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# **Influencer marketing: Long-term collaborations on Instagram.**

A case study.

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by

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Master of Science Thesis TRITA-ITM-EX 2021:252  
KTH Industrial Engineering and Management  
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# **Influencer marketing: Long-term collaborations on Instagram. A case study.**

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Approved 2021-06-08	Examiner Niklas Arvidsson	Supervisor Christofer Laurell
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## **Abstract**

More and more companies have started to use influencers on social media platforms for promoting their product or service, in exchange for a compensation. While this has enabled reach for a low cost, it is the nature of the authentic endorsement that has made the marketing channel so efficient. This thesis seeks to investigate how different collaboration types, depending on size and length, impacts the financial performance of Instagram influencer collaborations. In addition, it investigates what underlying factors that might be prevalent in impacting these collaboration types.

The thesis is conducted as a mixed method descriptive single case study, utilizing both quantitative and qualitative data. To understand the financial performance of influencer collaborations, data from three consecutive years from the case company are presented and analyzed. To understand what characteristics that impacts this outcome, interviews with marketing professionals are used together with relevant previous literature in the field of influencer marketing. It is found that long-term collaborations have a higher return compared to short-term, along with other useful advantages of collaborating long-term. Additionally, it was found that influencers with more followers tend to have a lower financial return, but can be more efficient in other aspects, such as promoting the brand. Lastly, contributions based on the findings for both theory and practice are presented.

## **Keywords**

influencer marketing, social media influencers, Instagram influencers, influencer performance, influencer ROI, long-term collaboration



KTH Industriell teknik  
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## Examensarbete TRITA-ITM-EX 2021:252

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### Sammanfattning

Fler och fler företag har börjat att använda sig av influencers på sociala medieplattformar för att lyfta fram deras produkt eller tjänst i utbyte för kompensation, kallat influencer marketing. Medan det här har möjliggjort räckvidd för en låg kostnad, är det naturen av den autentiska "omfamningen" av varumärket som gjort marknadsföringskanalen effektiv. Den här uppsatsen söker att förklara hur olika samarbetstyper, beroende på antalet följare som influencern har samt längden på samarbetet, påverkar det finansiella resultatet av influencersamarbeten på Instagram. Därtill, så undersöks vilka underliggande faktorer som ytterligare kan påverka utgången av de olika samarbetstyperna.

Fallstudien genomfördes med en blandad metodologi, baserat på både kvantitativ och kvalitativ data. I ett försök att kunna förstå det finansiella resultatet av influencersamarbeten, används data från tre påföljande år som presenteras och analyseras. För att förstå vilka attribut som påverkar utfallet av det finansiella resultatet, intervjuas marknadsförare för deras professionella insikt. Upptäckterna visade att långsiktiga samarbeten med influencers har en högre avkastning jämfört med korta, tillsammans med andra fördelar med långsiktiga samarbeten. Utöver det upptäcktes det att influencers med fler följare tenderar att ha en lägre avkastning men kan vara användbara på andra sätt, exempelvis för att främja varumärket. Till sist, så beskrivs bidrag för både forskning och praktik baserat på uppsatsens upptäckter.

### Nyckelord

influencer marketing, social media influencers, Instagram influencers, influencer performance, influencer ROI, long-term collaboration

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*Victor Dahlkvist*

# 1 Introduction

## 1.1 Background

Influencer marketing saw an exponential growth in the beginning of the 2010's (Abidin, 2016). This rather young type of marketing refers to brands using social media influencers, which are persons that have managed to build up a network of people following them, to endorse the brand's products among their followers (De Veirman *et al.*, 2017). By using influencers, the product can be naturally included in the influencers feed which has shown to be interpreted as more credible and authentic than traditional paid advertising (Abidin, 2016; Martínez-López *et al.*, 2020 A). Apart from this, maybe the largest impact influencer marketing has had on brands is the possibility to target a specific audience through an influencer which they believe shares their values and characteristics, and project that image on to the brand (De Veirman *et al.*, 2017). This also means that the marketer can target specific segments that their key customer belongs to and by that avoid targeting wide audiences by "guessing" in which channels these segments are to be found (Glucksman, 2017). Because of this, it appears to be more efficient than traditional advertising tactics while also lowering the resistance towards the message the marketer is trying to send (De Vries *et al.*, 2012).

Since television, newspapers and other traditional medias are no longer the dominant sources for information, marketing through social media channels has become more important and has been a reason behind the rapid growth of this marketing channel (De Veirman *et al.*, 2017; Lou and Yuan, 2019). Additionally, social media channels have proven to be a powerful tool for initiating electronic word-of-mouth (eWOM). This definition comes from the original word-of-mouth, but instead of referring to information about a product or company that is obtained from family and friends, it refers to receiving this information through the Internet (Chu and Kim, 2018). eWOM has been shown to occur in places where there exists a possibility to exchange marketing information among customers, and typical examples of this includes discussion boards, product review sites, blogs and in particular, social media channels (Colliander *et al.*, 2015). Since the environment of digital medias are interactive, it has been shown to be a beneficial way of searching and receiving information about products and brand which in turn has shown to impact the purchase intention of the consumer (Prendergast *et al.*, 2010).

## 1.2 Problem statement

Even though studies in the field of influencer marketing are scarce and the demand for more studies is large, there are fields that have been studied more than others (Taylor, 2020). This research includes studying what makes a credible influencer, what factors that results in a successful influencer endorsement, the effects of sponsorship disclosure and why influencers might be more influential than traditional celebrities (Djafarova and Rushworth, 2017; Lou and Yuan, 2019; Martínez-López *et al.*, 2020 A).

The reviewed studies that relate to the research question has had the focus on different impacts of influencer marketing in general, and what factors that seem to influence the success of collaborations (Martínez-López *et al.*, 2020 A; Martínez-López *et al.*, 2020 B; Lee and Kim, 2020). While these studies have been important to further understand influencer marketing and its effects, the studies do not measure the financial results for the brand endorsed, neither how these effects can impact the brand in the long-term. Considering the lack of qualitative research in the field of influencer marketing, it is suggested that more studies are done to further understand the emergent phenomena and increase the knowledge development (Vrontis *et al.*, 2021).

Considering the lack of existing research in this area, there is a need to understand the effectiveness of influencer marketing collaborations in terms of financial performance, and what factors that might influence this from a brand perspective. This thesis aims to close this gap by examining this from the perspective of short and long-term influencer collaborations. Since brands have for many years signed influencers for longer periods and studies analyzing influencer marketing from a long-term perspective are missing, apart from Fink *et al.* (2020), this thesis aims to contribute by adding knowledge to this field (Mediakix, 2021).

This thesis will be conducted through a mixed methodology case study, examining the financial performance of influencer marketing collaborations with historical data along with interviewing marketing professionals to gain deeper insights by trying to explain the underlying factors of this phenomena. The thesis will exclusively focus on Instagram collaborations, given the significance of Instagram as an influencer marketing platform and with the case's history working with Instagram influencers (Reinikainen *et al.*, 2020).

### 1.3 Purpose

The purpose of the thesis is to investigate and map out how collaborating short-term respectively long-term with influencers in different size categories impacts the financial performance, in terms of sales and the return of investment (ROI). It will also investigate what factors that impacts the efficiency of influencer marketing collaborations from a marketing professionals' point of view.

### 1.4 Research question

To fulfill the purpose, the thesis will attempt to answer the following research questions:

RQ1: How does long-term collaborations with Instagram influencers in different size categories compare to short-term collaborations in regard to financial performance?

RQ2: Which factors might impact the efficiency of long-term collaborations, and what other benefits might be prevalent?

### 1.5 Delimitations

Since the thesis conducted is a case study based on a Swedish accessory brand, answering and analyzing the research questions will be delimited to the perspective of this company. The interviewed people are employees at the brand that work closely with influencers, hence the qualitative part of the thesis will take the perspective of the employees at the company. The brand works towards the global market, but the geographical region that will be examined in this thesis will be delimited to Europe. This is to limit the size of the thesis and to a region where the company has the most experience. By doing this, the aim is to provide with insights that can be generalizable for more than one market and contribute with relevant information that can be applicable for scholars' and market practitioners.

## 2 Literature review

### 2.1 Influencer marketing

#### 2.1.1 Definition

The last hundred years, the world has changed rapidly, and marketing is no exception. From using magazines, posters, and billboards as tools to promote a brand, radio and television was introduced during the 20<sup>th</sup> century. This enabled the possibility to reach out to a huge audience, which previously was not possible. Today, this is nothing special, and companies are now instead reliant on the internet to promote their business. With the internet, companies can now use social medias, e-mail, and many other methods available by the internet to market themselves. One of these new marketing strategies that has become popular, and is increasingly adopted by companies, is influencer marketing (Martínez-López *et al.*, 2020 A).

The definition of influencer marketing is, an individual receiving some kind of compensation, for posting branded content on social medias. This content has the aim to promote the brand that is being endorsed in the post. One major reason that has made this marketing channel commonly used by brands, is that consumers have shifted from using more traditional medias. From mainly consuming information and media on television and printed media, consumers now do it on social media platforms instead (Campbell and Farrell, 2020). Often, influencers are linked to millennials promoting content within categories like fashion, beauty and travel but has lately become more widespread among different ages and other product categories. Influencers often tend to be “experts” in these categories, ideas, or so-called lifestyles. Because of this, it has attracted an audience that is specifically interested in these areas’ influencers are deemed experts in. With all this combined, it has created the possibility to create organic reach, target specific segments and increase the attention in the ad that is being marketed (Campbell and Farrell, 2020).

Influencers tend to be skilled in creating engagement with the content they create, which organic reach is dependent of (Lipsman *et al.*, 2012). This engagement refers to any interaction with the influencer’s content and is usually likes or comments. Organic reach is defined as the additional reach that is generated, without spending any additional money on advertising which is usually hard to achieve with traditional marketing channels. Influencers also tend to create content in a way that makes it more authentic and real, than brands themselves are

able to (Campbell and Farrell, 2020). Furthermore, influencer marketing has made it possible to reach specific target segments that previously were close to impossible through traditional media channels. These target segments include geographical regions, specific interests but also stages of life, like pregnancy. The reason for this is that customers are more responsive to advertising that they feel is relevant. Lastly, an influencer marketing ad can yield more attention, compared to an ad from the brand itself. The reasoning behind this is that influencer posts or content, are perceived as more “real” and “authentic” than brand ads (Kowalczyk and Pounders, 2016). Influencer marketing also enables the possibility to continuously reach out to the same audience, promoting new products, potential new products and more. This so called “serialized targeting” is hard to achieve through other digital marketing channels, making influencer marketing efficient in a brand’s marketing strategy (Campbell and Farrell, 2020).

### 2.1.2 Influencer categorization

To thoroughly be able to understand influencer marketing, it is important to note that the result of the endorsement is likely to be dependent on the size of the influencer. A way of categorizing influencers is done by Campbell and Farrell (2020) where five different categories are specified, mainly based on the number of followers they possess. These categories are celebrity influencers, mega-influencers, macro-influencers, micro-influencers and nano-influencers.

Celebrity influencers are persons that have gained their fame outside of social medias and by that have a naturally large follower base. It is common that they have more than a million followers, which comes with a high price for an endorsement. Although they have a low engagement rate and that the brand connections tend to be weak in the endorsement, they are perceived to have a high level of expertise. Mega-influencers are also defined as having more than a million followers. What differs celebrity influencers to mega-influencers is that mega-influencers have managed to gain the fame through their social media profile.

Macro-influencers tend to have between 100 000 to one million followers but are still considered some of the most attractive influencers to collaborate with. Compared to celebrity and mega-influencers, their engagement rates are higher and still generate a significant

amount of reach. It is common that these influencers are known for a particular area (e.g., beauty, fitness, travel) in which their followers want to achieve similarity to influencer. When the goal is to target a specific geographical area, it is efficient to use micro-influencers since their follower base are usually tied to a specific area. These have a follower base large enough (10 000 to 100 000) to make a living out of being an influencer, but usually tends to work with many different industries. However, these endorsements are often perceived as more authentic and genuine, making them effective in influencing the purchase intention of the consumer. Lastly, we have the nano-influencers with less than 10 000 followers. As a result, they will not have the same influential power, but nevertheless is likely to have the highest engagement rate and perceived authenticity. With less leverage, they are also more willing to be open for unpaid collaborations, with the reward being free products instead (Campbell and Farrell, 2020).

## 2.2 Influencer marketing research

### 2.2.1 Influencers as opinion leaders

Many attempts have been made in trying to understand which aspects that are prevalent in determining what makes an influencer an opinion leader. An opinion leader is someone that shares ideas, advice and suggestions (Ki and Kim, 2019). In the study by De Veirman *et al.* (2017) it is examined whether the influencers amount of followers on Instagram impact and contributes to their opinion leadership status, and how this can impact the influencers likeability. It is claimed that, to increase the impact of the message the influencer is trying to deliver, the brand should aim to find a credible and likeable influencer that “has a high value as an opinion leader”. In this survey study, it is found that the number of followers will affect the perception that the influencer is more popular and therefore can contribute to a positive attitude towards the influencer (De Veirman *et al.*, 2017). This in turn, can lead to a higher likeability but does not necessarily mean that they are to be seen as an opinion leader. In the study by Ki and Kim (2019), the knowledge about opinion leadership is extended, in which they find that influencers on Instagram that showcased “attractive, prestigious, expert, informative and interactive contents” increased the likelihood that the followers would evaluate the influencer as an opinion leader. The strongest factor that was found to affect the

follower's attitude towards influencers as opinion leader was expertise, with information and interaction following close behind.

Another interesting finding is that if an influencer's followers to followees ratio is high (they have a lot of followers, but follow very few accounts themselves), it seems to impact the likeability of the influencer negatively (De Veirman *et al.*, 2017). However, the study was unable to find any evidence for why this is the case but believes that it impacts the trustworthiness and credibility of the influencer because of the perception that they are considered less authentic or real. While this study gives new insights into how the number of followers and followees can impact the role of the influencer as opinion leader, it does not consider how other topics like content quality and how follower engagement might relate to this and possibly impact opinion leadership.

### 2.2.2 Underlying mechanisms explaining credibility

The credibility of the person delivering a message is historically seen as important for the persuasiveness of the message (Hovland and Weiss, 1951). Lou and Yuan (2019) examines how this relates to influencer marketing and tries to understand which mechanisms that affects the consumer through social medias. The source credibility definition was coined by Ohanian (1990) and consists of three dimensions: expertise, trustworthiness, and attractiveness. To apply this to the context of influencers, a fourth dimension is added and used in the study by Lou and Yuan (2019). This dimension adds "similarity" and refers to the "perceived likeness" between the influencer and the follower. In this context, the expertise is the competence of the source within a specific topic or area and trustworthiness is how the people receiving the message perceives the messenger as honest, sincere, or truthful and lastly, attractiveness which refers to the influencers physical attractiveness (Lou and Yuan, 2019). It has been shown that higher levels of perceived source credibility can lead to a positive impact in the followers behavioral intentions (Breves *et al.*, 2019).

#### 2.2.2.1 Trustworthiness

One study finds that the informative value of influencer-generated posts, but also to some extent the influencer credibility, can enhance the followers' trust in the branded posts created by the influencer (Lou and Yuan, 2019). It was also found that the informative value of the

content in general is another important factor to increase the trust in the influencer branded posts, while also positively affecting the purchase intention of the followers. Additionally, three characteristics that was found to positively influence the trust of the followers in the branded posts were “trustworthiness, attractiveness, and perceived similarity (to their followers)” (Lou and Yuan, 2019). This is further examined in another study, where the findings seem to show the positive effect of followers trusting the influencer (Martínez-López *et al.*, 2020 A). Whenever trust is prevalent, the message the influencer is trying to deliver is perceived to have a high credibility. This is in line with previous research, showing that the credibility of the message can strongly predict the interest it will generate (Martínez-López *et al.*, 2020 A). Source credibility have a direct and powerful impact on behavioral intentions and brand attitude, and to increase this, influencers should create content that is personal by including personal stories or speaking to the followers directly when the congruence between influencer brand is on a lower level. In general, choosing a influencer that is perceived as highly credible, is beneficial for both the behavioral intentions and the brand image (Breves *et al.*, 2019; Martínez-López *et al.*, 2020 B).

