

Colangelo & Partners

Influencer Marketing White Paper



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Table of Contents

A Changing World COVID-19: Alcohol Consumption and Social Media Use	3
Instagram Content & Trends: Instagram Story vs Instagram Feed Post and The Added Value of Instagram Stories	4
Why Influencer Marketing?: Ways to Work With Influencers and the Social Media “Challenge” Trend	6
Influencer Types: Nano, Micro, & Macro	8
Measuring & Budgeting: Influencer Partnerships and the Process	10
Influencer Genres: Reaching New Audiences & Consumers, The Benefits of Working with Both Niche & Diverse Influencers and Authenticity	12
TikTok Content & Trends: The New & Rising Platform	16

1. A Changing World

COVID-19

As our environment continues to change amid the COVID-19 pandemic, businesses must adapt their PR and Marketing strategies. While in-person contact is at a stand-still, digital marketing initiatives have become imperative to increase brand awareness and keep sales flowing, with social influencers at the forefront to tell your brand's story.

People are spending a lot more time on their phones, browsing social media platforms. Influencer Marketing is more important now than ever before.

Alcohol Consumption and Social Media Use

With more time being spent at home, consumers are purchasing more alcohol and spending more time on social media. Influencers are creating more content as their livelihood.

By working with influencers to create social media content, brands can increase awareness and drive sales where their consumers are: online.

For the week ending March 29, there was a 20.5% increase in alcohol sales nationwide (Nielsen)

In mid-March, North America-based online beverage alcohol platform Drizly reported business growing at three-and-a-half times the rate of earlier in 2020, with wine and spirits growing twice as fast as beer (IWSR)

63% of U.S. Internet Users (21+) say their usage of Instagram has increased since COVID-19

- Social Media users are up to **7.8x more likely** to have increased alcohol consumption during "Stay-at-Home" mandates
- 54% of TikTok users say they are drinking more
- Instagram users are 4.3x more likely to have increased their consumption of spirits vs. those not on Instagram
- 44% of consumers ages 21-29 say they are drinking more wine during COVID-19 confinement.

(IZEA Worldwide, INC)

2. Instagram Content & Trends

Instagram Story vs Instagram Feed Post

Instagram Stories

Content in Instagram Stories, which launched in 2016, is full-screen, disappears (unless saved) within 24 hours and can be enhanced with playful creative tools such as stickers, emojis and GIF's

- Instagram Stories = Ephemeral Content: disappears after 24 hours (instagram stories, instagram live), is often viewed as more authentic & usually created "on-the-go."

Instagram Feed Posts

Content Instagram Feed, which launched in 2010, takes up a smaller proportion of the screen, lives on account profiles (unless deleted) and can be edited with filters.

- Instagram Feed Post = Static Content: remains visible until the user chooses to delete it (Instagram Feed), often more curated. Most influencers consider their feed a representation of their lives.





The Added Value of Instagram Stories

Instagram stories can fuel your influencer marketing strategy with a more modest budget. An influencer's rates is often lower & their willingness to post is often higher for ephemeral content. It is easier to create and is not seen as a permanent addition to their thoroughly planned feed. Sponsored influencer stories can be repurposed as static posts, shared to the brand's Instagram Feed or reposted to Instagram stories. In addition, the brand can save the Instagram Story to an Instagram Story Highlight - this makes the Instagram Stories viewable on the brand's profile for as long as they'd like - the result? A showcase of influencers who are using the product and have been engaging with the brand.

- Stories have been shown to yield higher click-through rates & at lower costs than feed posts (Ad Espresso)
- 1 in 5 organic stories from businesses gets a direct message
- Instagram Stories has increased the time spent on the platform from 15 to 32 minutes a day
- 39% of Instagram users have become more interested in a brand or product after seeing it in Instagram Stories
- According to the Stackla report, 86% of people find "authenticity" an important element when deciding what brands they like and want to support
- 2% of brand audiences prefer live video to social posts

3. Why Influencer Marketing

Ways to Work With Influencers

By working with influencers on Instagram to create original branded content, businesses can stay relevant, increase brand awareness, positive attitudes, and boost sales among new and existing customers. Social media “challenges” often circulate on Instagram and TikTok, where users upload content that corresponds to a specific prompt or theme (often noted by a #hashtag). Brands can work with influencers to include their products in these challenges.

