



1. Why should brands jump on the influencer marketing bandwagon?

Despite the naysayers and skepticism around influencers marketing, it is a booming industry. According to a [2019 study from Rakuten Advertising](#), 87% of shoppers reveal that they've been prompted to make a purchase by an influencer and 84% of marketers believe it's an effective marketing strategy. So much that according to a recent report, influencer marketing is set to become a [\\$15 billion dollar industry](#) by 2022.

In today's competitive market, it is not enough for business to have an online presence. If any business wants to stay in the game, it is imperative that they start an online conversation about their brand. The wider the reach, the easier it is for potential customers to discover your products.

One of the most successful ways businesses can build credibility and authentically connect with relevant, active communities is through online influencer marketing. Influencers have the power to cut through all the noise on social media and take your content to the right audience. When an influencer shares their opinion about your brand at scale, their audience is likely to notice,

which significantly increases your brand exposure.

Moreover, influencer marketing is a lucrative strategy because influencers have the ability to provide real-time value, through low production costs and turn around on-brand content quickly.

2. How to determine if a particular influencer is worth investing in?

While influencers represent so many untapped opportunities for brands, they also continue to be at the receiving end of a lot of criticism, particularly those directed at fraudulent accounts, follower/comment purchasing, and sensational content. In Australia alone, 28% of influencers have low-quality audiences, which are usually made up of bought likers, commenters, and followers, most of which are dummy accounts. This is why brands need to be cautious when selecting influencers.

Audience size isn't the end-all and be-all when assessing influencers. More important is to look at their Engagement Rate as it is the easiest way to determine the influencer's quality. The ER is a calculation that factors in the total number of engagements on a social media marketing post – such as likes and comments. The more engaged the audience, the more likely they are to interact with any paid or partnership placements for your brand.

A simple formula to calculate the ER for a particular post is to sum the post's likes and comments, divide it by the number of followers and multiply by 100. The average ER on Instagram in [2020 was 4.41%](#) . So if you go by this calculation for the last 12 posts, you'll get a median score, which should give you a good idea whether they're worth investing in or not, based on the 4.41% average benchmark.

However, an extremely high ER should raise red flags as in most cases it indicates that the number of likes and comments were increased artificially.

3. How big of a problem is influencer fraud in Australia and how can brands spot Fakefluencers?

It's a [billion dollar](#) problem. Around 45% of all Instagram accounts are bots. So, basically inactive accounts. And in terms of engagement rate, two out of the five comment/like that you see on each Instagram posts are made by bots programs.

It's also worth noting that the most popular fraudulent activities are the ones that are hard to detect with the naked eye. One of them is when the "fakefluencers" try to inflate their following by buying fake followers and bots. And another common one is fake, automated engagement such as likes, comments, story views. So to the naked eye, it's challenging, almost impossible for brands to detect the fakefluencers since both the following and the engagement rate are growing smoothly, which looks very normal.

4. What are some of the rookie mistakes to avoid when working with influencers?

Brands that are new to influencer marketing shouldn't rush into it head down. Marketers often fall victim to two common mistakes:

- Choosing the wrong audience

Marketers don't invest in really understanding an influencer's demographic and how it aligns with their own.

Many marketers mistakenly make their decision based on how many followers an influencer has. While partnering with influencers with the most followers may seem like a safe bet, since they reach more people, it's often better to pick an influencer who has a more targeted audience in order to make sure the campaign is relevant to them. Targeting the masses often result in an indifferent audience who will not actively seek out your brand and hence, a waste of your investment.

Influencers with a smaller audience are usually more engaged with their followers and have a stronger relationship with them. Therefore, the audience will be more likely to trust their recommendations and have a positive response to your campaign.

- Relying on the wrong metrics

Many marketers measure success based solely upon a variety of engagements such as likes or comments and they are often left disillusioned when the resultant ROI is not that great. The most common issue in influencer marketing is fake followers with fake automated comments and likes.

There are several key performance indicators (KPIs) or metrics that play an important role in understanding the success of an influencer campaign. But, one of the most important metric to look at is conversion.

Conversions may/may not be the direct goal of every influencer campaign, but it's the main goal that any brand investing in influencers aims to increase. Conversions indicate the number of sales a particular campaign generated and whether the growth matches the investment and

effort.

5. Finally what are the trends that will determine influencer marketing in 2021?

Influencer marketing will continue to boom and spend will grow by 15% globally to \$5.86B, up from \$5.095B estimated for the end of 2020. It means, there will be a significant shift in marketing budget spend in favour of influencer marketing. With a significant increase in investment comes an equally heightened scrutiny on individual performance and ROI. This will likely lead to performance-based and data-driven influencer marketing campaigns.

Micro-influencers will become increasingly important for brands. With small but targeted follower bases, these influencers are small but mighty and can arguably be more influential than mass influencers, as their engagement levels tend to be higher.

In 2020, 46.4% of brand mentions featuring the hashtag #ad were published by Instagram accounts that have 1k-20k followers (categorised as a micro-influencer). I believe more brands will start to collaborate more with micro-influencers in 2021, and this share of paid placement featuring #ad will increase to 50%.

Another trend we can expect in 2021, is influencer marketing will become the norm, rather than the one-off. This year, influencers will increasingly be contracted on an ongoing basis to boost brand loyalty and attention. With brands becoming more strategic with their use of influencers, we will see fewer generic influencers and more niche-specific influencers.