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MARKETING RESEARCH
**DIGITAL MARKETING
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1. INTRODUCTION

1.1. ABSTRACT

The challenge in today's age for business owners and marketers is keeping up with the ever revolving and growing influence of advertising and how to reach their target audience. By understanding the recent changes in the world of media marketing, from the shift of traditional to digital and how certain tactics such as digital influencer marketing heavily impacting today's business owners will position regardless if it is a new product concept or existing one, to consider new avenues to secure more achievable and prosperous product outreach.

1.2. THE PROBLEM

Did you know that most of today's consumers are greeted with up to 10,000 advertisements a day, online and offline? With constant ads distracting your target audience and the popularity of ad blockers being utilized to filter one's ads, how can a businesses successfully reach them? Digital media is a huge umbrella network that growth annually. The challenge for many business owners is keeping up with the trends, changes and what new advertising tactics to pay attention and invest into in order to stay ahead of the competitors and make sure one's brand effectively reaches their consumers. Even for the full time marketer, it is a challenge to stay up to date with the latest tools to help their clients achieve a competitive branding positioning, in turn one shouldn't be surprised that business owners across the world are also in the same position of 'information overload' and insecurity if their advertising dollars are being applied in the right areas to achieve some margins of ROI (Return on investment).

1.3. THE SOLUTION

The maze of digital marketing will not become any less overwhelming, but by understanding the main points that would benefit a business owner that is trying to optimize their brand concept to reach the masses is what this report covers. By taking a step back and exploring how media historically has impacted product marketing, what to pay attention to in the digital era from threats such as ad blocking to opportunities such as how influencer marketing can impact today's brands. This report will help guide any business owner and marketer to better understand the main industry elements and the growing trend of influencer marketing.

2. INDUSTRY INSIGHTS

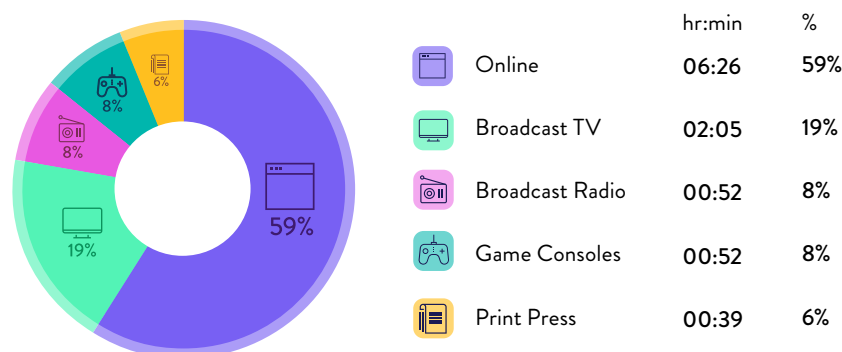
2.1. TOP TRENDS IN INDUSTRY

The shift from traditional to digital media is largely discussed but rarely quantified. This section offers a unique perspective on day-to-day media consumption behaviors, analyzing how much time people are spending online, and further tracking the types of media they are consuming while assessing the share of time spent on digital versus traditional forms of television and print press.

- ◆ On a typical day, internet users estimate that they spend almost 6 and a half hours online. This means that they're spending longer online than they are on linear TV, broadcast radio, games consoles and print press, combined.

MEDIA CONSUMPTION BEHAVIORS IN 2016

Number of hours and minutes per day typically devoted to the following



- ◆ Since 2012, PC's, tablets and laptops have decreased in usage, and mobile phones have become the most frequently used device to connect digitally.
- ◆ Smartphones are becoming ever more prominent: since 2012, estimated daily time spent online on mobiles has jumped from 1 hour 17 minutes to 2 hours 30 minutes. Over the same period, PCs/laptops/tablets have seen small declines, but they continue to retain an important role even as mobiles continue to climb. It's clear that smartphones are encouraging consumers to go online for longer periods of time each day, rather than do so at the direct expense of traditional devices.

- ◆ Second-screening is prolific: over 85% of consumers are using another device as they watch television, and with social networking and reading the news two of the top activities, it's clear that simultaneous multi-media consumption is now the norm. Mobiles are the chosen device for this, having opened up a 24-point lead over laptops.
- ◆ Although ad-blocking is becoming more heavily used amongst consumers (almost 1 of 2 ads blocked), the blocking is found to be selective and filtered based on the consumer's preferences.
- ◆ By August 2017 global population counts 7.524 billion people and almost 3,03 billion use social networks on a daily basis, which is 40% of total population.
- ◆ Daily time spent on social networks/services continues to increase. Digital consumers are spending 34 minutes longer on social networks in 2016 than they were in 2012. Users aged 16-24 and those in fast-growth markets are the most enthusiastic social networkers, but social networks are capturing more time across all the age groups and markets.
- ◆ Globally, the frequency of posting online is 50% and increasing, leading to the strength of online brand advocacy.
- ◆ Since 2012, digital media has become a pivotal movement for the growth and success of online businesses. Various platforms and adopted trends have shifted the traditional sense of media to more affluent strategies that are coming of age, such as Influencer Marketing.
- ◆ Digital media will continue to be the driving force for brand and products to successfully scale, with ecommerce global sales at \$1.9 billion in 2016, and projecting to double in growth in 2020.
- ◆ Meanwhile total digital ad spending in 2017 will equal \$77.37 billion, or 38.4% of total ad spending.

KEY INSIGHTS:

While overall time spent by internet users online exceeded time spent on all traditional media combined, PCs/laptops/tablets used for this purpose are being used less in favor of smartphones. Second-screening – multi-media consumption on any chosen device and mobile simultaneously is becoming the norm. This is one of the factors which increased average time spent on social media by 34 minutes and posting frequency by 50%. Ad-blockers are being used more on both PCs/laptops and mobile devices. Resultantly, 47% of traditional ads is not being seen by internet users.

2.2. BRAND DISCOVERY

Today, there are very few, if any, communication channels which can spread messages as quickly as social networks. From staying in touch with old friends and organizing events to simply sharing what we did over the weekend, social media has transformed how we interact with each other. But this ease of communication between friends and connections – this word of mouth activity – also has serious implications for brands.

Despite some gradual changes in how people watch TV, broadcast TV has stood its ground and remains the most effective advertising channel of all media. Despite 30% of consumers saying they discover new brands via online ads, digital marketing still can't compete with the reach of TV. Age is hugely important here: the effectiveness of TV ads increases with age, while the opposite is seen for online ads.

The average digital consumer spends 2 hours 13 minutes a day on social networks/services – that's a lot of time for brands to grab a consumer's attention. Updates to a brand's social network page can be important for raising awareness of new products and recommendations seen on social networks, claiming to be amongst the top 10 brand discovery channels. Unsurprisingly, consumers under 34 years old are the most influenced by branded content on social media.











Influencer Marketing and celebrity endorsements are becoming bigger tools than ever before. For example, take a look at the average Instagram feed; there's sure to be a few celebrities or influencers endorsing certain products.

The potential of this kind of advertising to reach Generation Z (aged 16-24) and Millennials (aged 18-34) is plain to see; over 74% say they discover new products through recommendations seen on social media, furthermore they over-index strongly for brand discovery via vlogs and celebrity endorsements, too. The likes of Snapchat and Instagram Stories have been effective channels for many influencers wanting to send out a brief message to their following on a very personal level.