One aspect that controls the level of credibility the influencer has, is the perception of brand control. This means, to what degree the brand is involved in generating the content for the endorsement. If followers experience the post as non-authentic, or does not fit in with the influencers daily content, the credibility of a post on Instagram will decrease, as well as generate less interest in the brand endorsed (Martínez-López *et al.*, 2020 B). To avoid this, it is recommended in the study that the brand let the influencer control the content that is posted and instead only assist in the content generating process. Martínez-López *et al.* (2020 B) finds that whenever the perceived brand control is low, the interest in the message is unaffected, independent of the message’s commercial orientation. However, when the brand control along with commercial orientation is high, the interest in the message decline significantly.

Related to brand control is authenticity, which when experienced by the followers on Instagram can positively impact purchase intentions when the content is sponsored, which is another argument to reduce brand control (Pöyry *et al.*, 2019). The importance of authenticity, is also highlighted in another study saying that it should be the goal of the

influencer marketing endorsement “to demonstrate the influencer’s familiarity and authenticity” (Argyris *et al.*, 2020).

In a study examining the long-term effects of a credible endorser, it was found in the context of influencer marketing on Facebook, that the positive impact on purchase intention endured over four years (Fink *et al.*, 2020). This is to the author’s knowledge, the first study examining the long-term effects of influencer marketing. It also highlights the importance of collaborating with influencers that are perceived as credible to enable successful influencer marketing campaigns and that the results are long-lasting. While these are interesting findings, it is of value to examine how long-term influencer marketing campaigns can impact the credibility of the influencer and in turn the purchase intention of the audience.

#### 2.2.2.2 Expertise

Despite the previously mentioned importance of the expertise of an influencer, one study showed that expertise did not influence the followers trust in the branded content (Lou and Yuan, 2019). However, other findings in the study support a relationship between source credibility and brand awareness. These results indicate that the expertise along with attractiveness can enhance the brand awareness among the followers when the content is influencer generated. A likely explanation for this, is that the perceived influencer’s expertise within an area makes them eligible to promote products or services within this area effectively (Lou and Yuan, 2019). This is supported by Martínez-López *et al.* (2020 A) and their findings claim that when an influencer is considered an expert in the product promoted, or at least a potential customer of the product, trust in the influencer will increase, message credibility will be higher and in general yield a higher interest in the message.

In the study by Breves *et al.* (2019) that examines the impact of congruency between the influencer and the endorsed brand, it is found that when the influencer is believed to be knowledgeable about a specific topic, the influencer is believed to be more trustworthy and also have a higher expertise. It is suggested to use an influencer that is an expert in the subject that is being advertised, and if not, the perceived expertise and trustworthiness could decrease, and potentially reduce both likeability and engagement rate (Breves *et al.*, 2019). To avoid failed collaborations, it is important to work with an influencer that fits the brand and product and perhaps collaborate with influencers that already worked with the brand (Martínez-López *et al.*, 2020 A).

### 2.2.2.3 Attractiveness

While attractiveness is considered a part of the credibility of the influencer, a few studies have shown that physical attractiveness has a positive impact for influencer endorsements (Pöyry *et al.*, 2019; Sakib *et al.*, 2020). In the case of examining weight loss vloggers, which are influencers having a blog in the form of videos, engagement increased and yielded parasocial interactions (PSI), when the vlogger was “physically more attractive” (Sakib *et al.*, 2020). It has also been shown to be beneficial with influencers that has a strong physical attractiveness to increase their number of followers, due to it being a key factor in a user’s decision to follow the influencer (Djafarova and Rushworth, 2017). Another study finds that social attractiveness is more likely than physical attractiveness to lead to PSI (Lee and Watkins, 2016).

Torres *et al.* (2019) finds that the congruence between the influencer and the brand has a stronger impact on the attitudes towards the endorsement than the attractiveness. However, it is also shown that the attractiveness of the influencer affects the congruence, meaning that a follower will experience an attractive influencer as congruent no matter what brand is being endorsed. They also find that both congruence and attractiveness are two important factors for successful influencer marketing. Both factors directly affect purchase intention and brand attitude positively, as well as affecting the attitudes regarding the endorsement (Torres *et al.*, 2019).

### 2.2.3 Parasocial relationships

Reinikainen *et al.* (2020) takes on influencer marketing through the concept of parasocial relationships (PSR). This is defined as “imaginary relationships” the audience seem to have with media performers (Horton and Wohl, 1956; Reinikainen *et al.*, 2020). These relationships are built through consuming the media or the content that the performer, and “are characterized by perceived relational development with the performer and knowing the performer well” (Reinikainen *et al.*, 2020). It is also built up by the parasocial interactions the audience perceive to have with the media performer. As an example, it could be experiencing the illusion of eye contact or talking directly to the camera, preferably in an authentic conversation that is perceived as informal or private. However, in later studies it has been found that real time interactions between the media performer and viewer can enhance the PSR, proving the value of PSR in the context of influencer marketing (Reinikainen *et al.*, 2020).

In the study it was found that audience comments on a social media platform (in this case YouTube) increased the endorsement effectiveness and enhanced the PSR the viewer experienced. It is claimed that if a PSR seems to exist, there is a higher probability that the viewer will leave a comment and in turn, increase the influencer credibility perceived by other viewers and eventually increase the trust they have in the brand. It was also found that influencers with both credibility and parasocial interactions impacted the followers purchase intention (Sokolova and Kefi, 2020). This is interesting findings, since it means that it is not only the number of followers that the influencer has that plays a role in how efficient an endorsement might be. It shows that having an engaged community around the influencer is a critical component of a successful influencer marketing collaboration (Reinikainen *et al.*, 2020). One factor that has shown to be important to increase post engagement, is the hedonic value of the content in the post (Hughes *et al.*, 2019). It has also been shown that brand connection increases in strength when the engagement with the content is higher. This shows the importance for brands to collaborate with influencers that try to make efforts into initiating parasocial interactions (Argyris *et al.*, 2020).

#### 2.2.4 Celebrity versus influencer endorsers

In multiple studies regarding influencer marketing, social media influencers have been measured against “traditional celebrities” (Djafarova and Rushworth, 2017; Jin *et al.*, 2019; Schouten *et al.*, 2020). In the qualitative study by Djafarova and Rushworth (2017), this is examined through Instagram and what impact it might have on source credibility, purchase intention and the will to identify themselves with celebrities, either influencers or traditional celebrities. While the study mainly focuses on influencers, it is compared to traditional celebrities in the study. It is found that eWOM can strongly be linked to purchase intention, and that Instagram reviews make the consumers feel safer when purchasing a product that is recommended by someone they follow. Another interesting finding is that the respondents in the study claimed that their self-esteem was enhanced when buying something that a celebrity recommended (Djafarova and Rushworth, 2017). This in turn proves the power of the eWOM, as the consumers search the opinions of others to feel more confident in their purchase decision, no matter if they are to be considered an influencer or traditional celebrity.

The study comes with some practical implications, and suggest that, based on the respondents' answers, that in general it was the lower-scale celebrities and influencers that were the most successful in influencing the female followers. The reason why, was that they were perceived as more credible and relevant, which makes it important for brands willing to collaborate with influencers to understand the need the consumers have to identify themselves with the influencer in question as well as making sure that the fit between the influencer and the product is appropriate (Djafarova and Rushworth, 2017). While this study gives interesting insights, it is limited when it comes to generalizability, since the respondents are based in the United Kingdom with a small sample size.

The focus on how an influencer compares to a traditional celebrity endorsement is further examined in a more recent study by Schouten *et al.* (2020). Here, the impact of using an influencer over a celebrity is examined in terms of the advertising effectiveness, including the attitude towards the ad, the product and the customers purchase intention (Schouten *et al.*, 2020). In an attempt to understand what factors that might be influential when comparing the effectiveness of the endorser type (influencer/celebrity), the study examined two mediators: identification and credibility. Identification is how the follower perceives how similar one is to the endorser or how they wish to be, while credibility comes back to how the message is perceived as trustworthy and that it is believed that the endorser possesses an expertise of the product or service that is endorsed. The results of the survey showed that followers are more likely to identify themselves with an influencer and feel more similar to influencers than celebrities. In addition, they perceived the influencers as more trustworthy and experienced a higher purchase intention compared to when a celebrity was the endorser. This is supported by Martínez-López *et al.* (2020 A) in which they find that when the congruence between the influencer and the product is strong, the attitude towards the influencer, post and product is more positive which is also supported by Pöyry *et al.* (2019).

Another study finds that in the case where an influencer on Instagram is viewed as equally physically attractive as a traditional celebrity the levels of trustworthiness of the two different types are different, even in the case of the same brand (Jin *et al.*, 2019). It is suggested that the reason behind that influencers are more likeable than traditional celebrities in the digital marketing context is the perceived sociability.

Although most of the studies concludes that its more beneficial to use influencers over traditional celebrities for endorsements, there are some limitations to be aware of. First, this only applies when the endorsed product can enhance the perceived similarity as well as wishful identification. Second, it is becoming harder to distinguish an influencer over a celebrity when influencers are becoming more and more famous. Third, the product-endorser fit showed no effect when comparing endorsement types when it came to trust, expertise or advertising effectiveness (Jin *et al.*, 2019; Schouten *et al.*, 2020).

### 2.2.5 Sponsorship disclosure

When it comes to marketing in social media channels, whether it is blogs, YouTube, Instagram, or others, it is in most countries required by law to specifically disclose that the content or the message is paid for or compensated for in another way (Stubb *et al.*, 2019). Since this can change how the message is perceived by the recipient, several studies have tried to understand what might impact this and how it impacts the efficiency of the message. One could expect that content excluding any form of sponsorship disclosure would yield a higher credibility in the message, but it was found to be the opposite. In cases where sponsorship disclosure was missing, the readers (in this case in terms of blogs) became more skeptical and perceived the message as less credible (Carr and Hayes, 2014). Thus, it was said that an explicit sponsorship disclosure increases credibility and indicates that readers are under the impression that whenever something is reviewed or recommended it is likely that it is sponsored. Additionally, the findings included a positive relationship between the credibility of the blogger and the eWOM-influence. In a recent study by Lee and Kim (2020) that also examined sponsorship disclosure, it showed no significant difference in how the sponsorship disclosure was presented, and that Instagram posts was perceived the same no matter if a disclosure was included or not. This could mean that the follower instantly recognize that it is sponsored content and therefore do not take the sponsorship disclosure closely into account when assessing the content (Lee and Kim, 2020). These studies partly contradict each other, which could either be based on the different types of platforms, or that user behavior has changed since the first study was conducted (Carr and Hayes, 2014; Lee and Kim, 2020).

Stubb *et al.* (2019) investigated how a special type of sponsorship disclosure, namely "sponsorship compensation justification disclosure", can impact how the recipient

experiences the message. A sponsorship compensation justification disclosure explains the reason why an influencer and a brand collaborate “by providing a normative reason that justifies the existence and dissemination of sponsored content”. The thought is that this will increase the authenticity of the message and give a justification and explanation to the influencer endorsement. This was tested through a survey based on YouTube-viewers and several noteworthy findings were concluded. In short, it was found that it can increase the source and message credibility, and in general yield a more positive attitude towards influencers receiving compensation for their sponsored content. By this, the influencer endorsement can yield more effective results and is worth to consider when planning long-term collaborations with influencers. With stronger source credibility, it is likely that the persuasiveness of the message can be increased. Although this is interesting findings for brands that intend to work with influencer marketing, the findings did not support any enhancement in the consumers brand attitude (Stubb *et al.*, 2019).

### 2.3 Research gap

The studies reviewed in this thesis have tried to map out different factors that impact influencer marketing. It has varied over different social media platforms, where Instagram has been the most common platform. This is examined further in a systematic review by Vrontis *et al.* (2021) of influencer marketing, where Instagram was the most prevalent platform. The research has targeted to understand how influencer marketing is perceived by the audience, which has been done through surveys and hypothesis testing. While this type of research often gives a good understanding of the targeted group, it is often limited in terms of geographical location, age, and scale. This can be seen by looking at what populations that have been researched in the empirical studies in the systematic review, where USA is the most recurring country. Since most studies focus on USA, it is necessary to further research other countries to provide with cross-cultural insights and a more reliable analysis.

Qualitative studies within influencer marketing are few and more qualitative studies could assist in trying to describe different qualities of characteristics that cannot be found through quantitative research. Since focus on influencer marketing research has mainly targeted the

audience, followers, or consumers, insights from influencers themselves as well as marketing professionals are few.

Few attempts have been made in trying to understand how influencer marketing work in the long-term. The study by Fink *et al.* (2020) is to the researcher's best knowledge, the only study that has yet examined the long-term effects of influencer marketing. One aspect of influencer marketing that has not yet been researched, is the effect of using long-term collaborations. Long-term collaborations or long-term effects of influencer marketing, are mentioned in a couple of the reviewed studies Stubb *et al.* (2019) and Trivedi and Sama (2020) suggests future research to examine long-term impacts of influencer marketing by a longitudinal study. Adding to this, a large marketing agency suggests many types of benefits from using long-term collaborations, which has led it to become a common practice for many brands (Mediakix, 2021). However, why this is the case, as well as the potential advantages and disadvantages of using long-term over short-term collaborations have not yet been researched in any literature.

As mentioned by Hughes *et al.* (2019), it would be of interest to investigate the efficiency of influencer marketing campaigns. This could be done through measuring the financial performance of the brand that is being endorsed, by examining sales and return on investment (ROI). This is further supported by Vrontis *et al.* (2021), highlighting the need for academic research of efficiency of influencer marketing campaigns and how this affects the performance of the firm.

This thesis aims to narrow this gap and explicate long-term collaborations based on the studies made in the field of influencer marketing so far. Due to the limited time frame of the thesis, it is not deemed possible to make a longitudinal study but will instead be conducted with a brand that has used influencers as a part of their marketing strategy for many years, making them suitable for this research. Additionally, it will be examined how using short and long-term collaborations impacts the financial performance of the company, in terms of sales and ROI and what underlying factors that might be impacting this result.

## 2.4 Theoretical framework

The theoretical framework presented in this section will be used as a basis to interpret the results, while also being a foundation for the quantitative and qualitative analysis.

### 2.4.1 Influencer categorization

To enable the possibility of analyzing the research question on a more granular level, the thesis will use Campbell and Farrell's (2020) categorization of influencers. By doing this, it will be possible to distinguish certain characteristics that prior to this thesis has shown to be more or less prevalent in the different categories. Since influencers vary significantly when it comes to these characteristics, i.e. branding, skill set, follower base, engagement rates and the cost for the collaboration, there is a difference in what the brand is trying to achieve depending on the type of influencer.

This categorization defines influencers into four different categories based on the number of followers:

- Celebrity-influencer / Mega-influencer
- Macro-influencer
- Micro-influencer
- Nano-influencer

Like discussed in 2.1.2, these all have certain characteristics. In short, influencers with a high number of followers have a higher perceived expertise and cultural capital, while influencers with less tend to have a higher accessibility and authenticity. The categorization is shown in figure 1.