- “How-to” tutorials are the most popular form of Instagram video content.
- Video content is one of the most engaging forms of content and will soon dominate social media. By 2022, 82% of all online content will be video (Cisco).
- Influencers are a great resource for creating branded video content on Instagram and Tik Tok (feed/ posts, Instagram Stories, Instagram TV, Instagram Live, Instagram Video Chat). Branded video can be repurposed or reshared to a brand’s own profile.



Social Media “Challenge” Trend

#DontRushChallenge

The Don't Rush Challenge on Instagram encourages a pause during times of uncertainty, challenging people to find joy in slowing down to participate in a single activity (e.g. getting dressed, cooking a meal, having a drink) and connecting with their friends and family online. The challenge involves creating a video compilation with friends and family (typically 6-7 or more people), compiling videos of each person filming themselves completing the activity in their own home and passing one static item to the left or right of the video frame (e.g. a specific bottle of wine, a spatula, a lip gloss), which appears as if they are passing it to the next person in the video that follows. An example of the #dontrushchallenge can be seen [here](#).

A spirits company might commission influencers to create a #dontrushchallenge video showing how a specific liquor can be used to create a variety of cocktails. A winery & vineyards company might commission influencers to create a #dontrushchallenge to showcase how a specific wine can pair with different foods.

Alternative ideas for wine/spirits #dontrushchallengevideo segments:

- Pouring yourself a drink, taking a sip
- Cooking with the featured liquor/wine
- Making a cocktail
- Dancing with the bottle in hand and drink in hand
- Decorating the bottle

Influencer Marketing Can Deliver Brand Objectives:

- Increase education, brand awareness, and product details
- Target Gen X, Millennial & Gen Z customer segments
- Create content to share across a brand's own social media channels

C&P Recommends

- Brands must use social media to intersect with adventurous, instant-gratification seeking audiences. Influencer marketing programs can seed wine & spirits brands across active and influential social media accounts that are trusted by potential customers.

Alternative ideas for wine/spirits #dontrushchallengevideo segments:

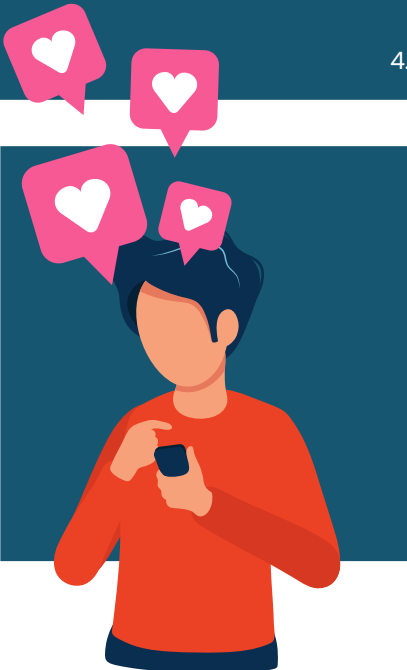
- Pouring yourself a drink, taking a sip
- Cooking with the featured liquor/wine
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4. Influencer Types

In truth, influencers have been running the world for years. We just haven't called them that. Instead, we called them 'movie stars' or 'talk-radio hosts' or 'Davos attendees.' The ability to stay relevant and attract attention to your work has always been critical -
Source: (New York Times)

