers, it was no longer as appealing. The essence of the social media influencer role was that influencers created their own content and managed their own accounts independently. In this scenario, OVRGRND would not be involved in the creative side but would simply be managing the relationships between the brands and influencers. This was neither easy nor efficient. On the one hand, brands did not completely understand influencer marketing and expected a great deal for very little. On the other hand, influencers were not easy to find; they were rare and they were not all professional business people. It also took time and effort to manage them.

The workload for matchmakers was high. First, they would have to understand the needs of the brand in terms of the type of influencer(s) they wanted to be associated with and the goal of the collaboration. Second, they would have to find the best influencer to satisfy the needs of the brand and convince them to collaborate. Finally, they would be responsible for facilitating the contract between the two parties by establishing terms, following up on influencers to make sure that they satisfied the terms of the contract, and ensuring they were paid. In short, they would be playing the role of a nanny, holding the hands of both the brand and the influencer through a lengthy, human resource-dependent and therefore costly process.

Despite the challenges of this role, Thibault and Thakrar knew that influencer marketing was a booming space that would only keep growing. Therefore, they could not afford to ignore it completely or to fall behind others in entering this new space. They understood the benefits working with influencers could provide for brands and the potential synergies with OVRGRND’s current offerings, which used influencers to drive people to the content they created on the social media accounts they managed. Thibault and Thakrar tried to determine how to enter the influencer-marketing space without risking their current positioning and distracting their current business operations at OVRGRND.

disrupting The Status Quo

Brands typically collaborated with influencers through two routes. The first, direct route was to reach out to influencers without using an intermediary. Using this direct route, brands researched and identified influencers to collaborate with and directly contacted them with offers. This route allowed brands to have more control over the process in terms of defining their expectations regarding the influencer, the content creation, and the execution of the campaign. However, this direct route was not efficient for the brands as it took time to find the right influencers and manage the relationships. This new form of business relationship also necessitated learning new norms and approaches. Finally, as only the influencers had access to the demographic and psychographic profiles of their followers (e.g., age distribution, location) and were not required to make this information public, it was not easy for brands to assess whether an influencer was a good or bad fit.

The second, indirect route was to use an intermediary. These were typically traditional public relations (PR) or talent management agencies that helped brands find influencers to collaborate with. Compared to the direct route, the indirect route was significantly less time-consuming and more efficient for brands as such agencies had established networks of potential influencers and specialized in dealing with these types of contracts. However, traditional PR and talent management agencies were not well-equipped for working specifically with social media influencers and executing social media campaigns. They had the management competencies but not the specific social media industry expertise. Traditional PR agencies specialized in getting journalists and bloggers to write articles and create interest, or buzz. Similarly, talent management agencies specialized in connecting models with photographers and directors, and their talent network did not include social media influencers per se.

The difficulties for brands using these two routes to optimize working with social media influencers exposed an opportunity for agencies that specialized in these services. As a result, new agencies claiming to offer influencer matchmaking services were popping up. However, many of these agencies were still using the traditional methods of PR or talent agencies (see Exhibit 3). OVRGRND also noticed that these new firms were not being thorough, and their quality control was lacking. For example, they allowed all of those who called themselves Instagram influencers to sign up on their mailing lists and to be contacted with opportunities, regardless of the fit.

OVRGRND already had a reputation as an agency that focused on social media, and it already had many strong connections with brands for which it had created content and managed a social media presence. The principals also had many personal friends who were influencers—and Ariane Thibault herself (@arianetonka) had taken on this role. Overall, the possibility of growing OVERGRND to become a more full-service agency by creating content and helping drive traffic to that content was appealing. However, the traditional matchmaker model, which involved connecting brands with influencers, was time-consuming and did not mesh with the team’s expertise. It would also take time away from doing what they were good at and, more importantly, were interested in doing—creating social media campaigns and content.

Creating 66Agency

Without a fully understood long-term strategy, OVRGRND decided to launch a separate arm of the firm called 66Agency. OVRGRND would continue as a social media platform campaign and content-creation marketing firm, and 66Agency would be the influencer branch. The goal was to connect brands with the right influencers and to help drive traffic to the social media accounts of the brands that they managed as part of OVRGRND. However, time management was still an obstacle: they did not want to deal with this, but they also did not want to give up the space to let another company take over. They knew they had to create a better, more sustainable business model that would help them connect brands with influencers.