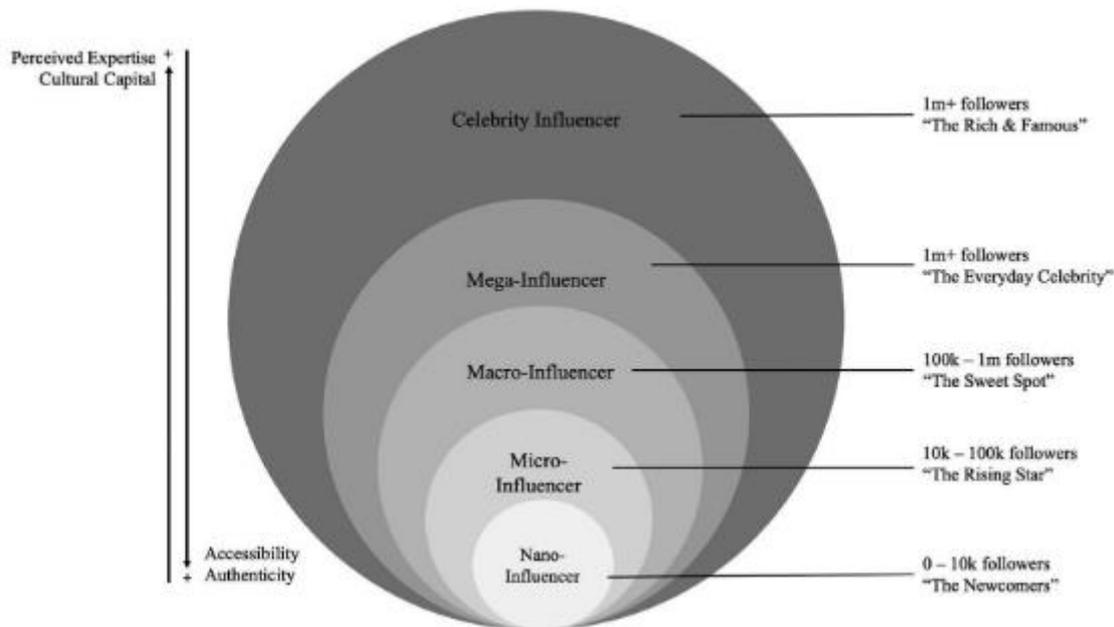


Figure 1: Influencer categorization by Campbell and Farrell (2020).

## 2.4.2 Collaboration length definition

In the attempt to investigate long-term collaborations, this thesis provides a possible definition for a long-term collaboration. This can be done in multiple ways, with different features to consider. In the context of the brand investigated in this thesis, an influencer was considered “active” whenever a post was made by the influencer that was endorsing the brand. For a collaboration to be considered long-term, it was decided that it should be active for at least a year, by having a post in at least four quarters. If the influencer is active in 3 or less quarters, it is defined as short-term. After discussing with marketing professionals in the pre-study, it was decided that in a timespan of three years, being active during at least one year should be considered long-term. Since many brand collaborations includes just one or two posts, it was considered important to separate these as short-term. Additionally, the reason for defining an influencer active in a quarter was to not consider the amount of posts the influencer, because it was seen as irrelevant for the purpose of this thesis.

## 2.4.3 Brand relevant concepts

Through the reviewed literature, multiple concepts have been defined and discussed. While all of these are interesting in the research field of influencer marketing, not all are applicable to evaluate a collaboration from a brand perspective. Through this framework, the aim is to

synthesize the most important concepts for two reasons. First, to support the data collection from interviews. Second, to assist in analyzing and drawing conclusions from the data.

### Trustworthiness

Trustworthiness has in previous literature shown to be an important characteristic when examining influencer marketing. With strong trust, the endorsement increases in credibility and in turn generate more interest. Trustworthiness is closely linked to credibility which has shown to have an impact on behavioral intentions, brand attitude, and brand image (Martínez-López *et al.*, 2020 A). Working with a credible and trustworthy influencer is therefore strongly suggested in prior research.

### Authenticity

One important characteristic of influencer marketing is authenticity, which arguably could be one of the main reasons behind the increased interest in the marketing channel. In the study by Argyris *et al.* (2020) it is claimed that authenticity should be the goal of every influencer marketing endorsement. This also relates to credibility, in where authenticity is seemed to be missing, will lower the credibility. An influencer, or the message that the influencer is trying to send, is experienced as non-authentic when the post does not fit with the daily content the influencer is posting which in turn reduces the interest in the message. This becomes a problem for brands that are trying to control the content, in the attempt to reduce the risk of being represented in a disadvantageous way. Authenticity has also shown to positively impact purchase intention (Pöyry *et al.*, 2019).

### Influencer and brand congruence

The congruence between the influencer and the brand has shown to be important for brands when considering who to collaborate with. Whenever the congruence is strong, it positively affects purchase intention, brand attitude and attitudes regarding the endorsement in terms of the post, the influencer, and the product (Pöyry *et al.*, 2019; Torres *et al.*, 2019; Martínez-López *et al.*, 2020 A).

### Parasocial Interactions / Engagement Rate

The parasocial relationships (PSR) created through influencer marketing has shown to be an important concept to regard when doing influencer marketing, and that parasocial

interactions between the influencer and the followers can enhance the PSR and in turn the purchase intention. This is important since PSR increases the probability that the viewer will leave a comment, and in turn can increase the influencer credibility (Reinikainen *et al.*, 2020; Sokolova and Kefi, 2020). Therefore, brands want to collaborate with influencers' that has an engaged community and try to make efforts into initiating PSI, which makes the engagement rate an important measure to assess when deciding on who to collaborate with (Argyris *et al.*, 2020).

### Sponsorship disclosure

In every sponsored post, it is required by law in many countries to disclose that the content is sponsored. This inevitably impacts how the post is perceived and without a standardized method of disclosing, deciding how to disclose and what effects the disclosure type has become important (Stubb *et al.*, 2019). Although there are no common conclusion regarding what the most efficient way of disclosing the sponsorship is, Stubb *et al.* (2019) tested the effects of doing a sponsorship compensation justification disclosure which showed to increase the credibility of the influencer and a more positive attitude towards the endorsement. In particular, it can be valuable when planning long-term collaborations.

## 2.4.4 Evaluating the financial performance

To evaluate the financial performance of influencer collaborations, there are two measures that are deemed relevant for the sake of this thesis: return on investment (ROI) and revenue share. Dependent on the influencer categorization, the two measures complement each other to gain further understanding of the financial performance.

### Return on investment

ROI is a commonly used concept to measure performance for any type of investment. It is calculated as the ratio between the profit and the amount invested, where the profit is the difference between the revenue generated by the investment and the amount invested. ROI shows to what extent the amount invested either return a profit or a loss. This makes it a useful measure to easily assess the efficiency of the investment and compare it to alternative

investments (Zamfir *et al.*, 2016). It is a commonly used key performance indicator (KPI) for making decisions to maximize the profit for a company's marketing program (Lenskold, 2002).

### Revenue and cost share

Since ROI is a ratio, it does not catch the usefulness of potential value of large investments with a profit. To explain further, a large investment with an ROI of 10% compared to a small investment with 100% ROI, might still generate more profit. To fairly compare the financial performance of the influencer categorization and measure the efficiency of the collaborations, the revenue share contribution will also be used. This will efficiently display how much of the revenue that each collaboration type contributes with. Additionally, to adjust for the fact that a larger investment usually yields a higher return, the cost share will also be included.

## 3 Method

The research conducted in this thesis is based on historical numerical data, interviews, and observations. To fulfill the purpose of the thesis, it will be conducted following the interpretivism paradigm in the form of a descriptive case study with a mixed method approach. A case study is useful when the goal is to gain an in-depth understanding of a specific topic (Simons, 2009).

### 3.1 Case study

Since the purpose of the thesis is trying to understand the phenomenon of long-term collaborations in influencer marketing through the underlying mechanisms with supporting numerical data, the thesis will be conducted as a descriptive case study. This type of study is useful when exploring “complex” issues in its natural real-life settings, as described by Crowe *et al.* (2011). Case studies usually investigate real-life cases over time, with multiple sources of data usually including observations, interviews, and other types of documents. While some studies focus on multiple cases, this thesis will be investigating a single case (Creswell, 2014).

### 3.2 Context of the thesis

The case that will be examined in this thesis, is a Swedish accessory brand. It is a company that has grown to operate globally and have customers all over the world. Influencer marketing has been a part of the brand’s marketing strategy since the beginning as well as collaborating with influencers for longer time periods, making the case of the brand suitable when trying to investigate the effect of long-term collaborations.

### 3.3 Research process

An overview of the research process is presented in the figure below. It consisted of four different stages: pre-study, a literature review, a sequential explanatory mixed method research design where the quantitative data was collected and analyzed, followed by the collection and analysis of the qualitative data (Terrel, 2012). Lastly, the results of the analyses were interpreted, and conclusions were drawn.

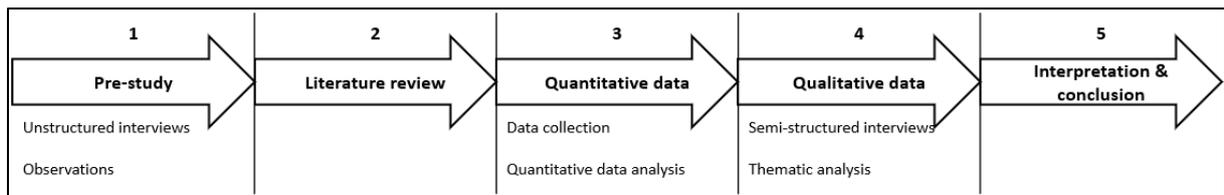


Figure 2: Research process of the thesis.

### 3.3.1 Mixed methods approach

The research conducted in this thesis was done through a mixed methods case study approach. This research design combines quantitative and qualitative data collection, in different stages of the thesis, to furnish evidence and analysis for a specific case (Terrel, 2012).

The thesis was done through a sequential explanatory strategy, where the quantitative data collection and analysis was done before the qualitative data collection and analysis. Here, the priority of the two phases is equal and the goal with this strategy was to explain the quantitative results through qualitative interviews. After the two phases, the combined results were interpreted and discussed (Terrel, 2012).

### 3.4 Pre-study

To fully be able to understand the company investigated, and the context that that was being investigated, a pre-study was conducted. To get an overview of the company, multiple meetings were held with different stakeholders at the company. Due to the company having a strict remote policy at the time of the study, all meetings were held through a virtual environment. Stakeholders involved marketing managers, social media marketers and management with the aim of understanding their specific role, and how that connects to the whole company. This created a holistic view of the company and how it operates, as well as which challenges that they are facing.

### 3.5 Literature review

To answer the research questions, a literature review was made to provide the theoretical foundation to build the research upon. The databases used were mainly Web of Science and

Google Scholar, where most of the articles were found. Journals that recurred more often than others were:

- Computers in Human Behavior
- International Journal of Advertising
- Journal of Advertising Research
- Journal of Business Research
- Journal of Interactive Advertising
- Journal of Marketing Management
- Journal of Retailing and Consumer Services
- Psychology and Marketing

These articles were in general found using the keywords listed below, but some of the articles were found through snowballing. Since the field of research is rather new, and a lot of studies were published same year or before this thesis was made, no strict requirement for number of citations was set. Instead, after articles were reviewed in detail they were excluded if they were deemed irrelevant for the scope of the thesis.

Sample keywords used:

- influencer marketing
- influencer AND marketing
- “influencer marketing”
- social media marketing
- social media influencer
- instafamous
- digital influencer

### 3.6 Interviews

To be able to understand the results of the quantitative analysis, a major part of the empirical data was acquired through interviews. Qualitative research in empirical studies are efficient in providing in-depth understanding of a specific phenomenon, and assist in building and developing the domain of influencer marketing (Vrontis *et al.*, 2021). The interviews were held

with marketing professionals at the brand, to gain the perspective of employees that have a deep knowledge of working with influencers. During the pre-study, two interviews were held with one business analyst, and one responsible for the marketing strategy, to assist the researcher in understanding how the brand works within the field of influencer marketing. For the qualitative part of the thesis, five interviews were held with employees working with influencer marketing for the brand. These were selected in consultation with the contact at the company and had the aim to cover the markets the brand is mainly working towards in Europe. Along with the contact person working at the human resources department and marketing managers in Europe, the interviewees were chosen to be able to provide specific insights of the markets they work towards, while having a diverse spread of the interviewees covering different markets.

The first two interviews conducted during the pre-study were unstructured, with the goal to provide an explanation of the phenomenon of long-term collaborations, but also gain an understanding of what data the company worked with and deemed relevant for the case of the thesis. Additionally, they explained in broad terms how the brand works with influencer's and who is responsible for what. With this deeper understanding, it laid the foundation for the rest of the thesis, including the quantitative and qualitative part. For the qualitative part and the semi-structured interviews, an interview guide was created. This was to create consistency and make sure that the interviews aligned with the purpose of the thesis. Furthermore, to enable answers that potentially could give new insights and information and fulfill the purpose of understanding the underlying mechanisms of influencer marketing efficiency, the questions were of an open-ended character. This also allowed the interviewees to express their views in their own way, and not be led by the questions. However, since this generated discussions that might diverge from the interview guide, it was decided necessary to record the interview, and thereafter transcribe for the analysis. The choice of semi-structured interviews also made it possible to provide reliable and comparable qualitative data, to enhance the analysis based on the pre-defined concepts. All interviews were held with employees based in Sweden, where the interviews were done through Microsoft Teams and their video-call service.

The five interviewees were all responsible for different markets within Europe. The goal was to interview marketing professionals responsible for the brand's largest markets when it

comes to revenue. In table 1, the interviewees with their respective role, experience, covered markets, and length of the interview can be found.

	<b>Role</b>	<b>Experience</b>	<b>Market(s)</b>	<b>Length</b>
<b>Interviewee 1</b>	Marketing Coordinator	2.5 years	Russia, Belgium, Netherlands	34 min
<b>Interviewee 2</b>	Senior Marketing Coordinator	4 years	France	32 min
<b>Interviewee 3</b>	Manager Influencer Marketing	4.5 years	Sweden, Norway, Denmark	26 min
<b>Interviewee 4</b>	Marketing Coordinator	2.5 years	Germany	29 min
<b>Interviewee 5</b>	Marketing Coordinator	3 years	Italy	30 min

Table 1: The interviewees and their respective information

### 3.7 Financial performance data

The financial performance data was acquired from the brand and consisted of data from the 1<sup>st</sup> of January 2018 to the 31<sup>st</sup> of December 2020. The main reason behind using these years, was to limit the data to a reasonable size. It was also determined that with the rapid development in the field of influencer marketing, using data that stretch back too many years, will make it outdated. The geographical location was limited to Europe, which resulted in thousands of different influencers that the brand had worked with during these three years. These influencers are part of an internal corporate database.

The influencers were thereafter categorized, based on the categorization in 2.4.1 as well as defined as either long-term or a short-term collaboration as described in 2.4.2. Over the three years, this was the share of influencers belonging to each category:

Long	Mega/Celebrity	0,4%	Short	Mega/Celebrity	0,5%
Long	Macro	2,6%	Short	Macro	8,7%
Long	Micro	6,0%	Short	Micro	56%
Long	Nano	1,5%	Short	Nano	24%
<b>Total Long</b>			<b>Total Short</b>		
<b>10%</b>			<b>90%</b>		

Table 2: Share of influencers in each collaboration type.

The data for each influencer consisted of:

- Anonymized ID
- Country of Influence
- Active Year(s)
- Active Quarter(s)
- Length Categorization
- Influencer Categorization
- Revenue [SEK]
- Influencer Cost [SEK]

The revenue that was used in the thesis is more specifically the revenue the influencer generated through the discount code that they used for the collaboration. Every influencer has a unique code that tracks the sales made with that code, and hence enabling the possibility to see how much revenue that specific influencer generated throughout the collaboration.

## 3.8 Data analysis

### 3.8.1 Interviews

All interviews were recorded and transcribed. This made sure that the risk of losing information was minimized. The transcribed interviews were thoroughly read, and after that a thematic analysis was made. It is described as a simple way of doing a qualitative data analysis and “is a method for systematically identifying, organizing, and offering insights into patterns of meaning across a data set” (Braun and Clarke, 2012). The answers from the interviews were analyzed inductively and divided into different themes based on concepts presented in the theoretical framework, as well as new themes that were discovered through

the interviews. The thematic analysis was done using a computer-assisted qualitative data analysis software, MAXQDA, for all the transcribed interviews. This ensured a high data quality. Additionally, throughout this process, comments and memos about initial findings was noted that could explain the phenomenon under study. The findings of the qualitative data are presented in the results section, and further discussed in combination with the financial data in the discussion.