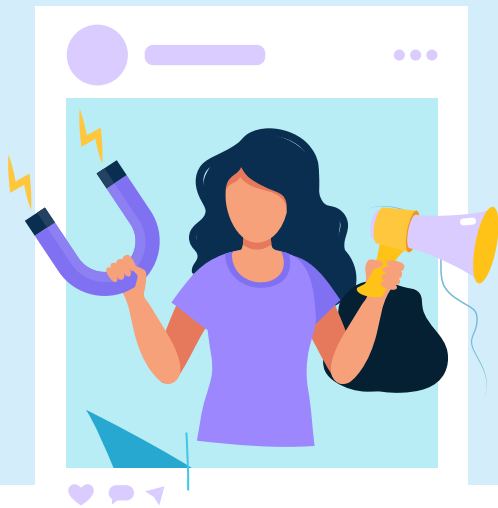
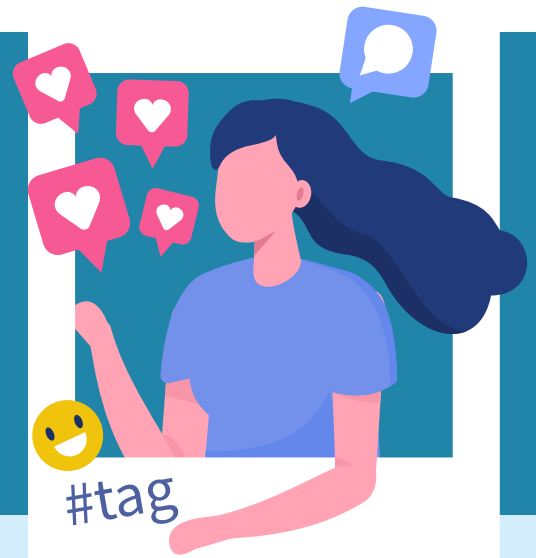
Nano (<1.5K Followers) & Micro (2.5K – 15K Followers):

1. Often the most eager & willing to work with brands in exchange for product
2. Most trust from their followers
3. Need to work with more of them, since their audiences are smaller
4. Minimum cost or product in exchange for post
 - Benefits of Incorporating Nano & Micro Influencers into Your Marketing Strategy
 - Consumer Trust
 - Followers often view sponsored content from smaller accounts as more authentic
 - Content Flexibility & Ask
 - Often more willing to include specific details in their content, as instructed by brands
 - Engagement Ratios
 - Higher % of audience engages with their posts even among their followings are smaller. The return of influence on investment can be equal or greater than working with a macro-influencer.



Mid Tier (20K – 100K Followers)

1. Mid-large, loyal followings, often with higher post engagement rates than macro influencers
2. Ideal for targeting smaller audience niches in specific locations/ industries
3. Higher fees, based on followers / \$200+



Macro (200K Followers)

1. Wide, varied following that can help raise awareness and sales on national and global scale
2. Experienced in running campaigns, often most culturally relevant
3. Some incur in “influencer fraud”
4. Higher fees, based on followers/ \$2000+
- 5.

Ensuring Influencer Credibility: Assessing “Influencer Fraud”

Audience Analysis

- At Colangelo & Partners we ensure every influencer we work with has an organic, engaged audience. We analyze every influencer for potential audience bots with the holistic social media program Dovetale, and prioritize influencers with an engagement rate of 3% or higher (industry average).

Engagement Analysis

- You can quickly assess potential engagement fraud (by which an influencer may be purchasing their likes or comments) by observing the average number of comments to likes an influencer yields on their posts, as well as the quality of those comments. If an influencer with hundreds to thousands of likes has no one commenting on their content, or the comments don't make sense in context of the post, it is likely that they are engaging in fraud. As a rule of thumb, all influencers should have at least a few comments on their photographs.

5. Measuring & Budgeting

The aim of Influencer Marketing is to identify the influencers who represent your target consumer and make them work for you by promoting your brand. Through Influencer Marketing, you can reach existing and potential consumers.