BRAND DISCOVERY AND RESEARCH

TOP 10 BRAND DISCOVERY CHANNELS

Number of hours and minutes per day typically devoted to the following

 Ad seen on TV	40%
 Search engines	39%
 Ad seen online	34%
 World-of-mouth recommendation from a friend or family member	34%
 TV shows/films	30%
 Brand/product websites	28%
 Recommendation / comment on social networks	26%
 Consumer review sites	24%
 In-store product displays or promotions	24%
 Product comparison websites	22%

Further along the purchase journey, when Millennials are actively looking for more information about a product or service, search engines are the most popular tools – being used by almost half. But social networks are now the second biggest go-to tool for research, and this group is 15% more likely to use this research channel compared to older generations.

TOP 10 PRODUCT RESEARCH CHANNELS

% of Millennial Internet users who say that they research products/services via the following routes



KEY INSIGHTS:

While search engines and TV ads still have the upper hand in brand discovery, a clear trend in using social networks for this purpose developed among Millennials and Generation Z in the past 2 years. These two groups that make up the majority of active internet buyers tend to rely on word-of-mouth, reviews and opinions of leaders or celebrities who they trust. Sponsored editorial content becomes more usual as a means to bypass consumer frustration with ads and ad-blocking

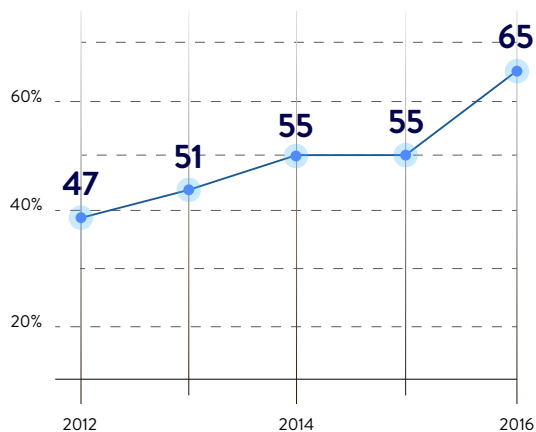
2.3. SECOND-SCREENING

With television continuing to exert so much influence over media behaviors, it's key to understanding second- or dual-screening – a widespread activity which over 85% of internet users report doing. Indeed, its mainstream nature is one of the key drivers behind time spent online (especially via mobile) continuing to increase each year; many media activities are running parallel to each other, with simultaneous multi-media consumption now the norm.

In terms of devices, mobiles are the clear favorite for second-screening. Having overtaken once-dominant laptops during 2013, they now have a 24-point lead. Meanwhile, laptops and desktops have been posting year-on-year declines since 2012.

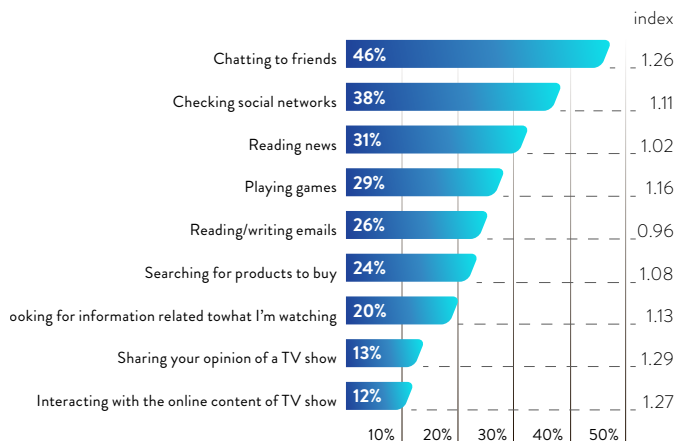
SECOND-SCREENING BEHAVIORS BY DEVICE

% who have recently second-screened via the following



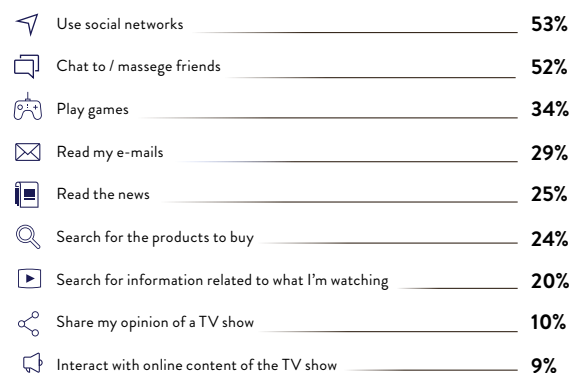
SECOND-SCREEN ACTIVITIES

% of Millennial internet users who were doing the following activities while watching TV



SECOND-SCREEN ACTIVITIES

% who were doing the following the last time they watched TV and used the internet



Given that chatting to friends also scores very highly, we have some context for why people are spending so much of their daily time on social networks and messaging services. What's more, over 4 in 10 are reading news – again highlighting that many media activities are happening simultaneously rather than sequentially.

Particularly striking, all the most popular second-screen activities are rather “informal” in nature (in that they do not involve activities which automatically engage viewers with the content being aired on the main screen). Significantly, only around 1 in 10 adults online are sharing TV-related views or interacting with related online content as they dual-screen. These trends also suggest that integrating second-screen content with social networks is one of the best ways to increase viewer awareness.

KEY INSIGHTS:

Second-screening is a significant factor of the overall internet usage growth since 2012. Expansion of the mobile internet led to a longer online presence. Some of this additional online time happens simultaneously, so it didn't impact traditional media significantly, but time spent on PCs, laptops and tablets has decreased. This mobile shift has two important effects – higher social media consumption and an increase in mobile ad-blocking, which will be covered in the next section.

2.4. AD-BLOCKING

Ad-blockers gain popularity worldwide, rapidly. Two main drivers of this growth are:

1) Internet users are becoming increasingly aware of how their online personas are being monitored and how their personal information is being used and shared. Globally, 63% of internet users say they worry about how their personal data is being used by companies – a figure that is consistently high across all age groups and world regions. Consequently, it's little wonder that over half of consumers say they prefer to be anonymous when using the internet. Again, this is a sentiment that resonates strongly with all the age groups.

2) General frustration with online advertising. Users of ad-blockers are most likely to block ads because too many ads are annoying or irrelevant, they take up too much screen space, or that there are simply too many of them. Privacy concerns are significant (it's still 3 in 10 blockers who are concerned about ads compromising privacy), but it's the poor user experience created by online ads which needs to be addressed most urgently.

These factors lead to more frequent usage of Ad-blockers. Moreover some browsers are now pro-actively securing their users' data with built-in ad-blockers (Opera browser introduced this technology in March 2016).

GlobalWebIndex's research shows currently 47% of internet users utilize an ad-blocker on their main computer each month. With an additional 13% saying they have used one at some point in the past, translating into 60% who are coming into contact with desktop ad-blocking software.

Furthermore, 45% of desktop ad-blockers say they share their PC/laptop with at least one other person, while 1 in 3 mobile ad-blockers are sharing their mobiles. This serves as an important reminder that – when it comes to ad-blocking – one install does not necessarily equal just one person blocking ads.

An important fact is that the youngest consumers are at the absolute forefront for blocking ads on both devices, with figures decreasing directly in line with age. This is especially the case for mobile ad-blocking, with users of 16-24 years old being 3.5x as likely to be doing so as compared to their 55-64 year old counterparts.