### 3.8.2 Financial influencer data

To be able to analyze the influencer data collected from the brand, everything was collected into a large table. Next, a univariate analysis was made on the two different measures, ROI and, revenue and cost share separately, with descriptive statistical methods including graphs and tables. This was analyzed based on the two different categorizations, meaning either long or short-term collaborations, and the influencer categorization. This was initially done overviewing all the years combined, but also split up into separate years to see if there was any difference to be found in the trend considering the rapid transformation within influencer marketing.

Based on the pre-study, it was believed that three factors would impact the difference of the ROI of short-term and long-term collaborations. First, long-term collaborations are signed over longer time periods which yields a lower price for the brand because they can book posts in advance in periods that would be more expensive compared to booking a single post as a short-term collaboration a few weeks in advance. Second, by booking multiple posts with an influencer working long-term, the price per post can decrease. Third, by choosing to only sign influencers that have proven to be successful in previous collaborations for a long-term collaboration, it is likely that long-term collaborations will tend to have a better outcome than short-term.

## 3.9 Reliability and validity

### 3.9.1 Reliability

Reliability is defined as how the results are legitimate over a longer time and if the results can be said to be applicable to the total population. If these results are possible to reproduce with a similar methodology, then the research can be said to be reliable (Golafshani, 2003). Since the thesis takes a hold from the interpretivist view, and that the thesis is partly based on qualitative research, it is unlikely that the results will be the exact same if repeated by a different researcher. The same goes for semi-structured interviews, where the answers might vary depending on the time of the research, and the interviewees. To be able to achieve the same results with the same data, the interviews were fully recorded and transcribed yielding in a small level of reliability. The quantitative data used in the thesis is limited when it comes to replicability because it comes from one individual case, which makes it hard to generalize the results. In general, the reliability of the conducted thesis is therefore deemed low but should not be taken too much into account when the thesis in question is a descriptive case study (Collis and Hussey, 2014).

### 3.9.2 Validity

Validity is said to be prevalent when the findings of the thesis can accurately reflect the phenomenon, and if it is to be seen as “believable and true” (Zohrabi, 2018). To discuss the validity, the suggestions by Gibbert *et al.* (2008) will be used. This includes analyzing the method through the internal validity, construct validity, and external validity.

#### 3.9.2.1 Internal validity

Internal validity refers to how the data analysis is done, and how that can describe the connections between the variables and the result. To enhance the internal validity of the thesis there are three measures that can be used. These are formulating a clear research framework, using pattern matching and theory triangulation (Gibbert *et al.*, 2008).

For the first measure, this thesis developed a framework based on the literature that was reviewed. This enabled the possibility to more easily use established literature to draw conclusions from the data that was being analyzed. The observations and answers generated from this thesis could henceforth be compared to reviewed studies that researched similar

topics, meaning to compare the results from the case perspective with studies that had a different perspective enhancing the internal validity through pattern matching. However, with the limited amount of case studies in the literature review, the thesis lacks comparison to studies of a similar perspective. By formulating the research questions with one focusing on the quantitative aspect of the context, and one on the qualitative, theory triangulation is being applied. This will enable the possibility to look at the problem from two different lenses, with two different questions in mind. Although this is supposed to enhance the internal validity, there exists a risk that conducting the research through a sequential exploratory mixed method with the quantitative part first, can bias the interview questions for the qualitative part and hence decrease the result of the theory triangulation.

#### 3.9.2.2 Construct validity

To be able to assess the data collection phase, Gibbert *et al.* (2008) defines construct validity and with that two measures to understand the relevance of the results. First, it is encouraged to “establish a clear chain of evidence”. This is to what extent the thesis describes the initial steps of the thesis to the last conclusions. Second, it is suggested to use data triangulation to enhance the construct validity of the thesis.

To improve the construct validity of this thesis, the methodology of the different parts of the thesis has been described in detail along with what assumptions that were made. A background and reason for the thesis was also provided. Additionally, the data has been triangulated by using multiple sources of data, both quantitative and qualitative. While the qualitative data mainly consisted of interviews, observations and information from the pre-study has also been included. This results in a respectable level of construct validity but it could be improved by conducting a survey along with the semi-structured interviews, to gain quantifiable data on qualitative aspects.

#### 3.9.2.3 External validity

External validity refers to what extent the theories or result can be applied to contexts outside the context that is being studied, also known as generalizability. Since this thesis is a single case study, it cannot be said to be statistically generalizable. To provide some level of applicability of the results, the targeted case is a large company working on a global market, which will make it easier for similar studies to test and verify the results. Furthermore, the

theoretical framework developed and used in the thesis is based on prior research in the field of influencer marketing, creating more potential for applicability.

### 3.10 Ethics

Before conducting any of the interviews, the interviewees were informed about the purpose of the thesis and that their participation in the thesis is voluntary. After agreeing and signing a consent to participate, they were informed that they were free to pass on a question or end the interview whenever they wanted. All interviewees were treated anonymously and was only referred to in terms of their role at the company.

The quantitative data used is confidential data from the company, and hence the company is made anonymous. To make sure to not reveal any valuable information to competitors, the data was always aggregated on a higher level and indexed. A close dialogue was held with the contact person at the company, to make sure that this was being upheld.

# 4 Results

## 4.1 Influencer performance

The acquired data was analyzed over all three years combined, but also divided into the three separate years to see if there were any differences year over year. The results are presented from 2018 to 2020 in chronological order, with a combined view of all three years combined last. For every year, the ROI along with the revenue and cost share is presented for each influencer category and collaboration length to be able to see if the trend differed year to year.

### 4.1.1 2018

#### ROI

During 2018, there was a clear pattern that the larger the influencer, the lower ROI. It is also clear that the ROI is higher for the long-term collaborations. For mega/celebrity long-term collaborations, the ROI was 57% while macro, micro and nano had a respective ROI of 107%, 276% and 1425%. Interestingly, this trend cannot be seen for the short-term collaborations, where mega/celebrity influencers had an ROI of 35%, compared to macro influencers that had an ROI of 8%. Short-term micro collaborations had an ROI of 80%, while short-term nano collaborations had an ROI of 202%.

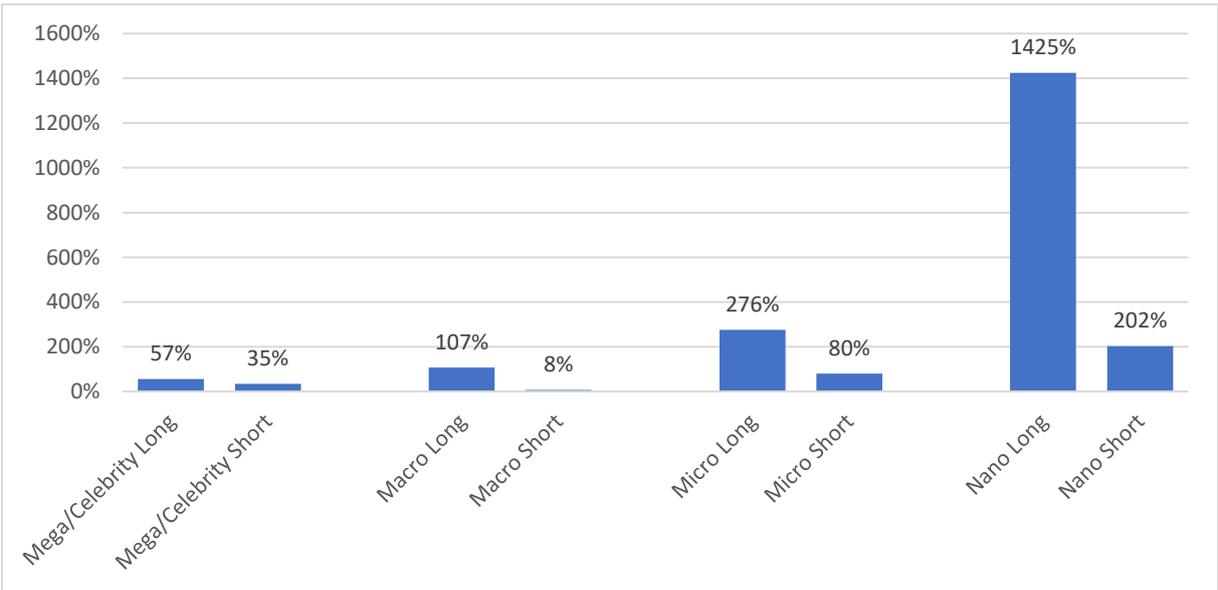


Figure 3: ROI for long versus short-term collaborations during 2018.

Revenue and cost share

To complement the ROI-metric and understand how much the different collaboration types contribute to the revenue the revenue share was investigated. Not surprisingly, the influencers with a larger follower base were the categories that contributed most to the revenue. The largest revenue contributor was in 2018 the macro influencers, with a total of 40% along with having the largest cost share, with a total of 47%. The short-term macro collaborations yielded only 8% ROI, but still contributed with 14% of the revenue. The single best contributor of revenue is the long-term macro collaborations, contributing with 26% during 2018.

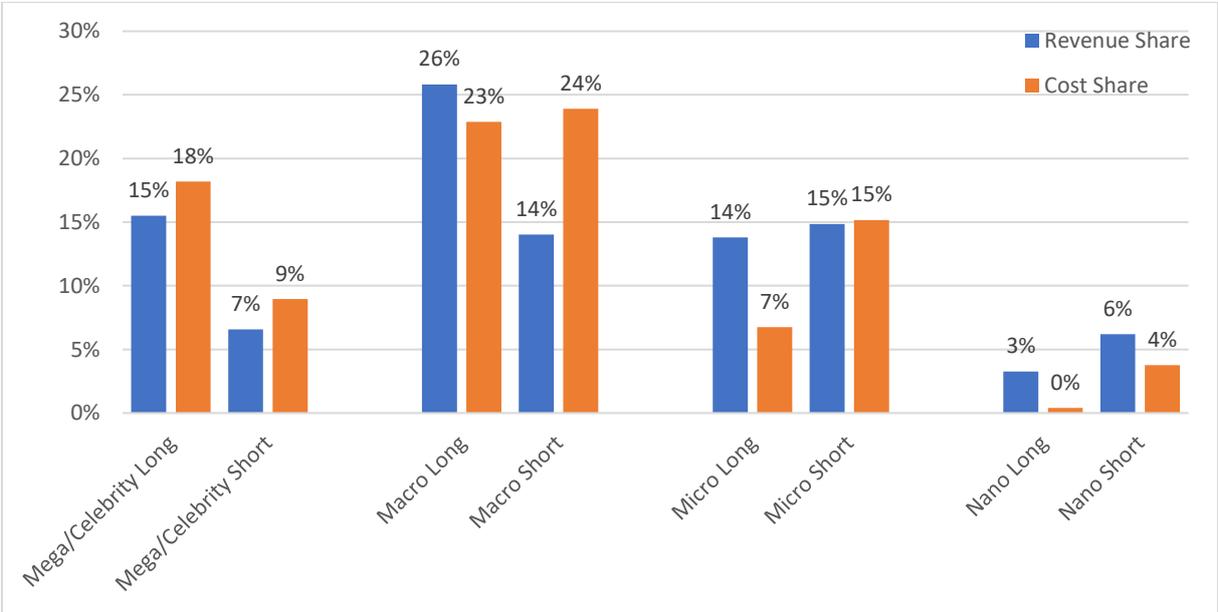


Figure 4: Revenue and cost share for long versus short-term collaborations during 2018.

Micro influencer collaborations contributed with 29% of the revenue, while only having a 22% of the cost share. Again, long-term collaborations tend to contribute more to the revenue, except for the nano collaborations, where short-term contribute more. This is however with the price of a larger investment.

The sample of 2018 consisted of 12% long-term collaborations and the rest short. The eight different influencer types are broken down in percentage in figure 5.

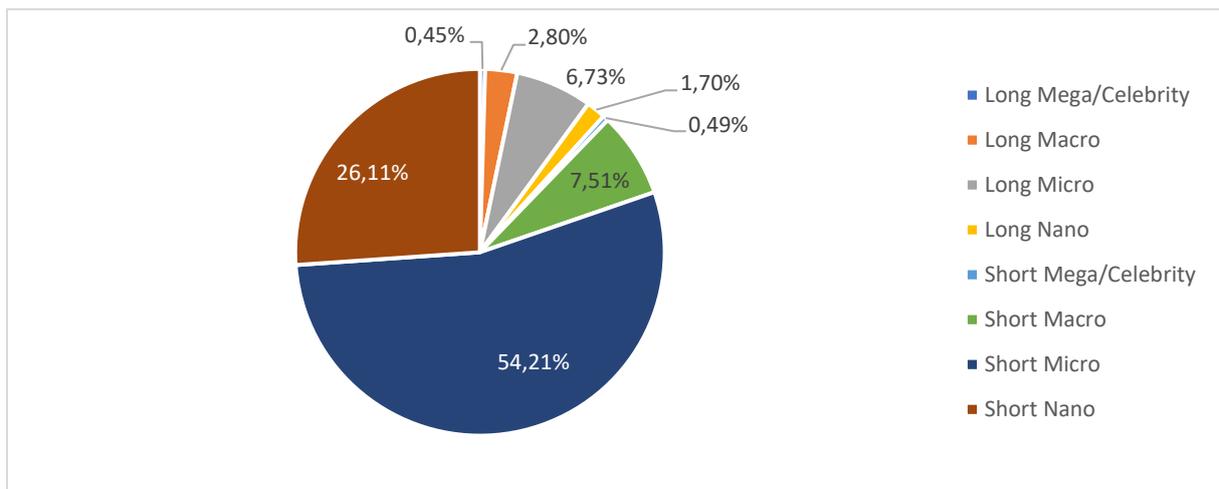


Figure 5: Share of influencer types during 2018.

#### 4.1.2 2019

##### ROI

During 2019, there are two collaboration types that are non-profitable. These are the short-term mega/celebrity and macro collaborations. The mega/celebrity short term-collaborations had a negative ROI of 23% and the macro collaborations a negative ROI of 7%. Here the trend of decreasing ROI with more followers is clear in both long versus short-term collaborations. Compared to 2018, the ROI increased for long-term macro collaborations from 107% to 130% which deviates from the other types which decreased or remained the same.

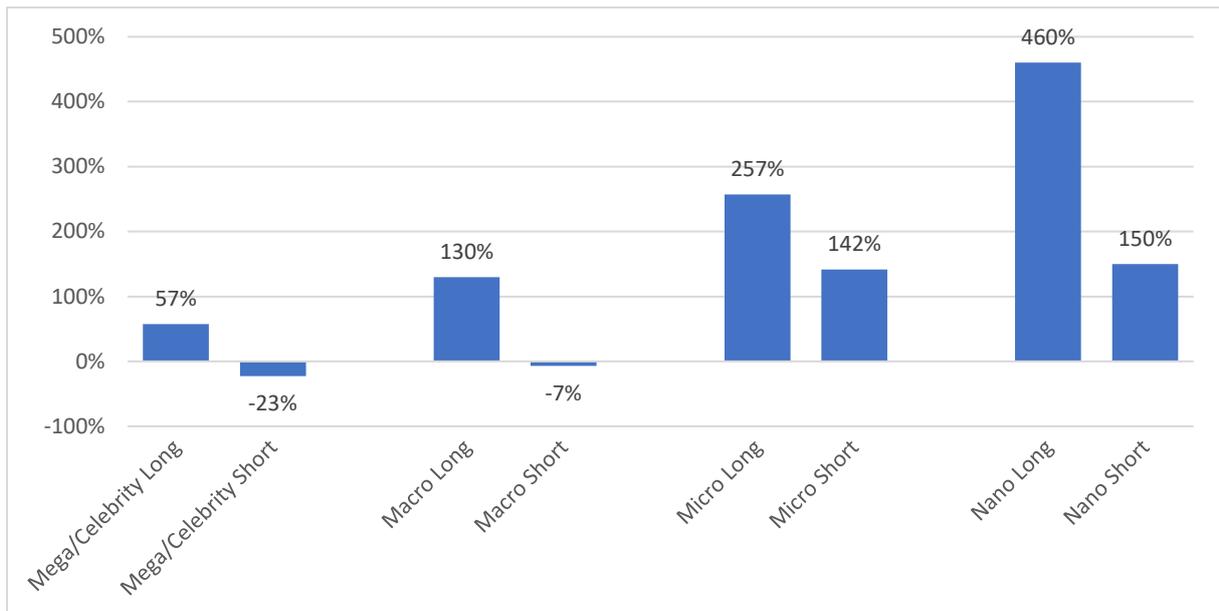


Figure 6: ROI for long versus short-term collaborations during 2019.

