
“Influencer Marketing” in India in 2021

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Abstract:

Influencer marketing is a form of social media marketing involving endorsements and product placement from influencers. Socialmedia influencers are winning over the Internet with their outstanding work and presence. Their opinions have a powerful impact on people, especially on young generation. The rise in popularity has been linked to influencer marketing - the phenomena of brands using internet celebrities to promote their products - according to the INCA India Influencer Report. More and more people are following such influencers so that they do not miss out on their content. Even though influencer marketing is a relatively new strategy, it continues to be a viable solution for marketers who are willing to think outside the box while building relationships with their target market. The paper examines this new trend in a social media context. The purpose of the paper is to explain the concept of influencer marketing in a marketing concept. The paper presents the classification of influencers and growth of influencer marketing in India in 2021.

Key Words:

Influencer Marketing, Social Media, India, Growth, Influencers.

Introduction:

Day by day, we are advancing towards a digital era. The year 2020 led to a shift of business from the physical to the digital realm. As all the physical activities were halted, people are restricted in their homes, but this has surged internet usage in general and social media in particular.

With ad production and shooting on hold, marketers have resorted to content creators and digital influencers as social media use and engagement have risen significantly. . Social media networks have also become an important marketing platform today. Social networking websites have become a popular means for brands to achieve the objectives of relationship marketing and enhance their brand value (Arora &Sanni, 2019; Chakraborty & Bhat, 2018; Dodoo, 2018; Ibrahim et al., 2020; Kumar et al., 2020; Ott et al., 2016; Papasolomou&Melanthiou, 2012; Pinto et al., 2019; Shen & Bissell, 2013). Many social media platforms are quite popular in India including Facebook, YouTube, Instagram, Twitter, Snapchat, etc.

The influencer marketing platform vendors have implemented various types of organic and inorganic growth strategies, such as new product launches, product upgradations, partnerships and agreements, business expansions, and mergers and acquisitions to strengthen their offerings in the market. The major vendors in the global influencer marketing platform market include IZEA Worldwide (US), Quotient Technology Inc. (US), Launchmetrics> (US), JuliusWorks,

Inc.(US), Traackr, Inc.(US), Upfluence Inc. (US), Klear (US), AspireIQ (US), CreatorIQ (US), Mavrck (US), Impact Tech, Inc. (US), Brandwatch (UK), Linqia, Inc. (US), Onalytica (UK), Social Beat Digital Marketing LLP (India), ExpertVoice Inc. (US), Lefty (France), Lumanu Inc. (US), InfluencerDB (Germany), Taggermedia (US), Heepsy (Spain), Fourstarzz Media LLC (US), Juulr B.V. (The Netherlands), Intellifluence (US), Insense Ads, Inc. (US), Talent Village Ltd. (UK), The Room (UK), Blogmint (India), Zine Ltd. (UK), and Captiv8 Inc. (US). The study includes an in-depth competitive analysis of these key players in the Influencer marketing platform market with their company profiles, recent developments, and key market strategies.

This year, influencers promoted brands using several features. There was a great emphasis on short video content, particularly reels, because it is actively pushed by Instagram and is more cost-effective than long films, offering more authenticity and interaction. iPhone 11 Cover and iPhone 12 Cover are high in demand as they are better protective equipment and stylish features. Their followers purchase more of these covers when they see the influencers using them.

Apart from general influencer trends, skincare and cosmetic brands are one area where it is truly working. Influencers can demonstrate the benefits and applications of items; therefore, during the lockdown, when people cannot go and try the products, they believe everything the influencer says.

What is Influencer Marketing?

An influencer is a person who influences a specific group of people and can impact their purchasing decisions through sponsorship and product placement. Influencers are someone (or something) with the power to affect the buying habits or quantifiable actions of others by uploading some form of original—often sponsored—content to social media platforms like Instagram, YouTube, Snapchat or other online channels. Influencer marketing is when a brand enrolls influencers who have an established credibility and audience on social media platforms to discuss or mention the brand in a social media post. Influencer content may be framed as testimonial advertising.

Celebrities and renowned personalities have long been used by businesses to market their products and develop reliability. However, as companies realize how much people value other people's opinions over everything else, a new pool of influencers has emerged.

With the rising power of influencers in shaping customer's behaviors across a wide range of industries, consumers must be aware of what marketers have paid-for content. Today's consumers buy products and services recommended by influencers and believe in the brand narrative they build.

Types of Influencers in India:

In influencer marketing, marketers hunt for preferable influencers who can:

- Expand the brand's reach among the target audience

- Strengthen the brand's messaging
- Influence consumer buying decisions
- Bring an adequate amount of profit for the brand.