Ad-blockers is an established behavior across all parts of the world. With the highest number of desktop usage in North America. Mobile ad-blocking is first and foremost an Asian phenomenon; China really stands out, with internet users here more likely to be blocking ads on mobile than they are on desktop. Although 3 in 10

internet users are now blocking ads on their mobile in the rest of the world, a further 34% are interested in doing so in the future.

KEY INSIGHTS:

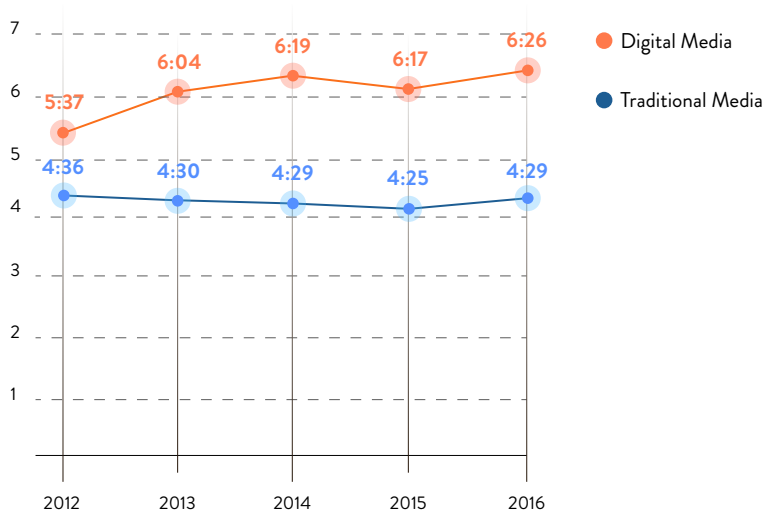
Internet users' behaviors shift to mobile and consumer awareness of ad-blocking capabilities grow. With desktop ad-blocking rising and mobile ad-blocking set to gain precedence in the West, other forms of brand promotion are set to gain traction. In particular, those that revolve around social and mobile that are (as yet) immune to ad-blockers, including Influencer Marketing and in-app advertising. This will be additionally boosted with the increase of social media consumption driven by second-screening.

2.5. MIGRATION FROM TRADITIONAL AND DIGITAL TO INFLUENCER MARKETING

Looking at the battle of digital and traditional media over time yields some interesting results. Each year, internet users are spending consistently more time on digital media - now devoting around 50 minutes longer to this in 2016 than they were in 2012. Crucially, over this same period, figures for traditional media have remained remarkably stable, taking about the same amount of daily time now as they did back in 2012.

DIGITAL VS TRADITIONAL OVER TIME

Number of hours and minutes per day typically devoted to the following

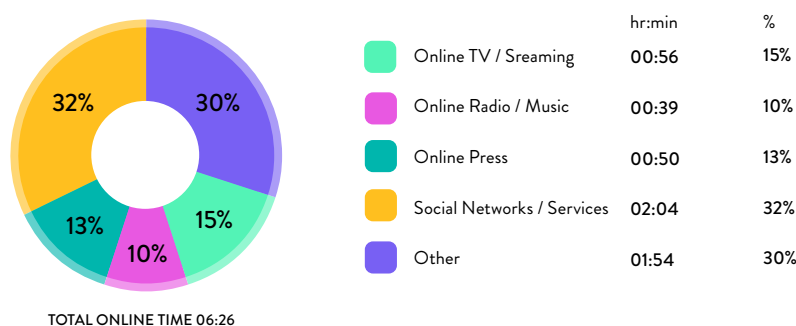


Of the time devoted to specific online media activities, social networks and messaging services are by far the most popular. They capture over 2 hours each day, representing almost a third of the time spent online.

Online TV/streaming is now close to reaching the 1 hour per day mark. But it still has some distance to cover before it can become a real challenger to traditional broadcast TV. That said, it's worth noting that now a fifth of global internet users say they are using Netflix, which is one among many reasons why the figures for online TV are likely to continue increasing (and, in the context of streaming devices, mirroring and other similar behaviors, why maintaining a pure distinction between linear vs online TV/streaming is going to get slightly anachronistic)

ONLINE MEDIA BEHAVIORS IN 2016

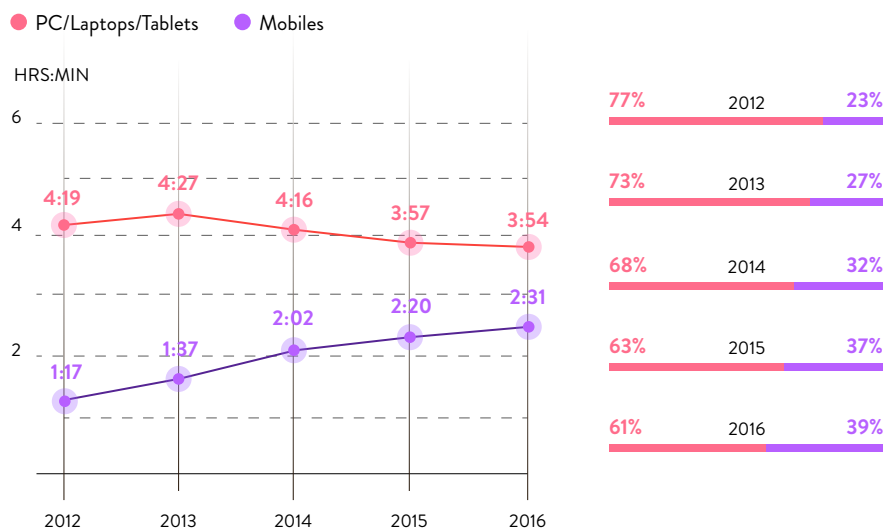
Number of hours and minutes per day typically devoted to the following



Overall increases in internet consumption are, thus, being driven by progressively heavier usage of mobiles – devices which have jumped from just 1 hour 17 minutes back in 2012 to 2 hours 30 minutes in 2016. Fast-growth markets and younger demographics being mostly at the forefront of this. Even so, the rise of mobile internet usage is a trend which transcends all markets and segments.

DIGITAL VS TRADITIONAL OVER TIME

Number of hours and minutes per day typically devoted to the following



Across the 31 markets where trended data from 2012 onwards is available, daily time spent on linear TV has declined in 29 of them, broadcast radio is down in 24 of them, and print press has dipped in 15. Over the same period, online TV is up in 28 markets, online radio/streaming has recorded increases in 21 and online press has risen in 26 markets.