### Revenue and cost share

Macro collaborations are during 2019 also the largest contributor to the revenue. It is a major difference comparing long to short-term collaborations, where 37% of the revenue comes from long-term and only 7% from short-term. This can partly be explained by the lower

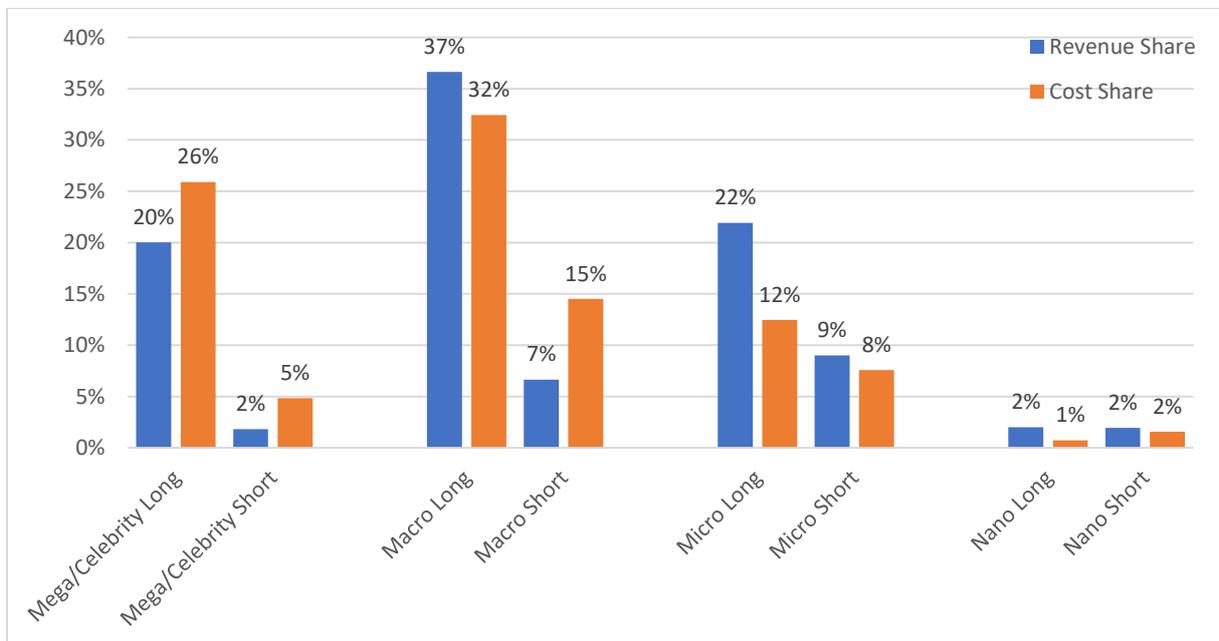


Figure 7: Revenue and cost share for long versus short-term collaborations during 2019.

investment in short-term collaborations, 32% versus 15%. Long-term micro collaborations contributed with 22% of the revenue, and long-term mega/celebrity collaborations contributed with 20%. The nano collaborations contributed with just over 4%.

The sample of 2019 consisted of 21% long-term collaborations and the rest short. The eight different influencer types are broken down in percentage in figure 8.

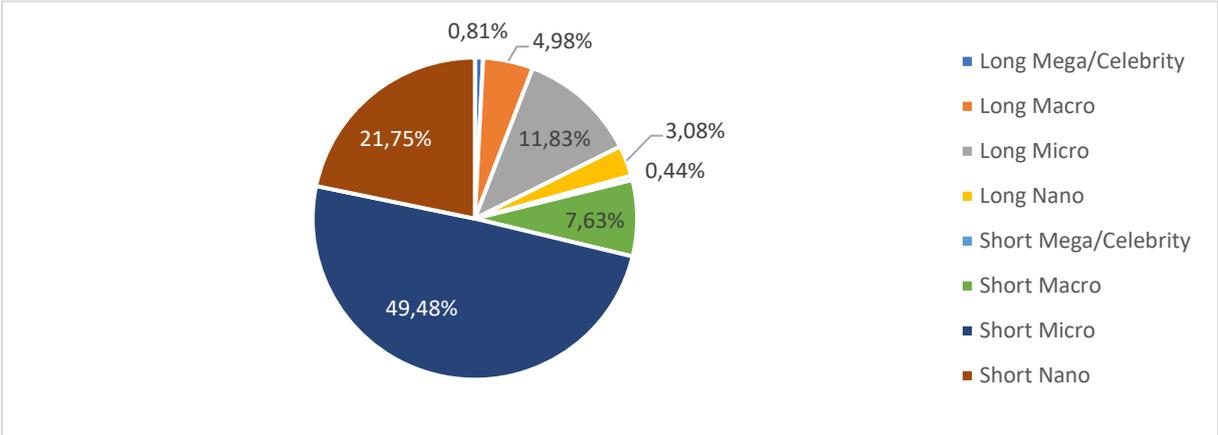


Figure 8: Share of influencer types 2019.

### 4.1.3 2020

#### ROI

The long-term mega/celebrity collaborations had a lower ROI compared to the short-term. Apart from that, the long-term collaborations had a higher ROI in all categories. However, the difference in ROI between short and long-term collaborations is lower compared to previous years. As an example, nano short-term versus nano long-term had an ROI of 411% respectively 311%, compared to 460% and 150% 2019.

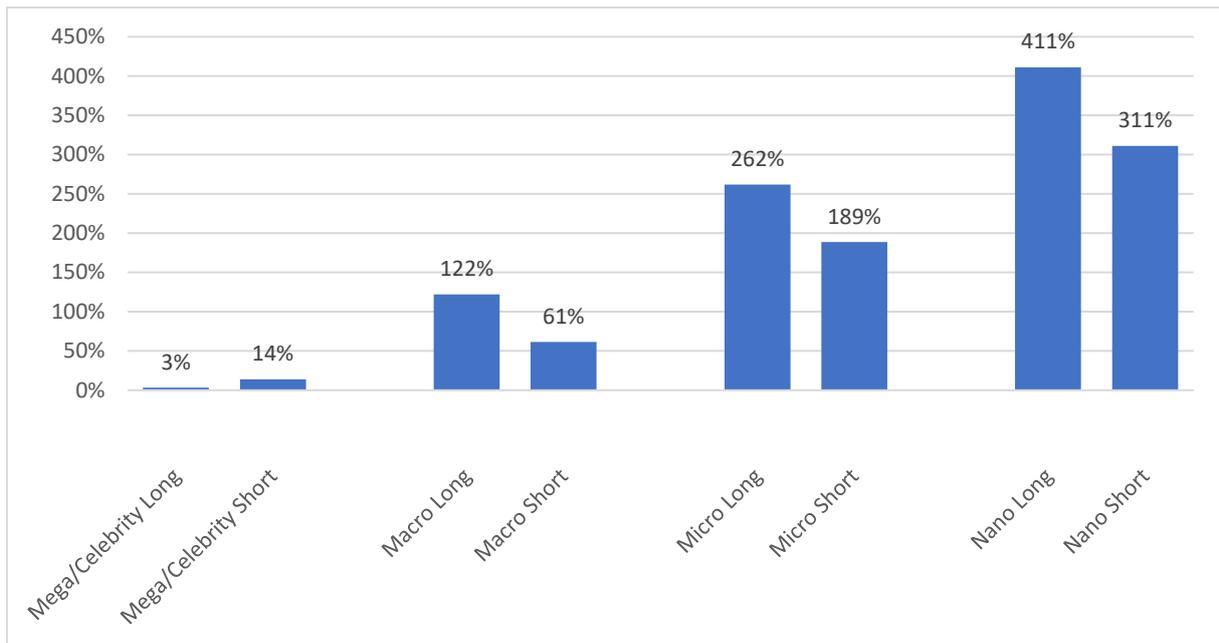


Figure 9: ROI for long versus short-term collaborations during 2020.

### Revenue and cost share

Even though the ROI from the long-term mega/celebrity collaborations were just 3%, they still contributed with 16% of the total revenue. The long-term macro collaborations were still the biggest contributor with 41%, while short-term macro contributed with 5%.

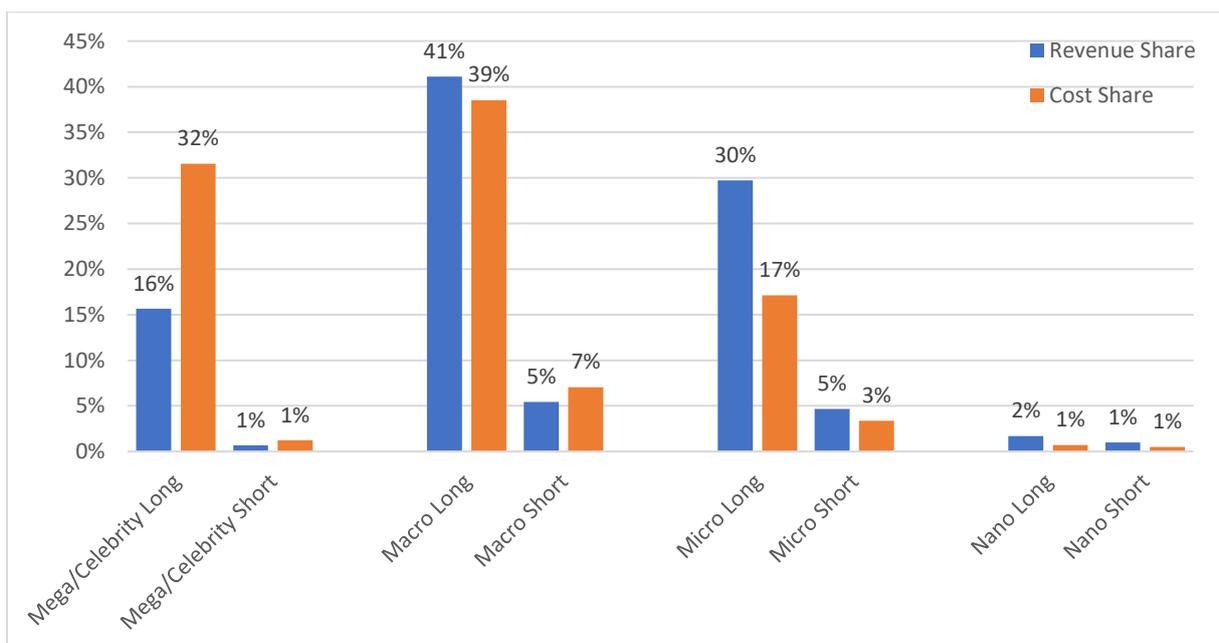


Figure 10: Revenue and cost share for long versus short-term collaborations during 2020.

During 2020, only around 12% of the cost can be allocated to short-term collaborations. 2020 is a bit different compared to 2018 and 2019. 47% of the influencers were collaborated with long-term and 53% short-term. The eight different influencer types are broken down in percentage in figure 11.

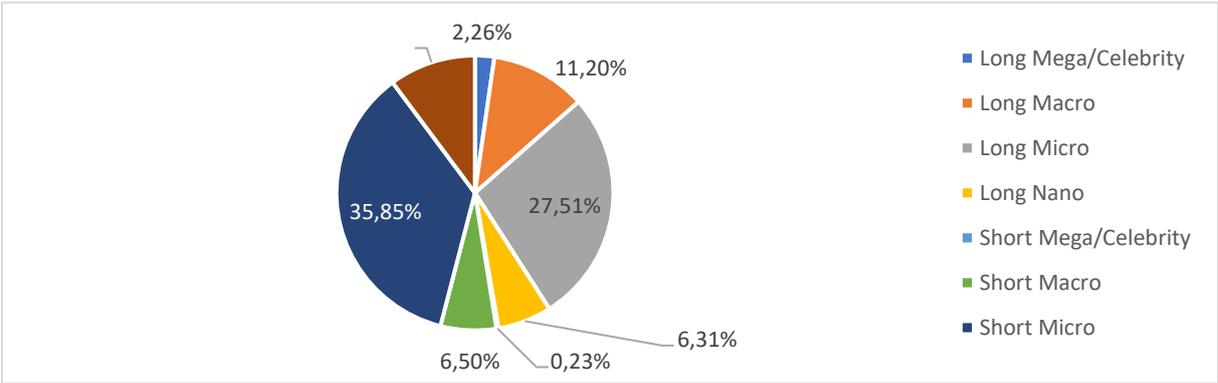


Figure 11: Share of influencer types during 2020.

#### 4.1.4 2018-2020

##### ROI

From 2018-2020 it became clear that long-term collaborations had a significantly higher ROI compared to short-term collaborations. The ROI for long mega/celebrity, macro, micro and nano had a respective of 44%, 121%, 263% and 708% ROI. Notably, there is a clear pattern that the larger the size of the influencer, the lower the ROI. This did not apply to short-term collaborations where the mega/celebrity had an ROI of 14% and the macro 7%. Lastly, micro short-term collaborations had an ROI of 106% and nano 191%.

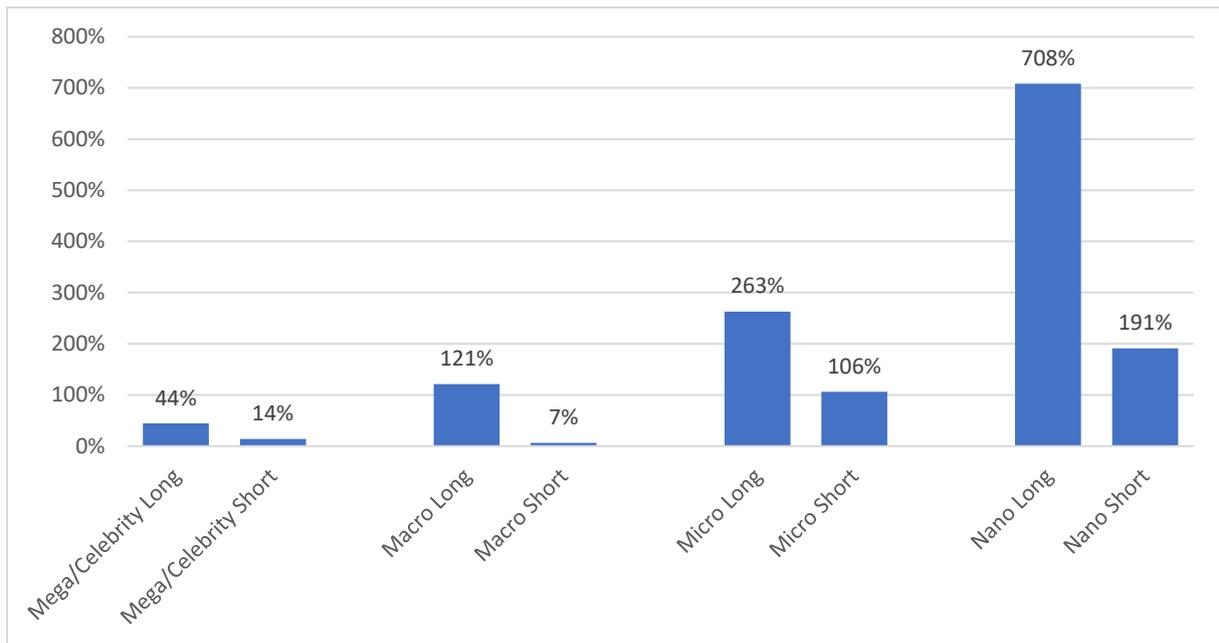


Figure 12: ROI For long versus short-term collaborations during 2018 to 2020.