Brands should ensure the right candidates are selected to carry out all the tasks mentioned above. For that, brands should have a sound knowledge of all different categories of influencers.

They can be classified based on various factors:

- Followers
- Implementation

Each kind of influencers possesses a special kind of power and have the ability to persuade their audiences. Each category has its perks and gives a full platter to brands to choose which influencer is eligible for the campaign.

Nano Influencers:

The influencers that fall in this category have a follower track ranging from 100-1000. The follower circle usually involves family and friends of the influencer. Although the reach is limited, they have a high level of authority Brands like to collaborate with nano influencers as the credit is less likely to be questioned because if the follower count is low, the chances of fake followers automatically decrease. The audience is most authentic, and they have a high level of influence over their small but tight-knit network of followers. Brands who target quality over quantity opt for nano influencers, which means brands want more people to have a real connection rather than having more people know about it. and have a high level of engagement in their social group.

Micro-Influencers:

This category generally consists of influencers with the following rate of 1000-10K. Micro-influencers in India have the same benefits as Nano influencers, but just with the power of greater reach. They are relatable, authentic, and trustworthy. Their functioning is just like word-of-mouth but a bit more measurable.

Brands pick micro-influencers for campaigns because their chances of conversion rate become higher with the help of their niche audiences. They are comparatively much affordable than mega and macro-influencers and would go the extra mile in curating high-quality content to attract more brand deals in the future.

Macro Influencers:

This group has 10,000-100,000 followers. Macro influencers in India have a broader reach and more social media presence than the categories mentioned above. Macro influencers collaborate with brands on an everyday basis and have a touch of professionalism added to their work. Even though they demand high prices, brands still collaborate with them because influencers understand what the brand needs, and sometimes, if the brand is open to suggestions, they give constructive inputs as well.

Mega Influencers:

This category includes all celebrities and influencers who have followers up to the range of 100k- millions. These influencers in India have a high range of reach among the audience. They help in generating millions for a brand in terms of media value. Working with mega influencers in India is a hassle-free, time-saving job because celebrities have a management team that ensures all the back-hand work is done accordingly. Just one celebrity could do the work, which may have required multiple micro or nano influencers. The drawback of working with Mega influencers is that the brands have to pay massive amounts, and the engagement rate rarely turns out satisfactory.

Influencer classification based on the implementation

Personal influencers:

These influencers know their target audience personally and have a high power of influence. The audience is usually friends, family, and acquaintances.

Experienced influencers:

People who have a direct connection with the brand's business, product, or service fall into this category. They do not have a direct relationship with the target audience but can be a great asset as they have great power of influence because of their experience.

Expert influencers:

People who have expertise over the brand's business, product, or service are called expert influencers. They use their authority and power to influence the audience around them.

Celebrity influencers:

This category includes all the celebrities from all fields that have a considerable fan base. Brands use public figures to reach the maximum number of audiences at once.

The composition of influencers into different categories helps brands calculate various campaign parameters and prices. By looking at the categories, brands can easily decide who to approach for a specific objective. Not every influencer type can be relevant to the brand. Categories simplify the job of the marketer and attain profitable results.

The current state of the Influencer Marketing landscape

Standing out in 2014 on Instagram was easier than today. If you were lucky enough to be featured on Instagram's featured page or your look was just distinctive enough, then your chances of being tapped as an influencer were high. After enough brand partnerships, some have turned social media influencer marketing into a full-time career.

Influencer marketing is a type of marketing that uses influencers to promote a brand to a larger market. Influencers are opinion leaders with a social following base. They appear as experts or trustworthy sources of information.

Why is Influencer Marketing Important?

Influencer marketing is closely related to social media marketing, as most opinion leaders gather their audience from social platforms. This channel gives you access to an enormous audience – half of the global population uses social networks.

Better yet, influencer marketing enables you to reach people you can't attain through traditional advertising. Two-thirds of consumers use ad blockers, but the same people willingly take advice from influencers. 80% of users have purchased something based on an influencer's recommendation.

Brands that already employ influencer marketing have proven the effectiveness of this channel. 89% of marketers say that ROI from influencer marketing is comparable to or better than other marketing channels. It's no wonder that 17% of companies spend over half of their marketing budget on influencers.

So, influencer marketing is crucial in the age of social media and ad fatigue. This channel helps build trust for your brand and drives impressive results. Now, let's move on to the other benefits influencer marketing provides.