ONLINE MEDIA CONSUMPTION BEHAVIORS: 2012 VS 2016

Number of hours and minutes per day typically devoted to the follo

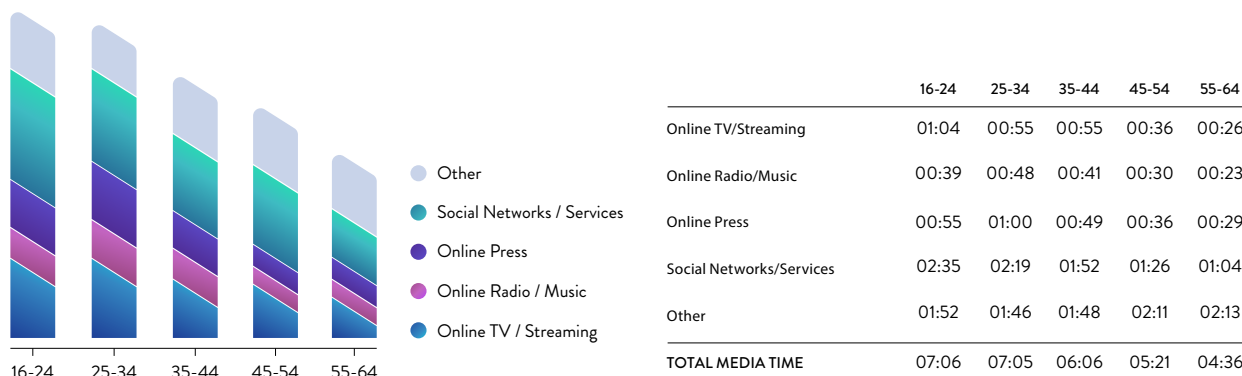


Since 2012, all of the specific online activities have seen increases in terms of the daily time devoted to them. It's important to recognize the relatively slow nature of the rises; while their upward trajectories are clear to see, changes to digital consumption tend to take place more slowly than is sometimes supposed. Online radio has seen just a 4-minute increase, for example, while online press has similarly risen by only 9 minutes. Social networks/services on the contrary set themselves apart here, capturing an additional 34 minutes per day than they were back in 2012.

One trend that transcends demographics is that social networking is by far the most important online media activity. Unsurprisingly, it's 16-24 year olds who are the most avid social networkers, devoting over 2.5 hours a day to this activity. But even 55-64 year olds are now spending more than an hour on social platforms – longer than they spend on online TV and online press combined.

ONLINE MEDIA BEHAVIOURS BY AGE

Number of hours and minutes per day typically devoted to the following



It's sometimes asserted that the social “bubble” has burst, conversely user data makes it clear that social networks are continuing to become even more deeply integrated in daily behaviors. The shift to mobile is playing a vital role here (whereby users are visiting networks whenever and wherever they please), as is the incorporation of ever more activities within social platforms. Although linear TV and broadcast radio are taking slightly less time than they were 4 years ago, figures can be subject to small year on year fluctuations and neither of the decreases have been sizable. TV is a good example, here: internet users might now be devoting almost an hour to online TV or streaming, but they're still spending twice as long in front of their TV sets.

So what does this mean for the traditional media space, will it be eventually overshadowed by the digital media world or will it conform with a new spin to appeal to the future audience? There are just 5 of our 34 markets where consumers continue to spend longer on traditional rather than digital forms of media. In the USA, the enduring popularity of linear TV is the main contributor, while in a clutch of Western European markets (Belgium, France, Germany and the Netherlands), the relative lack of enthusiasm for social networking is key. Fast-growth markets are spending the longest time online of all – the result of online populations having younger age profiles.

We are already seeing different strategies applied by marketers where both traditional and digital media are syncing together to drive new ways to engage their target audiences. “We’re already starting to see this happen with brands using TV or radio ads to drive traffic to their Facebook page”. It’s often said that a brand is only as good as their customers perceive them to be. And, to some extent, this is true – having a positive brand perception is vital to encouraging people to buy. Over a third of internet users, globally, say that reviews affect their purchasing decisions – and it’s notable that 57% say they always like to seek an expert

opinion before buying something. 35% say they are easily swayed by other people's opinions. While 49% people rely on the influencers' opinion when making a buying decision.

The fact is – industry leaders using their image to represent brands and businesses is by no means a new concept. Word of mouth was always recognized as the most impactful source of advertising, and Influencer Marketing is a modern type of it. Leaders (influencers) in their industry are the conductors of the 'word of mouth' concept, engaging audience on a larger scale.

86% of marketers used influencer campaigns in 2016, and according to a study conducted by Tomoson - "59% of marketing professionals plan to increase influencer budgets in the next 12 months".

KEY INSIGHTS:

Digital media consumption grows each year, mainly through extensive usage of mobile devices. Traditional media is in slight decline, with TV still holding positions strongly as a medium of content consumption and brand discovery. This state is conditioned by an older (over 32 years old) audience who bear to formats they are familiar with. A younger audience tends to consume more online content. These trends trigger changes in internet users' behavior like second-screening, ad-blocking, increased social media consumption, preferable content types etc. The shift in audience preferences and behavior, in turn, makes marketers adopt and search for alternative channels to get through to consumer effectively. One of these channels is a form of modern word-of-mouth - Influencer Marketing. This channel is being used by most marketers, and despite its complexities, more than half of them plan to increase budgets on Influencer Marketing in next 12 months.

3. INFLUENCER MARKETING

3.1. OVERVIEW AND INDUSTRY IMPACT

With digital media and social media gaining popularity with today's consumers, new engagement strategies have also developed to help increase brand advocacy such as Influencer Marketing. Influencer Marketing, defined, is "a form of marketing in which focus is placed on influential people rather than the target market as a whole". An influential person/influencer can be described as someone that has the power to motivate their followers in the industry where their buying decisions are concerned.

In comparison to a decade ago when people primarily used social media to keep in touch with their friends and family and to share personal updates, social media has become an increasingly essential channel concerning celebrity fandom and keeping up with celebrity news. The numbers of people choosing to follow celebrities and well-known individuals demonstrates this point. 30% of global internet users attest to following actors and a similar proportion following singers or musicians. Vloggers have also gained traction lately, especially among Generation Z. More than half of these users say they have watched a vlog in the last month, moreover, about a fifth are actively following vloggers on social platforms. Hence, this creates new, important opportunities for brands – in particular, the opportunity for Influencer Marketing. Influencer Marketing allows brands to get targeted exposure to the right kind of consumer who is interested and will pay attention.

Unbelievably, just three years ago, "Influencer Marketing" barely registered on Google Trends, receiving only six percent of the interest it does today. Expensive social media agencies were the only channels available for brands and influential bloggers to connect to their consumers, offering little in the way of reporting.

YouTube is another great example of up and coming influencers (non-actors or celebrities) such as everyday cooks, fashionistas, travelers etc. that are exploding with huge numbers of fans and followers, providing even more opportunities for businesses to utilize Influencer Marketing strategies. Influencer Marketing should be given consideration over other strategies, in today's current market.

Tracckr.com states "Influencer Marketing offers brands the potential to unify their marketing, PR, sales, product, digital marketing, and social media through powerful and relevant relationship-based communication. Both the ROI and marketing potential of Influencer Marketing are immense." With marketing strategies being less concentrated and more disconnected, implementing Influencer Marketing can help drive a more

optimized, omni-channel marketing plan targeted around an influencer concept, and will be more likely to deliver a larger ROI and targeted audience reach.

KEY INSIGHTS:

With both well-known brands and smaller businesses truly realizing the potential reach and engagement opportunity provided by social media channels, the use of social media marketing has exploded over the last few years. When you take a moment to analyze all the different stats: how people make purchasing decisions, the rise of video and mobile advertising, the rise of social media, the increase in the use of ad-blockers, etc., a very clear picture is painted that today's influencers are some of the most valuable, and also viable media channels out there. By implementing Influencer Marketing a business can help drive a more optimized, omni-channel marketing plan, and will be more likely to deliver a larger ROI and targeted audience reach.