### Revenue and cost share

Here, the largest contributor to revenue was the macro influencers that contributed with 43% of the revenue, where the long-term contributed with 33% and short-term 9%. Second were the micro influencers that contributed with 31% of the revenue, where long and short-term collaborations contributed with 20% respectively 10%. It is notable that nano-influencers contributed with only 6%, despite having a considerably higher ROI compared to the other collaboration types.

Considering the cost share, it is also the macro-influencers that have been invested in the most. Totally, 47% of the cost was for macro influencers, followed by 31% for micro, 21% for mega/celebrity and 3% for nano.

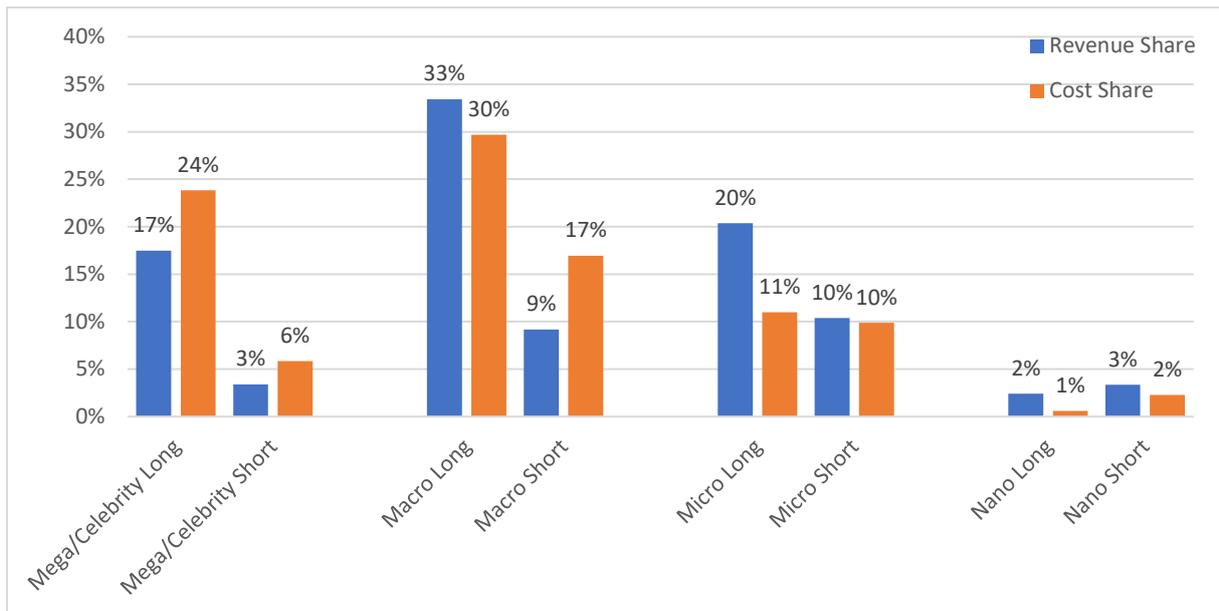


Figure 13: Revenue and cost share for long versus short-term collaborations during 2018 to 2020.

The total amount of influencers collaborating long term these three years were 10%, and the remaining 90% were collaborated with short-term. The eight different influencer types are broken down in percentage in figure 14.

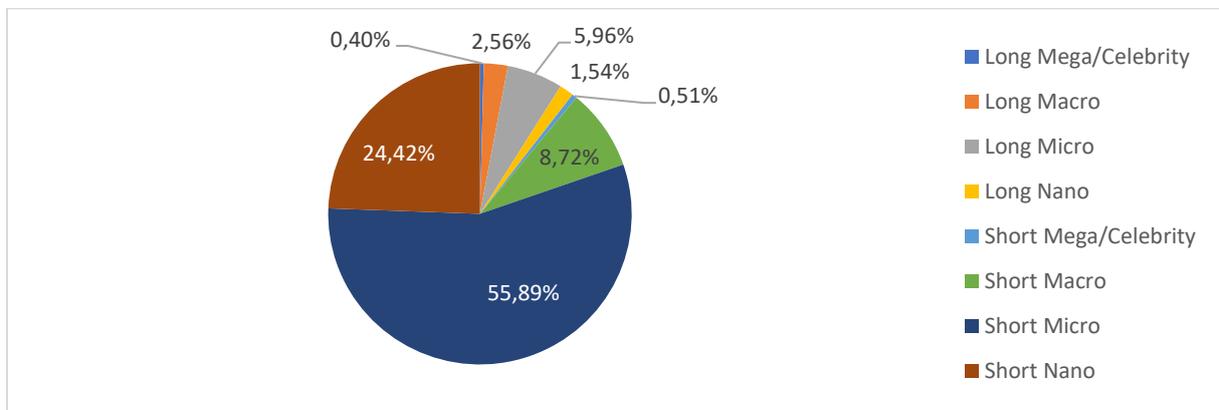


Figure 14: Share of influencer types during 2018 to 2020.

## 4.2 Interview findings

In this section, the findings of the interviews are presented. To clarify how the thematic analysis was done, a table consisting of the identified themes along with the codes, number of occurrences of the code along with an example quote can be found in the following

subsection. Through a narrative approach, the identified themes that are deemed relevant for this thesis are then described and presented. These are the influencer marketing concepts, influencer characteristics and collaboration types.

#### 4.2.1 Result of the thematic analysis

Identified Themes	Code	Coded Segments	Example Quote
Influencer Genres	Casual/Lifestyle	2	"So I guess that's why, and also it's very popular difference. So like I said, casual and lifestyle."
	Sports	3	"For example I've been cooperating with this girl now, she is a sports woman. I mean she has very high engagement and is quite good."
	Moms	3	".. the third one I would say is working quite good is like Mommy's. Because they also built quite good community around their blogs."
	Beauty	1	"I would say beauty in front, although it's not like you know 100% all well context but the followers..."
	Fashion	9	"So that's for the unpaid ads and for the paid ones we have different categories we have like of course the typical young female very fashion, super high level of followers with a very high level of engagement."
Influencer Marketing Concepts	Sponsorship disclosure	10	"They just need to follow legal regulations, and it's very clearly how they're supposed to show that this is an advertisement."
	Sponsorship disclosure compensation justification	9	"I think it's just honesty, and I mean most viewers also know that people are getting paid by brands to do that. So I think there's no need to hide that this is a paid collaboration and I also think that you can use it as a brand very well in your own way."
	Influencer/brand fit	14	"If you want a really good result, I think its good if they fit. If we think for long-term values, I think it is more important. But short-term I don't think it matters. But again, really important for long-term collaborations."
	Authenticity	16	"I really think that the content should be authentic to their feet and their profile and the way they show the information to their audience. So it should be not our content because we can have our content on our Instagram profile. It should be their content with our twist, you know."
	Brand control	13	"So for example there are these influences who never talk themselves in their camera because they're too shy or whatever. And if we force them to do so by promoting our products it's not perceived as very authentic because it's just not the style of how they make stories."
	Opinion leaders	8	"For the brand it looks good if we have paid an influencer that is big and have a high credibility and let those communicate the message rather than an influencer with 10k followers, then it suddenly feels "cheaper"."
	Trustworthiness	12	"It is good if they are trustworthy, but not a requirement for success, if we look at the short-term perspective i.e. sales, but for brand building being trustworthy is more important."
	Perceived expertise	6	"It is good, but its secondary. More like that it's a reasonable person that the followers like, than that they have an interest in that field. It could be influencers that are gamers that have loyal followers, but does not necessarily know anything about accessories or fashion, it is more about the person than their expertise within the segment that is being marketed."
Influencer characteristics	ROI	10	"The estimated ROI. If we've never been working with them, so we try to compare with different profiles that we've been working with and try to adjust and see how much they would generate for the year."
	Influencer/follower interactions	10	"It's very important and influencers who interacts with their own audience is usually an influencer that is not only casually followed by people, but they really look at the post and they're looking forward to their stories and they listen to what they say."
	Community	14	"It's more about the community they have, and that their followers really like them. They can sell anything independently of what they actually have an expertise within."

	Demographics	5	"I look at demographics of their followers: where they're from, how old they are..."
	Aesthetics	8	"... so that's what I look at first and then of course, the content with what their account is like."
	Followers	13	"We have a graph where we can see how many new followers they get per month, so if there is natural growth or not, that is important."
	Engagement Rate	19	"Of course it is very important. Uh, and uh, yeah, just you know, because. Like logically, because of the algorithm, the higher engagement rate, the more reach like the posts and stories have."
	Fake followers	5	"... and now we have the tools to be able to see if they're buying their followers or not."
Collaboration Types	Collaboration Length	43	"I think it can be perceived as less "bought" and that there are a genuine collaboration between the influencer and the brand, rather than they just are seen once for a specific campaign."
	Ambassador	9	"If it's a smaller influencer that we booked for a year, its still more campaign to campaign, and we and the influencer does not embrace the collaboration the same way. But with more money, both parts take it more seriously and become more of an ambassadorship."
	Campaign Type	12	"... depends of the campaign. If it's a launch a new product launch, or if it's more like a commercial campaign like Black Friday or Holidays."
	Pricing	16	"Because the more you wait in the year, the more you're going to pay especially for Black Friday and holiday. So if you book them at the very beginning of the year, you can have like a better rate I would say."

Table 3: Identified themes, codes, number of coded segments along with example quote.

#### 4.2.2 Influencer characteristics

To be able to understand why an influencer is picked for a collaboration, one need to understand what characteristics in an influencer that are desirable, or even required from the brand, to go through with a collaboration.

One of the commonly reoccurring requirements, was to collaborate with an influencer the interviewees believed would result in a positive ROI. This was said to be less important for the mega/celebrity influencers, and more important for influencers that has the goal to generate sales. Since this data is generated from collaborating with influencers, the information is not available before a collaboration. To make predictions of potential sales, the influencer's profile is compared to profiles with similar characteristics that the brand has worked with before, for example having similar engagement rate and number of followers. It was also said that if an influencer that the brand had collaborated with had a positive ROI in a previous collaboration, then the goal is to sign them again.

The most recurring characteristic mentioned in the interviews was the engagement rate. This was said to be one of the most important characteristics to consider for collaborations, and the reasons to this are many. One of the explanations are how the Instagram algorithm work. A higher engagement rate leads to a higher reach of the content and in turn more sales. It also shows the commitment of the influencer's followers, where a follower base that are more

engaged with the content, usually tend to be more loyal to the influencer. Even though all interviewees mentioned the importance of the engagement rate, it was also said that having a high engagement rate does not necessarily indicate good results. One example mentioned was a collaboration with an influencer that is a professional sportswoman. Although her engagement rate and content are in line of what the brand desires, she does not sell very well. Consequently, a high engagement rate does not necessarily mean a good result.

The definition of a high engagement rate was also mentioned to be dependent on the size of the influencer. A mega/celebrity-influencer is not expected to have as high of a degree of engagement as nano or micro-influencers. This was explained by the capability of the influencer to engage with the followers, for example liking and replying to comments and naturally it becomes more difficult for a mega/celebrity-influencer to answer to as many comments as a nano influencer.

Related to the engagement rate are the parasocial interactions, or also called the influencer/follower interactions. It was mentioned as an important aspect to consider, since it was said that it in general yielded better results when the influencer did something more interactive, as for example having a poll or a question-and-answer (Q&A) session. This was said to strengthen the relationship between the influencer and the follower and in turn increase the purchase intention of the follower. A commonly recurring aspect was the “community” the influencer had managed to build around his or her profile. It was referred to as how engaged and involved the followers was with the content the influencer produced, and having a strong community made it easier for the influencer to influence the followers, if followers truly like the influencer, and hence generate more sales.

The importance of having good looking content was also discussed. Beside that the fact that visually attractive content was important, it was also said that personal content and fitting content was important aspects as well as being “a little bit of fun, because that is what is hot right now”.

While the number of followers also is an important factor to consider, it is mainly what the followers consist of that matters for a collaboration. It is well known that influencers tend to buy followers to increase their value, and therefore it has become an important routine to examine if the followers consist of fake followers. In addition, it is of value that the influencer

has a follower base that are present in the markets the influencer is trying to influence. Lastly, the goal is to make sure that the followers are to a wide extent a part of the target group of the brand.

#### 4.2.3 Opinions on brand relevant concepts

Whether trustworthiness of the influencer was considered important or not, had no single answer. One interviewee mentioned that trustworthiness is something that comes naturally with a person choosing to follow an influencer. Another one mentioned the importance of being trustworthy when specifically promoting a product. This could be increased by signing the influencer to an exclusivity contract, and by that make sure that the influencer did not collaborate with a competitor brand. Further, it was said that an influencer does not necessarily have to be trustworthy but that “generally the answer is yes, but there are cases where an influencer is not trustworthy, but the followers still get an interest for the product endorsed. They are more to be seen of like a billboard”. It was also mentioned that the importance of an influencer being trustworthy depended on the magnitude of the collaboration. It is more important that the influencer is trustworthy for a mega/celebrity-influencer, or for a collaboration with an influencer that has the ambition to strengthen the brand image. This was said to be due to that the risks are higher because of the money you invest in them, but also because they will be to a wider extent be connected to the brand and with that be able to impact the brand, both positively and negatively, more than a smaller short-term collaboration where the goal is sales.

One category of influencers that were mentioned positively were influencers that could be explained as opinion leaders. These were mentioned as influencers with a high credibility and standing for values that the brand wants to be linked to, as well as strongly being able to influence their followers. This was said to be specifically important for influencers that the brand worked with long-term, and thus being more of an “ambassador” for the brand. The message the brand wants to deliver, was said to be more credible if it came from an influencer that also was perceived as credible.

When asked about authenticity, the interviewees agreed on the fact that being authentic in their Instagram profile increased their credibility and was something they looked for in

potential influencer collaborations. One of the strengths with influencer marketing, as explained by one of the interviewees, is the personal feel of the influencer content. If the content is not experienced as authentic, it loses this personal feel, and starts to feel more like an ad platform. For this reason, it becomes important that the influencers generate content for the brand sponsored posts that fits in with their other content. Another interviewee pointed out how difficult it can be to find authentic influencers since anyone can be an influencer, but also agreed on that authenticity is something positive, and can sometimes be seen in the result of the collaboration as well.

One aspect that impacts the authenticity, is how the brand chooses to control the content the influencer posts in the endorsement. This is something the brand in the thesis pays close attention to, and while they provide general guidelines for the influencers, they try to let the influencer control the creative process of the content. They believe that the followers quite easily can see if the content is genuine or authentic and get the feeling that its more “bought”, which is something the interviewees also have experienced in the tone of the comments on the post. One interviewee said that for some influencer categories, like fashion, it is not as important that the content is experienced as authentic and that followers expect another type of information, that is not as personal. In these cases, it is not as big of an issue if the content is controlled. However, one example was brought up where an influencer that normally do not show themselves in videos was asked to promote a product through a video, it was most likely seen as fake and not very credible. If followers expect to see a certain type of content, and the outcome is the opposite, they tend to complain. Ideally, the brand sponsored posts from the influencer should be the influencer’s own content, with the brand’s twist.