In May 2017, the two entrepreneurs introduced 66Agency at a launch event at one of Montréal’s hippest bars. Many influencers in their network were invited to the event, and the launch was a huge success. The influencers who attended the event posted photos of the night and spread the word about 66Agency. In a demonstration of the power of influencer marketing and this new agency’s potential for brands, the 66Agency’s Instagram account grew from zero to 1,000 followers overnight. As a result, 66Agency created the buzz it needed and attracted the attention of brands that wanted to collaborate with influencers. Having realized the interest of the clients, and having already established a network of influencers who could obviously create value, 66Agency began its journey with the following mission statement:

It is our goal to make sure our influencers and brands are getting the most out of their efforts. From advertising campaigns to brand ambassador programs, we are equipped with the know-how and creativity to build enticing, innovative, and strategic campaigns to ensure that our clients are making a massive impact on social media. Influencer marketing requires skillful storytelling with careful attention to the unique voices of all parties. It is our job to make sure that the identities of the influencers and the businesses harmonize to create targeted, enticing content, with authentic endorsement![[7]](#footnote-7)

The Challenge

The creation of 66Agency allowed Thibault and Thakrar to separate the two services they offered, enabling OVRGRND to focus on creating content and managing brands’ social media platforms and giving 66Agency a chance to position itself from scratch, without any pre-existing associations. The launching period gave them a strong start in building this new positioning, as brands requested their services. However, the obstacles they had faced while offering influencer marketing services did not disappear.

In the current business model, when a brand reached out to 66Agency for influencer-marketing services, a customer representative was assigned to the brand and was briefed on the client’s needs and expectations for the collaboration and the campaign. Next, the customer representative manually reviewed the database of influencers they had been building to identify those who might be a good fit with the brand’s needs and expectations. Then, they contacted influencers to see if they would be interested in the collaboration and to learn their terms. Having dealt with the influencers, they then went back to the brand with a list of suitable influencers, and the brand made a choice. From there, the customer representative at 66Agency would serve as the matchmaker between the two entities to make sure that the collaboration was going smoothly. Imagining a handful of brands reaching out to 66Agency each day gave an idea of the extent to which the current business model drained the company’s resources.

In this new gig economy, many different companies had created systems, services, and platforms to serve as matchmakers in their respective industries. For example, Airbnb Inc. connected homeowners and renters, Uber Technologies Inc. connected car owners and people needing rides, and Tinder connected people looking for love. Could 66Agency co-opt one of these models to simplify its process?

66Agency needed to come up with a more sustainable business plan that was superior to its current method of doing business in terms of resource optimization and quality control. The goal was to eventually establish a new business model—a new strategy that would make 66Agency an inevitable leader in the influencer-marketing matchmaking space. But, how exactly could it do this? Influencer marketing was a new space, and the rules had yet to be written. Whether this was a blessing or a curse was still to be seen.

Exhibit 1: Examples of Instagram Influencers

|  |  |
| --- | --- |
| Fashion | Photography |
| Food | Fashion and Lifestyle |
| Source: Alyssa Coscarelli, (@alyssainthecity), Instagram, accessed May 22, 2019, https://www.instagram.com/alyssainthecity/?hl=en; Ali (@inayali), Instagram, accessed May 22, 2019, https://www.instagram.com/inayali/?hl=en; Margherita (@lapetitecasserole), Instagram, accessed May 22, 2019, https://www.instagram.com/lapetitecasserole/?hl=en; Elif Filyos (@thefashionmedley), Instragram, accessed May 22, 2019, https://www.instagram.com/thefashionmedley/?hl=en. Reproduced with permission from account holders. | |

Exhibit 2: How Do Brands Benefit from Influencer Marketing?

|  |  |
| --- | --- |
| A study on influencer marketing surveyed 170 marketing executives who collaborated with influencers about the benefits of influencer marketing. | |
| **The Benefits of Influencer Marketing, as Indicated by the Marketing Executives** | **Number of Marketing Executives who Indicated the Benefit** |
| Creating authentic content for the brand | 151 |
| Facilitating engagement around the brand and brand’s offerings | 130 |
| Driving traffic to the brand | 95 |
| Having cost-effective content creation | 73 |
| Reaching out to consumers who distrust conventional communication channels | 73 |
| Providing authentic, reliable product reviews | 61 |
| Facilitating online and in-store sales | 57 |
| Expanding on the qualified customer database | 13 |

Source: Created by case authors based on content from Linqia, *The State of Influencer Marketing 2017: A Look into How Brands and Agencies View the Future of Influencer Marketing 2017*, 2, accessed June 20, 2018, www.linqia.com/wp-content/uploads/2016/11/The-State-of-Influencer-Marketing-2017\_Final-Report.pdf.