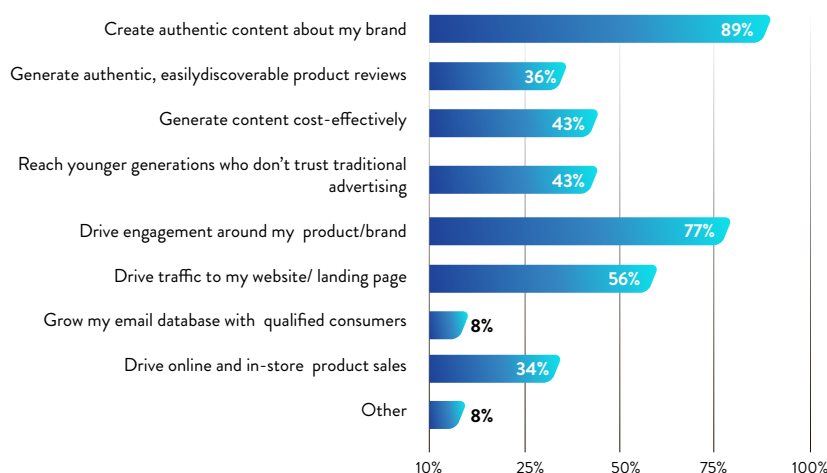
3.2. ANALYSIS OF THE CURRENT STATE OF INFLUENCER MARKETING

With 86% of marketers having used this marketing strategy, Influencer Marketing saw dynamic growth in 2016. Of these marketers, 94% found Influencer Marketing effective.

These analytics were compiled to understand how business to consumers (B2C) marketers are utilizing Influencer Marketing today, and how they plan to incorporate it into plans for 2017. The findings include responses from 170 marketers across a variety of industries including Consumer Packaged Goods (CPG), Food & Beverage, Media, and Retail, as well as their agencies.

According to the survey conducted by Linqia, 86% of marketers used the specified channel in 2016, with content being the top reason for choosing this channel. 89% of marketers who used Influencer Marketing in 2016 did so to create authentic content about their brand, 77% used Influencer Marketing to drive engagement around their brand and 56% used the channel to drive traffic to their websites or landing pages.

WHAT ARE THE TOP BENEFITS OF INFLUENCER MARKETING? (SELECT ALL THAT APPLY)

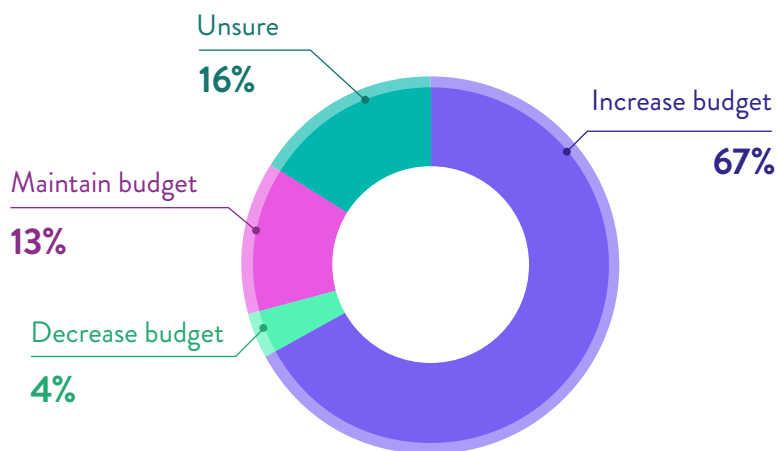


BUDGETS ARE INCREASING IN 2017

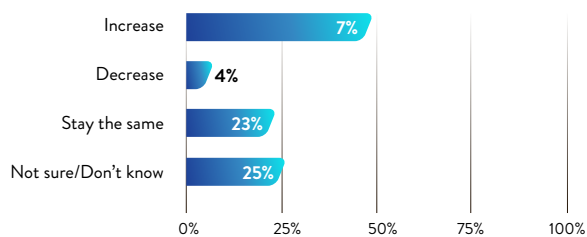
As marketing budgets are increasing, a call for accountability can be seen. Data from 2016 demonstrates most marketers spent between \$25,000 - \$50,000 per Influencer Marketing program, which survey respondents report will double to \$50,000 - \$100,000 per program in 2017. Overall budgets are set to increase as well, with 67% of marketers planning to increase their Influencer Marketing budgets in 2017 and only 4% planning to decrease their investment in this channel. Influencer Marketing proves to be one of the most effective digital marketing tools. According to RythmOne, advertisers who launched Influencer Marketing program in 2016 and received on average \$11.69 in Earned Media Value (EMV) for every \$1.00 of spend.

While Influencer Marketing remains a highly popular marketing tactic due to its many benefits, most marketers postulate that determining the ROI of Influencer Marketing will be the challenge in 2017.

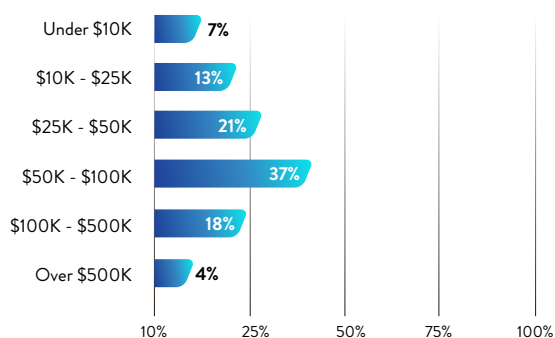
INFLUENCER MARKETING BUDGET OVER NEXT 12 MONTHS



HOW IS YOUR INFLUENCER MARKETING BUDGET GOING TO CHANGE IN 2017?



ON AVERAGE, HOW MUCH DO YOU SPEND PER INFLUENCER MARKETING PROGRAM?



MEASURING THE ROI OF Influencer Marketing

Specifically, 78% percent of marketers cite measuring the ROI of Influencer Marketing as their top challenge for 2017. However, 61% of marketers still measure the success of their programs through audience reach, which, as mentioned earlier, is a metric that can be easily falsified through the purchase of “fake followers”.

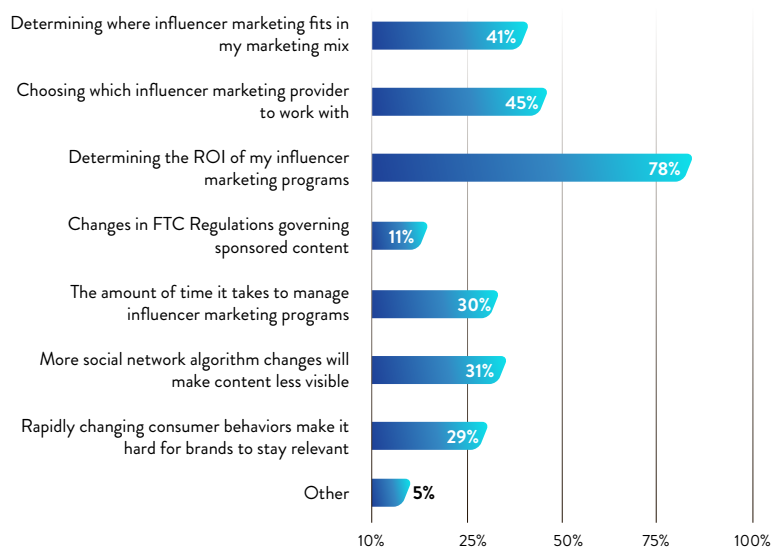
This also leads to 67.6% of marketers consider finding relevant influencers their largest influencer marketing

challenge.