How important the fit between the influencer and the brand was for the collaboration, had different answers. One interviewee said that influencer marketing is not appropriate for all products or services and brands and argued that it should be placed in the correct context. Another interviewee said that “all influencers can sell any type of product. It is more about the community they have, and that their followers really like them. They can sell anything independently of what they have an expertise within”. Despite this, it was agreed on that if there is a clear fit between the influencer and the brand, it can assist in building consistency and by that brand equity. Another one mentioned the risks for a brand letting go over the control of the promotion of the brand, which could be avoided by collaborating with

influencers that are in line with the brand values and not only considering the short-term effects of how much sales they will generate. Influencers that were said to possibly harm the brand image, was people involved with reality TV, nudity content, drugs, being underage or politically active. One interviewee said that they had worked with a reality TV-star a couple of years ago, and after that collaboration, other influencers declined a future collaboration because they did not want to be associated with a brand that worked with that type of influencers. Consequently, it is not only about the brand image in the eyes of the follower, but it also affects the image of the brand in the eyes of the influencer. When asked about if the fit is more important when the collaboration is long-term, most answered that it is important no matter the length of the collaboration. One argued that it is more important for long-term collaborations, and less for short.

Perceived expertise of the product endorsed was not considered important by the interviewees. It was by one interviewee seen as something positive, but secondary when compared to other aspects. It was considered more important that they are a person that are liked by the followers, and that there is a healthy community following the influencer. Knowledge or expertise about the product was therefore not considered by the interviewees for influencer collaborations. Quoting one interviewee "... the community is really important, not as much about the knowledge. A good salesman can sell anything independent of the customer".

Regarding the sponsorship disclosure, it was said that it is not really anything that is considered for collaborations. It is common practice and required by law for influencer to do this, and how they choose to disclose it matters little. Instead, one mentioned that followers might be more suspicious towards posts that are recommending a product that is not an ad. When asked about a "sponsorship disclosure compensation justification", the answers were in general positive. However, it was dependent of the size and type of the collaboration. For influencers that the brand has worked with for a long-term, or just initiated a long-term collaboration with, it was said to be something that could increase the credibility of the influencer. Especially, it can be a powerful tool when trying to build a story and enhance some specific values that the influencer stands for, and that the brand wants to be associated with. It was not considered relevant or value adding for a short-term collaboration.

#### 4.2.4 Collaboration types

The main reason for choosing to sign an influencer to a long-term collaboration, is that they have been successful in the past. In general, the interviewees responded that they do trial collaborations with influencers that they have not worked with before and see how they deliver in terms of sales and content. This is usually done by signing a few posts, usually 1 or 2, during big sales periods. If successful, the ambition is usually to sign them for a longer period with more posts. Even so, an influencer might be signed long-term from the start despite having no previous collaboration, from which the decision is based on how good the deal is and if they fulfill the requirements with a margin. This comes with a risk but can also yield a higher reward if it turns out successful. Although the importance of the influencer having a positive ROI is high, it is not always the sales that determine if the brand wants to collaborate long-term with the influencer. If the influencer is an opinion leader, and “on top when it comes to being on trend”, it can be worth to sign the influencer long-term. It is also beneficial working long-term, since the brand will know what they will receive from the collaboration as well as more efforts put in by the marketing professionals to make the collaboration work.

When asked if having multiple posts from the same influencer can be beneficial for the brand, the answer was that it good to have for the followers of the influencer to familiarize with the content and be acquainted with the brand. This can be perceived as less “bought” and a more genuine collaboration between the brand and the influencer, compared to having a collaboration with a single post. Another interviewee said that it is more credible if an influencer promotes the same brand multiple times and that shows that they are more likely to actually use the product and to genuinely like it. The interviewees did not believe it was likely that multiple posts would impact the engagement rate of the brand sponsored posts.

It was also said that having too many posts can have the opposite effect. It can be experienced by the followers as “too much” and does not necessarily generate better results when it comes to sales. In addition to this, it can damage the brand. Moreover, it was also said that collaborating with too many influencers can remove the feeling of exclusivity for both the customer and the influencer. Collaborating too long with an influencer might expose the brand to a larger risk as well. Since it is a profession, the influencer might decide to quit the influencer career, be a part of a scandal, or similar events that might put the brand in a bad light.

Another reason to sign long-term collaborations is the desire to cover more costly campaigns in advance. By doing this, it is possible to book posts for a lower price than if booking closer to the campaign period, due to the increased demands from other companies wanting to sign the same influencer. Despite this, there can also be an extra fee for “blocking” competitor collaborations in advance, which might not always make it cheaper. It might not always be desirable to work long-term, especially when the circumstance are sales focused campaigns like Black Friday or Holiday season. With the goal of reaching out to as many potential customers as possible, an extra push of posts is needed to reach the desired number of followers. Here, short-term collaborations are of value and can provide with the extra reach that is required for a successful sales campaign. It was also mentioned that more and more influencers tend to set up their collaborations together with an agency, that has complicated the way of working with influencers for the brand. This usually led to influencers asking for more money, which has over the years made influencer marketing more expensive. Additionally, one interviewee mentioned a surge of new competitors during 2020 wanting to do influencer marketing on Instagram. This was said to be the consequence of more and more retail companies digitalizing their business and focusing more on e-commerce because of COVID-19. Because of this, they start targeting potential customers online and often choose to use influencers, increasing competition on the channel.

Having collaborated for a longer period with an influencer can strengthen the relationship between the influencer and the brand, which was said to influence the price in the negotiation positively. In addition to this, a strong relationship can lead to more genuine and enthusiastic recommendations by the influencer which is likely to be interpreted as more genuine and authentic by the followers as well. These influencers are commonly referred to as “ambassadors” and are to be treated differently than “every day” influencers. The size of the influencer does not necessarily matter, long relationships should be valued highly no matter the follower amount. This also goes along with the fact that they choose to collaborate exclusively with that brand in that product category and is not allowed to collaborate with any sort of competitor to the brand in question. It was also said that sponsorship disclosure compensation justification was a fitting concept to use for brand ambassadors.

## 5 Analysis and discussion

### 5.1 Analysis of the influencer performance

A theme that becomes clear when analyzing the long-term collaborations, no matter the year, is that the ROI is higher compared to short-term collaborations. There is one exception, which is during 2020, where short-term mega/celebrity collaborations outperform the long-term. However, this can most likely be explained by the fact that these collaborations are so few and large which makes one successful collaboration in this category impact the outcome more than for example the micro collaborations.

Interestingly, there is a clear pattern when looking at the ROI levels for the different influencer categories. With a few exceptions, it shows that the larger the influencer, the lower the ROI. This goes both ways, where the smaller the influencer, the higher the ROI. While this can point toward using only nano-influencers to gain the most profit from influencer marketing, there are several reasons why this might not be possible. One, since they are smaller and have less followers, they will reach less people with their posts compared to influencers with more followers. This means that the effort to gain the same amount of reach, will require more posts and in turn more time from the marketers booking the posts. And two, while nano influencers have the highest ROI, they might not impact the brand as favorable as more popular larger influencers. This is shown by the revenue contribution from nano-influencers, which from 2018 to 2020 only contributed with 5% of the influencer attributed revenue.

Two influencer categories where collaborating long-term does not seem to be as impactful, are the mega/celebrity and macro-influencers. During 2018, the difference in ROI from long to short mega/celebrity collaborations, was 57% respectively 35%. In 2020, the short-term mega/celebrity collaborations performed better than long-term. This could indicate that working short-term, is more beneficial when collaborating with mega/celebrity and macro-influencers.

Considering all three years, the lowest performing influencer category are the macro, when collaborating short-term. With an ROI of just 7%, it is close to be non-profitable. Especially in 2018 and 2019 the ROI is low, 8% and -7%, while 2020 showed an ROI of 61%. This could be an indication, that when the goal of the collaboration is to deliver a profitable return, short-term collaborations with macro influencers should be avoided. However, during 2018-2020

the revenue contributed by this influencer type was a total of 9%. Considering only the financial aspects, it is most likely still worth to collaborate with an influencer of this type if the expected ROI is positive, due to them being able to contribute with a large portion of the influencer revenue.

The most important category from a financial perspective seems to be the macro and micro-influencers. These two categories contribute with a majority of the influencer revenue, where the largest part comes from the long-term collaborations. Additionally, the ROI of the collaboration types is in general high, except for short-term macro-influencers that deviates from the pattern.

The mega/celebrity-influencers have as previously mentioned the lowest ROI of the different collaboration types. They are, however, in most cases profitable and still contributes with approximately 20% each year of the influencer revenue. What to expect from mega/celebrity-influencers is not quite clear. There is no obvious trend considering all years, the ROI is higher for long-term is higher 2018 and 2019, but not during 2020. Consequently, this influencer category does not seem to be as dependent of being collaborated with long-term to reach a positive ROI.

It can also be seen that the number of influencers worked with short term are higher than the long-term. This can be explained by the fact that they provide with less posts per collaboration, and in turn makes them have a similar cost share. One potential reason for this could be less work to sign and book less posts, and possibly trying out new influencers to see how they deliver in terms of ROI.

Important to note as well, is the lower share of short-term collaborations during 2020. This could possibly be explained by a lower budget or an increase in prices, but also that the brand chooses to rather invest in collaborations that they know what to expect from which in turn results in less new collaborations. Additionally, this adds a layer to how long-term collaborations deliver year over year. One might expect sales to decline, considering that the targeted followers might have already bought a product. Or it could increase by increasing the purchase intention for the follower by seeing the same brand multiple times. Considering that most brands, including the case in this thesis, launches new product it is more likely that the latter is the right analysis.

In 2020 there was a clear shift in collaboration type split. From 12% of the influencers being worked with long-term in 2018, to 21% in 2019 and to 47% in 2020, almost half of all collaborations were long-term. With less collaborations signed with a smaller influencer marketing budget, and prices increasing year over year, the coordinators now could most likely choose to collaborate with the influencers they deemed the most attractive for a successful collaboration.

One problem with this could be that successful collaborations are usually the ones that end up being a long-term collaboration, meaning that there could be a bias in how a long-term collaboration is being decided upon. Due to this, it can be expected that the ROI increases year over year on a total level, with unsuccessful collaborations are not signed again, while trying to keep collaborating with the previous successful collaborations. This is also shown to be the case. To adjust for this, it is important to consider 2018 since this selection was yet to be done. In 2018, long-term collaborations still have a higher ROI compared to short-term in every influencer category, strengthening the conclusion that ROI is higher for long-term collaborations.

The ongoing selection might impact the success of short-term collaborations. Considering that long-term collaborating seems to positively impact the ROI, a short-term collaboration might have been more successful if it was initiated as a long-term collaboration. Moreover, this could mean that successful collaborations are missed out on by choosing to collaborate with an influencer short-term or ending the collaboration prematurely. Here, the brand will have to decide whether it is worth to take the risk to further invest in the influencer for potentially generating a better outcome of the collaboration.

## 5.2 Analysis of the interviews

Undoubtedly, the main focus of the replies from the interviewees pointed towards a sales focused decision-making. While other aspects played a role in deciding who to collaborate with, it was unlikely to be a future collaboration if they did not believe the influencer would sell for more than the cost. However, exceptions of this are made, and it is not always the potential sales that an influencer is expected to generate that is the reason behind the choice to collaborate long-term with an influencer. In certain cases where the influencer was to be

seen as an opinion leader or held values the brand wanted to be associated with, a long-term collaboration was an option although it was not expected that it would generate a positive ROI.

Since the community and authenticity aspect of the influencer was considered important, having a long-term collaboration with a brand was said to be able to yield more authentic and enthusiastic posts by the influencer, and in turn influence the followers more effectively, which supports the findings that authenticity positively influence the word-of-mouth and purchase intention (Kowalczyk and Pounders, 2016; Reinikainen *et al.*, 2020). It also aligns with the claims of Lou and Yuan (2019) that brands should look more on how the followers perceive their similarity to the influencer, as well as their trustworthiness and attractiveness which can be found by examining the influencer community. Usually, signing an influencer long-term also meant that they were exclusively promoting this brand and by that increase the credibility of the message the influencer and the brand is trying to deliver.

A long-term collaboration will in most cases mean more posts that are endorsing the brand which makes it more likely that the followers will notice the brand and familiarize and get acquainted with the brand and their products and achieve the beneficial serialized targeting (Campbell and Farrell, 2020). This was seen as a positive aspect and was said to improve the genuineness of the post and increase the authenticity of the collaboration. In addition to this, it was also said to be more credible if the same brand is endorsed repeatedly but was not believed to have an impact on the engagement of the brand sponsored posts. However, it was also discussed that having too many posts can have a negative effect. Consequently, it becomes important for brands to find the optimal number of posts for a collaboration to increase the efficiency of the collaboration, while not having too many to potentially lose interest instead. This is an interesting equation that require more research. Additionally, it might not be optimal to expose the same followers repeatedly if there are little or no new products in the brand's product portfolio. A large portion of the followers will most likely already have converted, and therefore not be as likely to purchase again.

Sponsorship disclosure compensation justification was seen as something positive in the eyes of the interviewees. However, it was seen as more useful for a certain type of collaboration. When it came to short-term collaborations, a sponsorship disclosure compensation justification was not regarded useful but rather seen as unfitting. Having an influencer

extensively justify a single post was most likely to be seen as unnatural. But for long-term collaborations, or for “brand ambassadors” it was believed to be positive and increase the credibility of the influencer which supports the findings by Stubb *et al.* (2019). Additionally, it was said to be a powerful tool when trying to build a story or enhance values that the brand wanted to be associated with. This could therefore be more relevant when trying to improve the image of the brand, and with that increase the popularity of the brand and generate sales in the future.

The influencer and the brand fit is an important aspect to consider no matter the length of the collaboration, but was not something that was believed by the interviewees to impact the outcome of a long-term collaboration specifically. This supports the findings by Martínez-López *et al.* (2020), in which they also emphasize the importance of collaborating with an influencer that fits with the brand. The interviews in general argued for trustworthiness being important, but not something that was crucial for a successful collaboration. Like mentioned by one interviewee, the trust comes naturally since the follower actively chooses to follow someone and hence already is applied. This could be explained by the fact that influencers in general are seen as more trustworthy than celebrity-influencers, because of the perceived similarity and hence trustworthiness comes naturally (Lou and Yuan, 2019). It was also said that some influencers are more to be seen of as an ad space and in those cases, it does not matter as much if the influencer is trustworthy or not. Either or, trustworthiness was considered more important for influencers that had a larger potential impact on the brand, meaning mega/celebrity-influencers or macro-influencers.

Just like in the literature, the results of the interviews disagreed over the fact if expertise is an important characteristic for a successful collaboration. One interviewee mentioned that some products are not fitting for influencer marketing, while another interviewee said that an influencer can promote anything no matter if they are perceived to have an expertise in the product or not. Lou and Yuan (2019) claimed that expertise does not influence the trust in the brand content, whereas Martínez-López *et al.* (2020 A) claimed that it is suggested to collaborate with an influencer with a perceived expertise in the product being endorsed. However, there seem to be no negative impacts collaborating with an influencer with a perceived expertise in the product being endorsed which the findings of this thesis also support.

Apart from all the findings of how long-term collaborations might impact the soft values, one interesting finding from the interviews was the potential price benefits. By booking influencers far in advance with multiple posts and by that making it a long-term collaboration, it is possible to get a lower price compared to booking a post close to the planned date of the posting. This goes along with prices increasing for influencers on Instagram, and by booking in advance, it is possible to get a lower price. But mainly, it is because of supply and demand. During hectic sales periods, like Black Friday or Holiday, there is a higher demand from brands to push their content and generate sales and thus, prices increase. This makes short-term collaborations for these sales periods expensive, and more likely to generate a lower ROI compared to long-term. With this said, it is not optimal to solely rely on long-term collaborations, since collaborating with too many influencers can reduce the feeling of exclusivity for existing and potential collaborations and make it harder to sign attractive influencers in the future. This makes it beneficial to use short-term collaborations for sales periods when the competition for reach and exposure is tense. Moreover, for long-term collaborations, it is possible to build long lasting relationships with the influencer, and with that be able to negotiate a better price for the collaboration.

### 5.3 Synthesis and discussion

In this section, a synthesis of the influencer performance data and interview analyses will be conducted with the aim to clearly elaborate on the answers to the research questions and discuss the findings in general.