Measuring Success

1. Followers

- Potential Reach

2. Reach

- Any content an Influencer posts is estimated to reach 20% of their followers

3. Engagements

- # of likes, comments, views and shares

4. Engagement Rate (ER)

- A. Per post: % of post engagements (likes + comments) among followers

- B. Average Engagement Rate: Average # of engagements for the 12 most recent posts

C. Influencer Partnerships

- Sampling: X influencers per month
- Events: Make sure it's Instagrammable!
- Campaign Awareness: X influencers per campaign
- Influencer Partner/s: X post per month for a period of time
- Insiders: Small group of consumers with special access

Budgeting

1. Influencer fees are often determined by follower count and partnership type. The general formula is # of followers/100 (e.g. 20K Influencer Fee may be \$200).
 - <5,000 followers: Potential for organic
 - 5,000 – 15,000 followers: \$100 – \$250
 - 20,000 – 80,000: \$300 – \$2,000
 - 100,000 followers: \$2,000+
2. Influencer fee is negotiable, specifically if their engagement rate is not as high for sponsored content, the partnership is perfect for them, or there is a good working relationship with them.
3. Partnership Types:
 - Event attendance: \$0 (ideally transportation)
 - Content Creation: Samples + \$100 – \$2,000
 - Trips: Variable (may require a Fee in addition to the paid trip)
4. Agency Fee are a function of Dedicated hours (5h-20h) + OOP budget
 - Workload will depend on type of partnership (lower for long term, higher for high volume and/or campaign-based, even higher for organic)
 - Organic (unpaid) influencer relations can support activations, but it's not realistic anymore to expect high success rates
5. The Process
 - Pitch Letter: Outreach to gauge influencer interest
 - Agreement: Outlining deliverables and best practices (keywords, do's/don'ts, #sponsored, etc.)
 - Guidelines: Style guide and best practices for influencer content in regards to brand identity



6. Influencer Genres

Unlike traditional celebrities, influencers often give their followers access to intimate details of their daily lives. Consequently, their followers put them on a higher pedestal and worship them. Influencers often share an amicable bond with their fan communities. This empowers them to win the trust of their audience - Source: (Grin.co, 2019)



7. Reaching New Audiences & Consumers

Niche

An influencer who strictly posts about one subject, branding themselves very specifically and refraining from delving into other topics, industries, or experiences (e.g. Wine, Rum, Medicine, Entrepreneurship, Fashion)

- Influencers who are “niche” in their genre (e.g. wine/spirits bloggers) are useful because they are interested in the topic, however they tend to have smaller audiences, are a limited resource, and may not be reaching people beyond already existing customer profiles.

Diverse

Influencers who create a variety of content, speak on various subjects, and often relate their photographs to their personal experiences, perspectives, or preferences (e.g. Lifestyle, Travel, Photography, Creativity, Adventure, Dining, Family)

- It is important to include diverse influencers in campaigns, even if their feeds are not heavy with wine or spirits content. They have the ability to reach new customers and audiences that can prove more representative of the average consumer who is open to trying a new product. If an influencer has not posted about wine/spirits, it does not mean they can't post about wine/spirits. They may be sharing their content naturally on their Instagram Stories, something not immediately viewable from the Instagram Feed & remember: Stories can be more effective than Posts.
- “Diverse” influencers (e.g. lifestyle,, travel) allow you to target different customer niches and build rapport, creating a sense of community across a larger span of potential customers. Diverse influencers can create wine/spirits content that stands out, showcasing the brand in an environment other than the repeated settings shown by niche wine/spirits influencers, and their relationship to the product appears more authentic since the influencer speaks on topics outside of or in addition to wine/spirits. People are more likely to trust someone who says one wine is their favorite, as opposed to someone who says several wines are their favorites.

Example

A Lifestyle/Outdoors influencer posts a bottle of rum on a snowy camping trip, saying it's their favorite choice for road trips (as opposed to the same photograph of a rum bottle or someone holding a cocktail).

8. The Benefits Of Working With Both Niche & Diverse Influencers

Niche Influencers Can Help Build Credibility & Group Influence

- **Credibility:** Niche influencers are often seen as “experts” in their genres, they are followed by those interested in insider-knowledge around a certain topic or who identify with the niche (a “wine” person, a “gin” person). When a niche influencer posts about a product, we expect their opinions assumed are backed by expertise, and often a product is good if it is being covered by them.
- **Group Influence:** Influencers within a specific niche are often connected with each other. By developing positive relations with niche influencers and having a product featured across multiple accounts, the brand gains premium awareness and favorability within the niche.