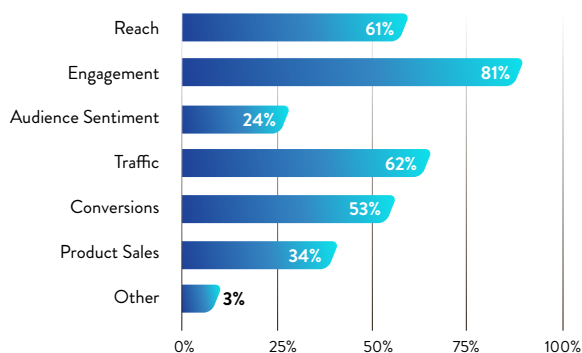
Hence, marketers have started to track the entire consumer journey and examine how consumers are moving through the complete path to purchase to address this challenge, instead of just looking at audience reach.

Eighty-one percent of marketers cite engagement as their top metric for measuring Influencer Marketing success, followed by 62% who analyze the amount and quality of traffic driven to their website as their top metric.

ON AVERAGE, HOW MUCH DO YOU SPEND PER INFLUENCER MARKETING PROGRAM?



WHAT ARE THE TOP BENEFITS OF INFLUENCER MARKETING? (SELECT ALL THAT APPLY)

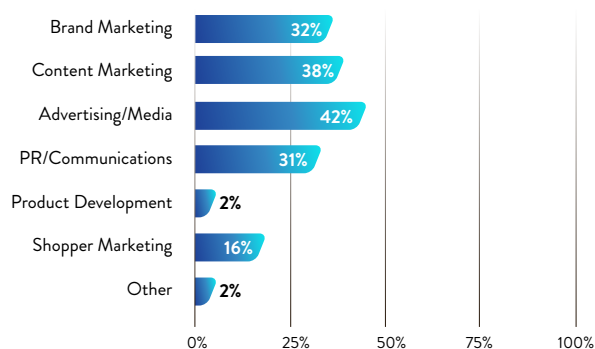


A SHIFT IN OWNERSHIP

As Influencer Marketing continues its evolution, marketers must evaluate where the channel fits as a line item in their budgets. A survey found that 42% of marketers now account for Influencer Marketing as a portion of their advertising/marketing budgets, whereas only 31% account for Influencer Marketing as a PR/communications line item, signaling the industry's evolution from an organic channel owned by communications to a paid channel owned by marketing.

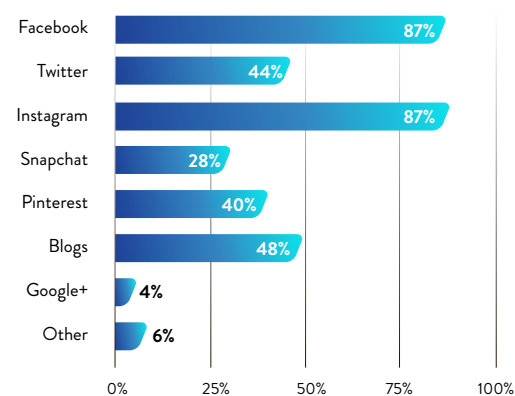
PREFERRED SOCIAL CHANNELS

WHERE DOES INFLUENCER MARKETING SIT WITHIN YOUR BUDGET? (SELECT ALL THAT APPLY)



In April 2016, the Pew Research Center announced that “Millennials have surpassed Baby Boomers as the largest living generation in the U.S. There are now 75.4 million people who were between 18 and 34 last year, compared to the previously largest generation, Baby Boomers, who numbered 74.9 million.” Accordingly, marketers cite Facebook and Instagram, overwhelmingly, as the most important social platforms for their Influencer Marketing programs. As the graph below illustrates, influencer blogs are the next most important channel, with nearly half of respondents leveraging them as an instrument for improving discovery and search engine optimization (SEO).

WHICH SOCIAL MEDIA PLATFORMS ARE MOST IMPORTANT TO YOUR INFLUENCER MARKETING STRATEGY? (SELECT ALL THAT APPLY)



Additionally, blogs are an especially efficient tool regarding Influencer Marketing as they offer the ability to tell a story. Marketers use this strategy to develop and nurture an emotional connection between their brand and the consumer, in contrast to a fleeting impression delivered through a display ad or social post. Social channels are especially effective when used to reach new audiences and drive traffic to long-form content that has been proven to convert, such as a blog post or video.

KEY INSIGHTS:

Based on the above analytics, we can conclude Influencer Marketing saw an explosive growth in 2016 as 94% of marketers found it to be a very effective tactic for advertising. In 2017, 67% of marketers are planning to increase their budgets regarding Influencer Marketing and only 4% are planning to decrease it. The top challenge of marketers for 2017 will be measuring the ROI of Influencer Marketing campaigns. Some of the most preferred social channels are Instagram, Facebook and YouTube. Influencer blogs have also proven to be an important channel, with nearly 87% of respondents leveraging them as tool for improving brand discovery.

3.3. INFLUENCER MARKETING PRICING MODELS

In line with the trend of increased accountability for budgets, performance-based pricing models are gaining traction, with 50% of marketers reporting that cost-per-click (CPC) and cost-per-engagement (CPE) pricing models are the most effective for driving results. In contrast, 17% of marketers think that pay-per-post or “flat rate” pricing, which is the most widespread form of influencer compensation, is effective. Influencer Marketing pricing models can be defined as:

> **Pay per post or video** - individual influencers are paid a flat rate for creating and publishing a piece of content, whether that be a tweet, a photo, a video or a blog post.

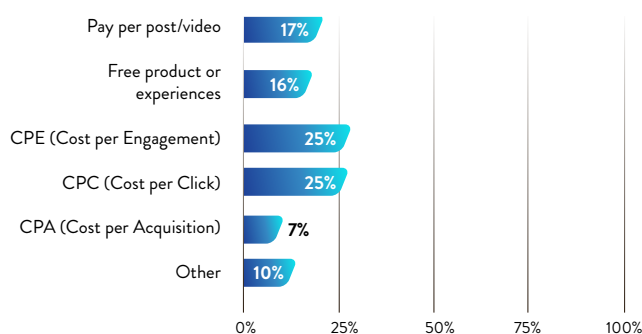
> **Free product or experiences** - brands offer product or travel compensation in lieu of monetary payment, ranging from an all-expenses paid trip to being among the first consumers to use a new product.

> **Cost per engagement (CPE)** - influencers are compensated based on the number of engagements their content draws (likes, shares, retweets).

> **Cost per click (CPC)** - brands pay for consumers who have taken an action, being inspired by influencer content (typically clicking through to visit a brand’s landing page).

> **Cost per acquisition (CPA)** - influencers are compensated based on the number of sales or subscription sign-ups they drive.

WHICH INFLUENCER MARKETING PRICING MODEL HAVE YOU FOUND TO BE THE MOST EFFECTIVE?



KEY INSIGHTS:

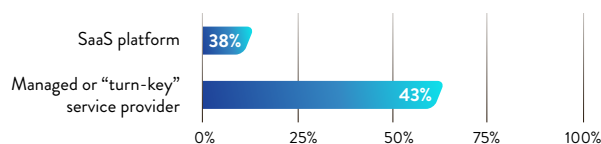
Based on the above analytics, we can conclude Influencer Marketing saw an explosive growth in 2016 as 94% of marketers found it to be a very effective tactic for advertising. In 2017, 67% of marketers are planning to increase their budgets regarding Influencer Marketing and only 4% are planning to decrease it. The top challenge of marketers for 2017 will be measuring the ROI of Influencer Marketing campaigns. Some of the most preferred social channels are Instagram, Facebook and YouTube. Influencer blogs have also proven to be an important channel, with nearly 87% of respondents leveraging them as tool for improving brand discovery.