To answer the first research question, “how does long-term collaborations with Instagram influencers in different size categories compare to short-term collaborations in regard to financial performance?”, the results indicate that long-term outperforms short-term collaborations in terms of ROI, and that the ROI is higher the smaller the influencer. To answer the second research question, “which factors might impact the efficiency of long-term collaborations, and what other benefits might be prevalent?” the answers are many. The main reasons are price benefits of long-term collaborations, a trial-and-error strategy of influencer collaborations, and content being perceived as more authentic.

From the influencer performance data analysis, it becomes clear that long-term collaborations generally outperform the short-term collaborations. This is partly the outcome of a sales focused influencer marketing strategy. By signing influencers initially for a “trial” or short-term collaboration, the influencer can after the collaboration be analyzed based on the outcome of the content, but most importantly, the sales they generated compared to their cost. If the influencer is in the eyes of the brand considered successful, the goal is to sign them for a long-term collaboration. Additionally, working long-term with influencers was believed to create more authentic and enthusiastic posts that will increase the interest of the brand and their products, as well as increasing the purchase intention.

Long-term collaborations often meant that the influencer exclusively endorses one brand in that market segment, which was believed to increase the credibility compared to endorsing the brand one day, and the next day endorsing a competitor. In addition, sponsorship disclosure compensation justification was believed to enhance the performance of the collaboration when it was deemed a suitable collaboration. In general, long-term collaborations were more likely to increase the credibility of the posts and brand.

However, the fit between the influencer and the brand was not believed to impact the performance of long-term collaborations. Trustworthiness was considered important no matter the collaboration type and working long-term was not believed to increase the engagement rate of the brand sponsored posts.

Perhaps the most important finding was the price benefits of working long-term with influencers. By booking posts early in advance, it is possible to lock posts for a lower price during a period where they usually would cost more. Since the other option is to book posts closer to the planned date, this usually comes with a higher demand where other brands compete for the same exposure. Naturally, this increases the price of the influencer’s post and hence will lower the ROI. In addition to this, booking multiple posts will reduce the cost per post. Lastly, building a strong relationship with an influencer by working with them long-term can simplify negotiations and is likely to lead to a lower price or other benefits such as additional posts and by that increase the sales or ROI.

What the quantitative analysis showed, was that larger sized influencers, such as mega/celebrity-influencers had a lower ROI compared to the smaller ones. In general, there

was a clear pattern that the lower the ROI, the larger the influencer. The reasons for this are several. First, they are more expensive. If we assume that there is a linear relationship between cost and number of followers, which is more likely to really be a higher price per follower if it is a macro or mega/celebrity-influencer, then it will require that the conversion rate of the followers be on the same level as a smaller one. Second, it was described important to have an engaged community to generate sales and that larger influencers have a lower engagement rate. For these reasons, it is unlikely that a larger influencer will have the same conversion as a smaller one and hence have a lower ROI.

If a brand was looking to increase their ROI of their influencer marketing, one might believe that only working with nano-influencers is the solution. While this is an interesting idea, it is not a realistic scenario due to multiple reasons. For a brand to get the same visibility as one mega/celebrity-influencer it would require at least 100 nano-influencers. This would mean that every employee working with influencer marketing would need to reach out to a significantly larger number of influencers which would mean more work, and potentially less ROI if the salary expenses for the employee would be included in the costs. Additionally, they are not seen as the strongest opinion leaders, and their possibility of enhancing the brand image is limited compared to larger influencers. Perhaps the main reason for not doing this, is that the feeling of exclusivity will be lost for the influencers the brand is collaborating with, if they collaborate with an immense number of influencers.

The macro-influencers worked with short-term, had a negative ROI during 2019. Although they still contributed with revenue, it becomes interesting to try and understand why this might be the case. Apart from all long-term benefits mentioned earlier in this section, there might be other reasons for this not having a positive ROI. The interviews did not yield any explanation for this case, but a guess is that the available macro-influencers that are in line with the brand values are few. The influencers that have been worked with and have been successful were most likely active long-term collaborations or were excluded for being too expensive. Hence the viable options for short-term collaborations are fewer and forces the brand to take higher risks.

The macro and micro-influencers provide with a large portion of the revenue, as well as having a high ROI, particularly the long-term collaborations. Arguably, these can be seen as the most important collaboration types. Why these seem to be working so well, is hard to answer

definitively. However, considering the characteristics that were mentioned important by the interviewees, one guess is that they are not too large to not have a high engagement rate, while also being small enough for the follower to experience similarity to the influencer. This makes it possible to still have a community among the followers and the influencer. They are also often large and popular enough to be opinion leaders. Lastly, the population of influencers included in the span of 10 000 to 1 000 000 followers is large, creating many possible options of influencers to collaborate with.

The influencer category that did not seem as dependent of the length of the collaboration to perform well was the mega/celebrity-influencers. A likely explanation for this is that, quoting an interviewee “they are more to be seen as billboards” and are more to be treated as an ad space. Since they generally have the lowest engagement rate and a weaker community along with a less personal profile, the potential impact of working with them long-term is likely to be smaller. Furthermore, the mega/celebrity-influencers are also the most expensive influencer category making it costly to collaborate with this category long-term.

Since long-term collaborations show to have a higher ROI, one might ask why the brand have chosen to collaborate with more influencers short-term, than long-term. This is a relevant question and only using long-term collaborations is likely to be a viable influencer marketing strategy. However, depending on the brand, and what product they are promoting, it is not sure that the brand will be able to reach the desired number of followers without using short-term collaborations. Especially if the brand is dependent on sales during large sales periods, where short-term collaborations are necessary. Moreover, since long-term collaborations usually starts out as short-term it might be an unlikely strategy for a brand starting to use influencers as a marketing channel. It also means that if a brand wants to expand their reach, they must book more posts with their current influencers or collaborate with new influencers long-term only. However, if a brand decreases their influencer marketing budget, the brand will have many influencers to choose from and with that be able to optimize their influencer marketing performance. Lastly, the reason for not signing influencers directly long-term was said to be too big of a risk, and usually not worth it, unless the deal was good enough.

One aspect to discuss, is the potential time-lags in the financial performance of collaborations. Since posts most likely not generates instant results, there are most likely cases where a post generates revenue long time after it was posted, but the costs being allocated to the posting

date. This is worth to consider when looking at the different years independently, because posts in the last months of the year might positively influence the first months in the following year. How much this impacts the results are hard to tell, but looking at all three years combined, the trend is still the same which could indicate that the impact of this time-lag is minor.

Lastly, data from both the quantitative and the qualitative part has shown that influencer marketing has changed drastically under recent years. From being a channel that previously was a significantly cheap way of reaching out to new people, this no longer seems to be the case. As described in the interviews, prices have risen to new heights in certain markets making it less cost efficient in generating reach. This is due to multiple reasons. First, influencers have started to become aware of their value, and a lot are working with agencies that manages their collaborations. This has made it more expensive and might indicate a professionalization of influencer marketing. Second, more and more companies have started to include influencer marketing as a part of their marketing strategy which has increased the competition for exposure. In addition, COVID-19 has in markets where digitalization has been lagging, forced companies to move towards e-commerce and has further increased the competition. Third, with Instagram consistently making changes to the algorithm in how the posts are presented, less people tend to see brand sponsored posts. All this combined, has pushed prices upwards as well as decreasing the efficiency of influencer marketing on Instagram. This might indicate that influencer marketing, at least on Instagram, no longer is the cost-efficient marketing channel it once was.

Since influencer marketing is still young compared to other marketing channels, we might have to reconsider the definition of “age” in the digital era. What started of as marketing through bloggers, has now shifted focus to YouTube and Instagram. Because of this, the studies within influencer marketing are few and the time to research and understand these different areas becomes short. This thesis includes data from three consecutive years in a large geographical location in the attempt to add to the research field of influencer marketing. However, there are some natural limitations in what conclusions we can draw in understand this phenomenon. The generalizability of the results is therefore far from certain and while this thesis might not show the whole truth, it provides with interesting new insights for future studies to further investigate.

While the research in this study does not relate to sustainability, it is worth mentioning how influencer marketing might impact sustainability. When it comes to improving social sustainability, it becomes important for brands to not collaborate and promote influencers that might be related to any form of discriminatory behavior, such as racism or sexism, and act against it if it were to occur. Additionally, it is important to note that marketing tends to promote consumption, which could be negative if it leads to overconsumption. Here, the brand involved in influencer marketing could use the marketing channel as a tool to show responsibility and try to promote a healthier consumption behavior for a more sustainable environment.

## 6 Conclusions

This thesis examined long-term respectively short-term collaborations with influencers on Instagram by shedding light on how influencers in different size categories impacts the financial performance, in terms of sales and the ROI. In addition to this, factors researched in previous influencer marketing literature was examined along with newly discovered factors and how they might impact the efficiency of influencer marketing from a marketing professional's point of view. The results of the mixed method thesis were presented, explained, and analyzed based on the theoretical framework presented in the literature section. First, the results from the quantitative analysis including the influencer performance, the respective ROI and revenue share was presented. Second, the results from the narrative thematic analysis based on the interviews was presented. Third, the results from the two different data collections were analyzed. Finally, a synthesis of both the quantitative and qualitative analysis was presented and discussed. The thesis contributes to the literature on influencer marketing and has implications for researchers and marketing practitioners.

### 6.1 Research contributions

This thesis contributes to the literature of long-term effects of influencer marketing on Instagram. While previous literature has mainly focused on quantitative aspects in the eyes of the social media viewer, this thesis contributes with new qualitative insights from marketing professionals that previously has been missing in the literature (Vrontis *et al.*, 2021). In addition to this, it contributes to existing literature by focusing on a geographical region that has not been researched as extensively as other regions.

This thesis contributes to understanding influencer marketing from a long-term perspective. From the interviews it was found that collaborating long-term with an influencer is likely to increase authenticity of the posts and in turn increase the interest it generates along with increasing the purchase intention. Additionally, it was found that long-term collaborations are likely to increase credibility. The potential benefits of sponsorship disclosure compensation justification as found by Stubb *et al.* (2019), was found to be most appropriate when collaborating long-term with an influencer.

One characteristic that was found to be important for influencer marketing performance but is not commonly noticed in previous literature, is the community of the influencer. This was deemed important by several interviewees for a successful influencer collaboration. Communities are mentioned as one of the defining characteristics in the study by Reinikainen *et al.* (2020) that examined parasocial relationships through social media influencers. This study adds to the previous findings by confirming the benefits of having a community and being one of the important characteristics of an influencer. Consequently, it will be relevant to try and further understand this phenomenon in future research.

Lastly, this thesis contributes with an examination of long-term and short-term collaborations as well as combining it with the influencer categorization as based on the framework by Campbell and Farrell (2020) and contributing with further characteristics that are typical for the different influencer categories. It also contributes with a potential way of how to evaluate collaborations on their influencer marketing efficiency and performance in terms of sales and ROI.

## 6.2 Managerial implications

The results highlight the potential benefits of working long-term with influencers on Instagram. Since more and more brands are turning towards social media platforms for marketing their products, the prices go up with the increased demand. For brands wanting to keep the same results of influencer marketing or brands wanting to simply increase the efficiency of their influencer marketing, working long-term with influencers can be a part of the solution. According to the findings of this thesis, there are various potential price benefits of working long-term with influencers which can lower the price and in turn increase the ROI of the collaboration.

The results also highlight the differences of the influencer categories as defined by Campbell and Farrell (2020) and what to expect from a collaboration of the different categories. When it comes to the influencer performance, there was a clear pattern that the ROI was lower the larger the influencer. This thesis concretizes the advantages and disadvantages of different types of influencers, and what to expect in terms of ROI. In most cases, long-term

collaborations had a higher ROI than their short-term counterpart proving the value of working long-term with influencers no matter the influencer category.

Since the outcome of the different influencer categories is varying, this thesis provides an important understanding of this phenomenon for brands to aid them in the challenge of being able to reach the desired result of the collaboration. Finally, the findings explain the process of how a brand work with influencers to find successful collaborations and eventually turn a short-term collaboration into a long-term by using trial collaborations.

### 6.3 Limitations and future studies

It should be noted that the thesis has several limitations, which also offers new avenues for future studies. A case study naturally comes with limitations, as the findings of the study are difficult to generalize. To enhance the validity of the research, future case studies targeting other markets and brands are necessary. Additionally, future studies should target brands acting in other industries, as well as investigate if the findings apply to other social media platforms to validate the results and its comprehensive applicability to influencer marketing.

As this thesis only interviewed employees at the brand, it is difficult to draw any definite conclusions from the qualitative part. More interviews, as well as interviewing marketing professionals at other brands and influencers themselves, could widen the lens of the scope and yield more accurate findings. Future qualitative studies should therefore target influencer marketing professionals at various brands in multiple industries to try and understand long-term collaborations further.

A limitation with the quantitative data analysis is how a long-term collaboration is defined. Since no previous definitions of long-term collaborations exist, this thesis attempted to create a definition. This definition has the limitation in the context of this study, as it does not account for a collaboration possibly starting out as a short-term collaboration. Because of this, it is not possible to draw the conclusion if starting out a collaboration as long-term is more beneficial than initiating a collaboration with an influencer as short-term. Moreover, since the brand in the study commonly uses trial collaborations before signing with an influencer for a long-term collaboration, the results of 2019 and 2020 is less valuable than the results 2018. This is due to 2018 not yet being affected by the ongoing exclusion of unsuccessful collaborations.

A possible research direction for future studies, is to test hypothetical scenarios where an influencer does a short-term collaboration, as well as a long-term and examine the different outcomes. By doing this, it would be possible to further validate the benefits of collaborating long-term with influencers, as it will be the length of the collaboration that is the impacting factor, rather than the influencer itself. In addition to this, it would be interesting to expose an audience for multiple posts of the same brand over a long period, to see how multiple posts impacts the experience of the collaboration compared to a fewer number of posts.

With Instagram becoming a more and more competitive channel for brands and with a declining efficiency of reaching out to the followers, brands are looking for new social media platforms to market themselves. TikTok is one of these platforms that stands out as the best alternative to Instagram, in which more research is necessary (Haenlein *et al.*, 2020).

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## 8 Appendix

### 8.1 Interview guide

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#### **General Questions**

- How long have you been working at the company?

#### **Initial Questions**

- What are some of the main characteristics you look for in an influencer on Instagram?
- How do you decide which influencer to collaborate long-term, and respectively short-term with? Why?

#### **Concept-related questions**

##### Trustworthiness

- How important is it that an influencer is perceived as trustworthy when initiating a collaboration? How do you “measure” it?
- Is it important that the influencer have a perceived expertise in the product endorsed to gain trust? Why?
  - How do you think a long-term collaboration can impact the perceived trust of the followers, and in turn the brand?

##### Authenticity

- How important is it that an influencer is perceived as authentic when initiating a collaboration?
- How do you think brand control impacts collaborations?
  - Do you think working long-term with influencers can change the perception of the authenticity of the influencer? Why?

##### Influencer/brand congruence

- How important is it to consider the fit between the influencer and the brand, and why?
- Do you consider the influencer brand congruence more or less important when the collaboration is planned to be long-term?

### Parasocial Interactions / Engagement Rate

- When discovering new potential influencers, how important is it that the influencer interacts with the audience?
- How important is it that an influencer have a high engagement rate when deciding to start a collab? Does this vary depending on the size of the influencer?
  - How do you think collaborating long-term with influencers might impact the engagement of the brand sponsored posts?

### Sponsorship disclosure

- Are there any differences in how the sponsorship disclosure is done depending on the length of the collaboration?
- Have any influencer you worked with used a "sponsorship disclosure compensation justification"?
  - If yes, how do you think it might affect the collaboration?
  - If no and yes, is it something that might be good for long-term collabs?

### **Closing Questions**

- How does length of collaboration affect pricing?
  - How do you decide which influencer to collaborate long-term, and respectively short-term with? Why?
  - Are there any other reasons to, or not to, collaborate long-term with influencers that we might have missed?
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