Growth:

The global influencer marketing platform market size to grow from USD 6.0 billion in 2020 to USD 24.1 billion by 2025, at a Compound Annual Growth Rate (CAGR) of 32.0% during the forecast period. Various factors such as the customers' shift toward video-based content across

the OTT space and an increase in the adoption of ad-blocking software are expected to drive the adoption of the influencer marketing platform market.

The Indian influencer marketing industry is estimated to reach a value of Rs 900 crore by the end of 2021, according to GroupM INCA's India Influencer Marketing Report. The market is expected to grow at a compound annual growth rate (CAGR) of 25% till 2025 to reach a size of Rs 2,200 crore, the report added. "Over the last few years, brands have shown significant interest in influencer marketing. The pandemic has accelerated the adoption of influencer marketing by brands making it an integral part of the brand marketing strategy and is now an important part of our media mix recommendation to brands," Prasanth Kumar, CEO, GroupM South Asia, said.

"The key factor that has got brands interested is the bond of trust and authenticity that influencers share with their audiences, thus helping brands associate with an influencer to leverage the same. This report is our effort to help marketers understand various aspects of influencer marketing in the country. Consumer behaviour is changing at a fast pace, and we want to empower marketers with the knowledge that can help them," Kumar added.

GroupM's brand-safe influencer and content marketing solution unit INCA has released 'The India Influencer Marketing Report' on Friday. As per the report, personal care (25%), F&B (20%), fashion and jewellery (15%) and mobile and electronics 10% are the top four categories that contribute to 70% volume of influencer marketing. Besides, celebrities account for 27% of influencer marketing spends while influencers account for 73%. Furthermore, nearly two-thirds of the Indian population follow an influencer.

100% of marketing leaders have agreed that influencer marketing was a high or top priority for their marketing calendar for 2021, as per INCA influencer marketing survey. The survey has also found that the 50% of respondents are set to increase influencer marketing spends by 25-36%.

"Influencer marketing industry is at a point of inflexion and can take off, subject to the industry initiating to measure, quantify and make investments in influencer marketing accountable. The 'India Influencer Marketing Report' is GroupM and INCA's attempt to do the same," Ashwin Padmanabhan, president, partnerships and trading, GroupM India, stated.

COVID-19 impact on global influencer marketing platform market

COVID-19 has shocked the entire world. Many businesses are fighting to survive and are using different marketing strategies to recover the loss. As per the Global Web Index survey, over 80% of consumers in the US and UK say they've consumed more content during COVID-19. This has posed a good opportunity for brands and influencers to engage with their audiences with impactful messaging. The importance of influencer marketing as a core marketing strategy has grown during the COVID-19 crisis. Companies must continue to depend on influencers to act as their spokespeople and execute their messaging in a trustworthy and human way. TikTok has been identified as one of the most popular mediums for video content consumption so brands and influencers alike must look for ways to increase their exposure in this fairly new avenue. Through the personal views and support of followers, influencers will continue to shape the conversations occurring in the post-lockdown world. The effects of COVID-19 will be long-

term, and as a result, marketing strategies must be revised to suit the new environment in which smaller and larger companies are surviving currently.

Market Dynamics

Driver: Customers' shift toward video-based content across the OTT space

With the increasing use of smartphones and 3G and 4G networks, video consumption has grown tremendously in the last few years. Therefore, organizations are designing marketing strategies for video-based content streaming across digital channels. In the last three years, television viewership has rapidly decreased and shifted toward social media channels, such as Facebook, YouTube, and Instagram. As per a Google study in 2017, YouTube is the second-most used search engine across the world. Moreover, as the television viewership reduced by 50% among the age group of 18–26 in 2017, video-based marketing increased from 63% in 2017 to 81% in 2018, according to Wyzowl's statistics. Similarly, according to the Cisco Visual Networking Index: Global Mobile Data Traffic Forecast Update, 2017–2022, the world's mobile video traffic increased by 59% in 2017. These statistics show the continuous shift of consumers toward OTT and social media. However, owing to a decentralized consumer base, organizations are unable to target their potential consumers through traditional marketing techniques. Therefore, they are moving toward the influencer marketing technique that enables them to target potential buyers. According to the analysis from Twitter and Annalect, 40% of Twitter users make purchase decisions with the help of tweets.

Restraint: Lack of capabilities to measure campaign effectiveness

The influencer marketing technique effectively reaches buyers and enhances customer engagement throughout campaigns. However, it lacks in measuring campaign effectiveness due to improper planning. Mostly, brands conduct campaigns without planning their key aspects, such as clarity of end goals, geographic areas, and type of influencers. Campaigns are failing or producing limited results due to the lack of planning. Moreover, campaigns' effectiveness needs to be analyzed through various channels. In some scenarios, people make buying decisions through offline conversation. For instance, if people are sharing product details through their personal emails and LinkedIn, or other private accounts, then their buying decisions are not counted during measuring campaigns. Brands are, therefore, finding it difficult to measure campaign effectiveness.