3.4. MANAGING OF INFLUENCER MARKETING

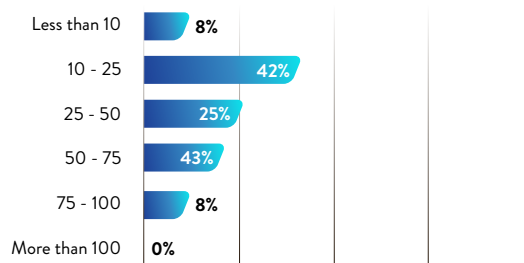
WORKING WITH Influencer Marketing PARTNERS

The development of Influencer Marketing has allowed for the creation of a variety of platforms and providers that aim to help brands navigate this emerging sector. Resultingly, identifying which Influencer Marketing partner to work with is assessed as the second biggest challenge of 2017. Today, 64% of marketers use managed or “turn-key” services when executing their Influencer Marketing programs, while 25% still use a manual process (involving email and spreadsheets) for influencer outreach and management. Further, only 11% of respondents use a self-service, software as a service (SaaS) platform to automate influencer outreach, management, and reporting.

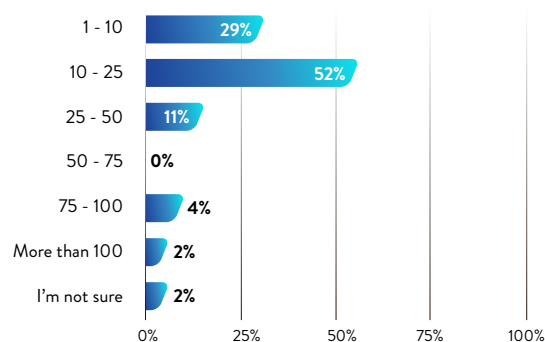
DO YOU MANAGE PROGRAMS IN HOUSE OR THROUGH AN INFLUENCER MARKETING PLATFORM/VENDOR?



HOW MANY HOURS DO YOU SPEND MANAGING AN ENTIRE INFLUENCER MARKETING PROGRAM?



HOW MANY INFLUENCERS DO YOU WORK WITH ON AVERAGE PER PROGRAM?



WORKING WITH INFLUENCERS

Because the process of managing Influencer Marketing programs can be so time-consuming when handled in-house, 52% of marketers who do so only work with an average of 10-25 influencers per program. Moreover, 50% of in-house program managers estimate spending more than 25 hours managing each program, while 25% spend more than 50 hours managing each program.

KEY INSIGHTS:

Because the process of managing Influencer Marketing programs can be so time-consuming when handled in-house, most marketers who do so only work with a small number of influencers per program, dedicating a good deal of time per week to each influencer. As Influencer Marketing has evolved, a variety of services aiding brands in the navigation of this emerging sector have developed. The bulk of marketers use managed or “turn-key” services when executing their Influencer Marketing programs, while others use self-service, SaaS platforms to automate influencer outreach, management, and reporting. Still, some rely on the time-consuming in-house services. Accordingly, identifying which Influencer Marketing partner to work with is the second biggest challenge of 2017.

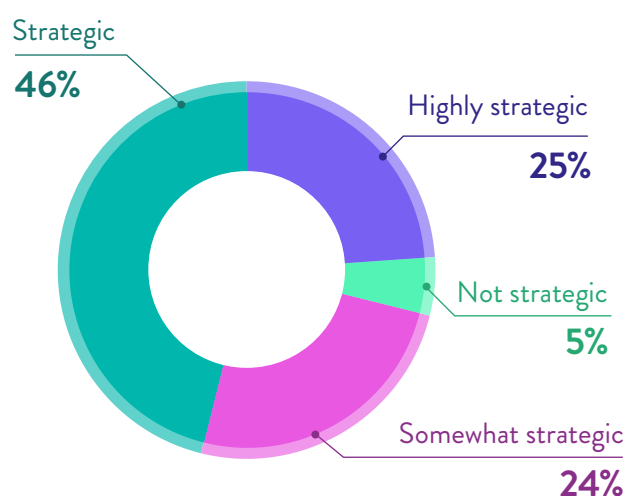
3.5. KEY INFLUENCER MARKETING UPCOMING TRENDS

With the emerging technological innovations and the power of the Generation Z connected consumers, it's difficult to predict what the future holds. Today, it is certain that the acceleration of changes will continue over the next few years. By referring to different studies carried out among professionals, it is possible to determine the pulse of the market and predict future trends.

Presented below are some related trends observed over the past few years. These could further mark the evolution of influence and content marketing over the next 3 years.

BRANDS WILL INTEGRATE THE CONCEPT OF CONFLUENCE MARKETING

If observed trends continue, marketers will have their own unique tools, adopting an approach based on the social aspect of consumer behavior, moving away from direct sales targets. Confluence marketing, which merges relationships – influencers and content, will be a priority for companies and Small and Medium-sized Enterprises (SMEs) in digital marketing strategies, as demonstrated by the Traackr/TopRank Marketing Study: Influence 2.0 – The Future of Influence marketing.



VIDEO CONTENT AND PODCASTS BECOME THE MAIN INFORMATION CHANNEL

Because of rapid consumption (content snacking) and second-screening, video content will promote storytelling, proving to be the focus of younger generations. Taking advantage of live video (Facebook, Twitter) and the ubiquity of mobile technologies, a rebirth of journalism will occur. Podcasts will become the new blogs of niche influencers.

LIVE VIDEO WILL CONTINUE TO GROW AND DEVELOP

Everyone is still trying to figure out live video, and it is obvious. Seemingly, most of the production and content is poor. This will certainly change as platforms discover how to monetize live video. Currently, Facebook is testing 15-second, mid-roll video ads inside live broadcasts, which will drive even more content. Expect to see more of this from other platforms in the future, as well.

CONFLUENCE MARKETING STRATEGIES WILL ALIGN WITH THE CONSUMER EXPERIENCE

In response to the many repetitions of the consumer-connected customer journey, and the multiple channels used, content marketing strategies and relationships – influencers will be focused on all the different stages of the purchasing process. To easily manage this, brands must utilize automated management solutions.

MICRO-INFLUENCERS AND NICHE INFLUENCERS WILL REPLACE CELEBRITIES

Stricter regulations will gradually eliminate “influenceritis”, and will limit niche influencers. Marketers will no longer be interested in recommendation campaigns and temporary content sites. Further, the cost of engaging influencers will become standardized, causing placement agencies to disappear, and relationships with influencers will improve considerably with information rights management solutions. Consequently, only those marketplaces that offer complete services will survive.

THE RISE OF INDEPENDENT ENTREPRENEURSHIP WILL REDEFINE THE ROLES ON INFLUENCERS

Encouraging the growth of gig economy, the rise of independent entrepreneurship will combine with uberisation and outsourcing services. Web marketing freelancers will offer B2B influencer services. The role of influencers will be redefined and integrated into a multi-functional relationship approach with brands.