Exhibit 3: List and description of select influencer-marketing agencies

Infinite

Infinite is a full-service agency, covering the full gamut of advertising from traditional channels such as TV and radio to social media as it realizes that social media marketing is a vital part of the marketing process for many brands. The forte of Infinite is to diligently uncover the “why”s behind the brands. It asks its clients, “How would you want the consumers to perceive your brand?” and then uses communication channels such as Instagram to give the brands personality and to create the perception the client wishes.

Viral Nation

Viral Nation is a global influencer-marketing and talent agency, representing influencers on various social media channels. Its business operations include serving as an agency for brands wanting to engage in influencer marketing and also representing the influencers themselves. It claims to have the largest exclusive talent network in the industry. Its services include creator contracting, creative development, content creation, and paid amplification. Known clients of Viral Nation include GoPro, Disney, Coca-Cola, Nestlé, and McDonalds.

6Degrees

6Degrees is a boutique influencer marketing agency, which sees a clear distinction between influencer marketing and traditional celebrity endorsement. The strength of the agency comes from its approach to identifying influencers. Rather than focusing on numbers (e.g., size of the follower base, engagement), the agency identifies the influencer that has a genuine voice that is listened to by an enthusiastic follower base, no matter the size. Its motto is quality over quantity. Its services include influencer identification, relationship management, campaign management, campaign measurement, and campaign reporting.

Exhibit 3 (CONTINUED)

The Amplify

The Amplify claims to use the most influential social media influencers to disseminate the content created for their clients in order to amplify the reach and the impact of the clients’ message. Unlike some agencies who accept clients of any size, The Amplify is interested in working only with top-notch brands. They have represented brands like Pepsi, NFL, 20th Century Fox, and Infiniti.

Influencer Marketing Agency (IMA)

IMA specializes in assisting brands to tell their story through the voice of influencers. It is a full-service digital agency, with Instagram being one of the platforms it uses to get its clients’ messages across. The client list of IMA reflects its European roots. The list includes L'Oréal, Farfetch, Diesel, and Unilever. However, it works with well-known American brands, such as Calvin Klein and DKNY.

Source: Excerpted from “11 Instagram Influencer Marketing Agencies You Should Know [Updated 2019],” Influencer Marketing Hub, accessed August 1, 2018, https://influencermarketinghub.com/instagram-influencer-marketing-agencies/.

1. Influencers were individuals who had the power to affect others’ purchasing decisions because of their authority, knowledge, position, or relationship with their audiences. Individual influencers actively engaged with their follower bases in particular niches. The size of the follower base depended on the size of the niche; Sapna Maheshwari, “Are You Ready for the Nanoinfluencers?,” *The New York Times*, November 11, 2018, accessed May 23, 2019, www.nytimes.com/2018/11/11/business/media/nanoinfluencers-instagram-influencers.html. [↑](#footnote-ref-1)
2. Kevin Systrom, “Welcome to IGTV,” Instagram Info Center, June 20, 2018, accessed April 9, 2019, https://instagram-press.com/blog/2018/06/20/welcome-to-igtv/. [↑](#footnote-ref-2)
3. Nathan Reiff, “Top Companies Owned by Facebook,” Investopedia, March 1, 2019 (updated June 25, 2019), accessed April 9, 2019, www.investopedia.com/articles/personal-finance/051815/top-11-companies-owned-facebook.asp. [↑](#footnote-ref-3)
4. Newtek, “The Monetization of Instagram,” *Forbes*, June 19, 2015, accessed April 9, 2019, www.forbes.com/sites/thesba/2015/06/19/the-monetization-of-instagram/#74615b8e394d. [↑](#footnote-ref-4)
5. A geofilter was a location-based tag that allowed users to see the Instagram stories of other users in the same area. [↑](#footnote-ref-5)
6. Advertising Standards Canada decided it was necessary for influencers to disclose when they were being paid for publishing content; Ad Standards, *Influencer Marketing Steering Committee: Disclosure Guidelines*, January 2019, accessed May 22, 2019, http://adstandards.ca/wp-content/uploads/2019/02/Influencer-Marketing-Steering-Committee-Disclosure-Guidelines-Jan-2019.pdf. [↑](#footnote-ref-6)
7. “About Us,” 66 Agency, accessed May 22, 2019, https://66agency.com/about. [↑](#footnote-ref-7)