Challenges:

Increase in the number of fake followers

The influencer marketing technique has been immensely growing since 2016, as consumers have shifted from TV to social media and other OTT channels. Therefore, organizations are

competing with each other to engage with authentic and effective influencers for promoting their products and enhancing sales. The growing competition has increased the demand for micro and macro-influencers. However, with the growing competition, identifying authentic influencers with a large number of followers has become the biggest challenge for brands and organizations. There are many influencers who use fake followers through bots to show their popularity and attract big brands. According to Mediakix's survey, an influencer marketing agency, big brands have come across 50% of influencers who have bought fake followers. Similarly, according to the 2017 statistics of Sway Ops, an anti-fraud company, one day's Instagram posts had 50% fake followers. The stats show that the growing use of fake followers would waste the money invested in influencers. According to White Ops/ANA, the global losses due to bot frauds were estimated to be USD 7.2 billion in 2016. To tackle the issues, organizations are adopting auditing tools that identify fake accounts by scanning influencers' account, and show the data of authentic and fake followers. The tools might help brands identify authentic influencers in the coming years.

Search and discovery application segment to have the largest market size during the forecast period

The influencer marketing platform market by application has been segmented into search and discovery, campaign management, influencer relationship management, analytics and reporting, and compliance management and fraud detection. The other applications comprise workflow automation and time management, and third-party integration. The market size of the search and discovery application segment is estimated to be higher in 2020. The search and discovery application provides advanced search options to find relevant and valuable influencers for marketing campaigns. Organizations are increasingly adopting the influencer marketing platform to find potential influencers who can promote their brands, enhance brand exposure, and create a higher level of customer engagement. The search and discovery tool provides influencers' comprehensive information, such as personal, geographic, and professional details, interest areas, audience demographics, social media channels, traffic history, and engagement rates.

Opportunity:

Influencer marketing platform to gain customer trust and create new brand image

Consumer demand is based on product authenticity and reliable products and services. Traditional marketing and advertising techniques are continuously forcing customers to buy products. The traditional techniques can create a poor brand image. Moreover, consumers' shift toward the OTT space and various social media channels has decentralized the consumer base across channels, which has led to high marketing expenses with zero Return on Investment (ROI). Therefore, organizations are increasingly adopting effective marketing techniques that reach to end users without annoying them. The influencer marketing technique is one of the effective marketing strategies that reach direct customers through macro and micro influencers

and builds a strong bond among customers and brands. Brands endorsed by celebrities, bloggers, vloggers, and well-known personalities through social media channels create trust in the minds of customers. According to ClickZ, 22% of users in the age group of 18–34 make their buying decisions after watching celebrity endorsements. The statistics above show that brand image may be hampered if companies breach the trust of their consumers. Organizations have huge opportunities to gain consumer trust and acquire new customers by providing quality and transparency.

Conclusion:

“Over the last few years, brands have shown significant interest in influencer marketing. The pandemic has accelerated the adoption of influencer marketing by brands making it an integral part of the brand marketing strategy and is now an important part of our media mix recommendation to brands,” Prasanth Kumar, CEO, GroupM South Asia, said.

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As per the report i.e. ‘The India Influencer Marketing Report’ , personal care (25%), F&B (20%), fashion and jewellery (15%) and mobile and electronics 10% are the top four categories that contribute to 70% volume of influencer marketing. Besides, celebrities account for 27% of influencer marketing spends while influencers account for 73%. Furthermore, nearly two-thirds of the Indian population follow an influencer. 100% of marketing leaders have agreed that influencer marketing was a high or top priority for their marketing calendar for 2021, as per INCA influencer marketing survey. The survey has also found that the 50% of respondents are set to increase influencer marketing spends by 25-36%. Influencer marketing has rapidly become one of the most popular ways of acquiring new customers in the e-commerce industry. By 2025, the global influencer marketing sector will be worth \$ 24.1 billion with a 32.0 percent compound annual growth rate. New trends and developments have emerged as a result of the sector’s rapid growth. Vanity metrics give way to specificity, authenticity, and reliability in the influencer marketing industry, which is becoming more data-driven, emphasizing engagement and income. Despite the drastic impacts of the pandemic on the country’s economy, the influencer marketing sector performed well.

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