THE GIG FREELANCER ECONOMY WILL LEAD TO A BLOCKCHAIN AND CRYPTOMONY TRANSACTIONAL SYSTEM (BITCOIN)

Gig freelancers will advocate the adoption of new social and alternative systems, like Bitcoin (blockchain and cryptomony). This economic transactional system requires the validation of “Proof of Work” and “Proof of Stake”, and will modify the relationship with and help redefine the role of influencers.

RE-EVALUATION OF METRIX

Views and subscribers are no longer the most important aspect in measuring the effectiveness of digital marketing campaigns these days. According to Darby Barton and Nichole Brandt from XOMAD, “We’ve

seen traditional marketing metrics applied to influencer strategies, leading to inaccurate expectations and campaign planning. Cost per engagement models will provide more accurate pricing and greater ROI for influencer strategies. Standards will emerge to allow reach and engagement across Instagram, Snapchat, Twitter, Facebook, Pinterest, etc. to be meaningfully compared to one another as well as to log monthly unique numbers.”

KEY INSIGHTS:

Many of the recent trends of digital marketing can help provide insight into what the future of this field may hold. Confluence marketing, which merges relationships – influencers and content, will be a priority for companies regarding digital marketing strategies. To easily manage and develop this relationship, brands must utilize automated management solutions to track the consumers entire path to customer. By taking advantage of live video (Facebook, Twitter), podcasts and the ubiquity of mobile technologies, a rebirth of journalism will occur. Accordingly, the role of influencers will be redefined and integrated into a multi-functional relationship approach with brands. Furthermore, cost per engagement models will be the most helpful tool in analyzing the success of Influencer Marketing campaigns.

4. CONCLUSION

Digital media is a huge umbrella network that grows and changes annually. The challenge for many business owners and marketers is keeping up with what new advertising tactics to employ and invest in to stay ahead of the competition, ensuring they effectively reach their consumers. With constant ads distracting your target audience and the popularity of ad-blockers being utilized to filter one's ads, the question is how can businesses successfully reach their audience?

OVER THE LAST 5 YEARS THE OVERALL TIME SPENT BY INTERNET USERS ONLINE EXCEEDED THE TIME SPENT ON ALL TRADITIONAL MEDIA COMBINED. Traditional media has only slightly declined, with TV still holding a strong position as a medium of content consumption and brand discovery.

Expansion of the mobile internet also led to a longer online presence. Some of this additional online time happens simultaneously, consequently having little significant impact on traditional media, but time spent on PCs, laptops and tablets has decreased. Internet users tend to second-screen, or consume multimedia on any chosen device and mobile at the same time. It has already become the norm. Altogether, these factors increased average time spent on social media (by 34 minutes), and posting frequency (by 50%).

THIS MOBILE SHIFT HAS TWO IMPORTANT EFFECTS AS MENTIONED ABOVE, HIGHER SOCIAL MEDIA CONSUMPTION AND AN INCREASE IN MOBILE AD-BLOCKING. As internet users' behaviors shift to mobile, consumer awareness of ad-blocking capabilities increase. With desktop ad-blocking rising and mobile ad-blocking advancing in the West, other forms of brand promotion are set to gain traction. In particular, those that revolve around social and mobile that are (as yet) immune to ad-blockers, including Influencer Marketing, sponsored editorial and in-app advertising. This will be additionally fueled with an increase of social media consumption driven by second-screening.

Search engines and TV ads still have the majority of the market in brand discovery, although in the last 2 years a clear trend of using social networks for this purpose developed among Millennials and Generation Z.

These two groups comprise the most active internet buyers currently and are expected to continue that trend in the next 5 years. They tend to rely on word-of-mouth and reviews or opinions of trusted leaders or celebrities. This channel is being utilized by most marketers. And despite its complexities, more than half of companies plan to increase budgets on Influencer Marketing in next 12 months.

With both well-known brands and smaller businesses truly realizing the potential reach and engagement opportunity provided by social media channels, the use of social media marketing has exploded over the last few years. When you take a moment to analyze all the different stats: how people make purchasing decisions, the rise of video and mobile advertising, the rise of social media, the increase in the use of ad-blockers, etc., a very clear picture is painted that today's influencers are some of the most valuable, and also viable media channels out there.

BY IMPLEMENTING INFLUENCER MARKETING A BUSINESS CAN HELP DRIVE A MORE OPTIMIZED, OMNI-CHANNEL MARKETING PLAN, AND WILL BE MORE LIKELY TO DELIVER A LARGER ROI AND TARGETED AUDIENCE REACH.

The buyer journey has changed, and will only continue to evolve. Clean funnels that marketers used in the past to determine their digital marketing strategy are no longer effective. Today's consumers can take many different paths (at their own pace) to discover the products and solutions that work best for them, they second-screen and use multiple channels simultaneously.

Based on the analytics in this report, we can conclude Influencer Marketing saw an explosive growth in 2016 as 86% of marketers applied it, and 94% of them found it to be a very effective tactic for advertising. In 2017, 67% of marketers are planning to increase their budgets regarding Influencer Marketing and only 4% are planning to decrease it. Most marketers will set their average budget per program around \$50,000 - \$100,000, while 18% will go over \$100,000 and up to \$500,000. The top challenge of marketers for 2017 will be measuring the ROI of Influencer Marketing campaigns. Some of the most preferred social channels are Instagram, Facebook and YouTube. Influencer blogs have also proven to be an important channel, with nearly 87% of respondents leveraging them as tool for improving brand discovery.

As the trend for budget accountability increases, performance-based pricing models gain traction, with 50% of marketers reporting that cost-per-click (CPC) and cost-per-engagement (CPE) pricing models are the most effective for driving results. However, pay-per-post or "flat rate" pricing is still the most widespread form of influencer compensation, and is effective.

Because the process of managing Influencer Marketing programs can be so time-consuming when handled in-house, most marketers who do so only work with a small number of influencers per program, dedicating a good deal of time per week to each influencer. As Influencer Marketing has evolved, a variety of services aiding brands in the navigation of this emerging sector have developed. The bulk of marketers use managed or "turn-key" services when executing their Influencer Marketing programs, while others use self-service, SaaS platforms to automate influencer outreach, management, and reporting. Still, some rely on the time-consuming in-house services. Accordingly, identifying which Influencer Marketing partner to work with is the second biggest challenge of 2017.

INFLUENCER MARKETING IS MORE COST-EFFECTIVE THAN PAID ADVERTISING AND LEADS TO MORE CREDIBLE BRAND RECOMMENDATIONS, WHICH 92% OF CONSUMERS ARE MORE LIKELY TO TRUST. FOR THESE REASONS, INFLUENCER MARKETING HAS ARGUABLY BECOME THE MOST EFFECTIVE, LONG TERM MARKETING STRATEGY.

This report postulates Influencer Marketing as one of the fastest-growing markets. It grows exponentially and by estimates will turn into a \$5–10 billion industry within the next 5 years.

Many of the recent trends of digital marketing can help provide insight into what the future of this field may hold. Confluence marketing, which merges relationships – influencers and content, will be a priority for companies regarding digital marketing strategies. To easily manage and develop this relationship, brands must utilize automated management solutions to track the consumers' entire path to customer. By taking advantage of live video (Facebook, Twitter), podcasts and the ubiquity of mobile technologies, a rebirth of journalism will occur. Accordingly, the role of influencers will be redefined and integrated into a multi-functional relationship approach with brands. Furthermore, cost per engagement models will be the most helpful tool in analyzing the success of Influencer Marketing campaigns.

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