Niche Influencer Examples

- @allisonuncorked - Wine
- @whiskeywithaview - Spirits
- @tinaeats_ - Food

Diverse Influencers Can Help Brands Appear More Authentic & Stand Out

- **Authenticity:** Diverse influencers are often seen as “friends,” they are followed because audiences relate to the broad, beautiful depictions of life they offer, and we expect them to like many of the things followers like too. When diverse influencers post about a great product, it’s as if a friend is recommending it us. And 83% of consumers say they trust recommendations from family, colleagues, and friends about products and services – the highest ranked source for trustworthiness! (Nielsen).
- **Stand Out:** Consider the “wow” factor of a sunkissed spirits bottle kicking off the summer road-trip, the celebratory glass of wine ending a long day of travel, or the cocktail that tops off the dinner party. Diverse influencers are able to tell a variety of compelling stories through their content.

Diverse Influencer Examples

- @alexandr_ford - Lifestyle & Outdoors
- @ashleykane - Lifestyle & Design
- @olivia.eeeats - Lifestyle & Food

9. Authenticity

1. **Both influencers and brands value content that seems authentic and organic.**
2. **Brands:**
 - Choose influencers that align with the brand's values and whose themes match their products
 - Give influencers enough freedom to showcase the product their way
3. **Influencers:**
 - Work with brands and products that are a good fit for their content themes and style
 - Adapt the brand's messaging to their voice as much as possible



10. Tiktok Content & Trends

The New & Rising Platform

- There are 800M+ active TikTok users. The new platform poses prime opportunities for brands to increase brand awareness, relatability, and sales.
- To date, TikTok has been downloaded 1.5+ billion times, making it one of the most popular platforms in the world.
- TikTok finished the 2019 year becoming the number one most downloaded app.

Demographic:

- TikTok is most popular in the U.S. among members of affluent families. 37% of U.S. TikTok Users report household incomes of over \$100,00.
- 60% of users in the US are 16-24 years old (Gen Z).

Content

- The platform's content is video only, ranging from 15 to 60 seconds long, which tend to be created on the spot, allowing for easier content creation and collaboration for influencers.

Engagement + Reach:

- The platform hosts the highest social media engagement rates per post (52.1%)
- Sharing “viral” TikTok videos both on the platform and off (on other social sites like Instagram, Twitter, or Facebook) is extremely popular.

Working With Tiktok Influencers

- TikTok creators often “mimick” other popular videos on the platform, creating their own rendition based off of a popular TikTok song: Videos published on TikTok have an individual audio track that users can copy and use to create their own video to with. TikTok challenges: The platform hosts “challenges” that creators often make videos off of. Including the challenge’s hashtag allows their video to go viral. Challenges are either created by the platform or by creators themselves).
- Brands can collaborate with TikTok creators by commissioning them to create a video featuring the brand (simple) or to create a video challenge that other users can mimic, encouraging a wider distribution of content.
- Influencer pricing for TikTok varies:
- \$600-1000 per post for a TikTok influencer with 2.5 million followers or more (Telegraph)
- Brand takeover TikTok ads cost anywhere between \$20K – \$200K (Digiday)
- TikTok #Challenges cost brands \$100K+ to be successful and effective (Adweek)

11. Takeaways

1. With more people staying at home, spending time on social media platforms, consuming alcoholic beverages, and purchasing alcohol online, influencer marketing is more important now than ever before to drive sales and increase brand awareness.
2. Instagram and TikTok are two major platforms that pose prime opportunities to collaborate with influencers to create original content.
3. Instagram Stories are a valuable resource for influencer partnerships, in some cases achieving higher engagement and reach than Instagram Posts.
4. Influencers vary in size and genre: Incorporating both niche and diverse influencers is important for any influencer marketing strategy.
5. Nano and Micro influencers offer the opportunity to connect with smaller, more trusting audiences, and often have higher engagement rates.



Informational Pull Quotes

- There are over 1 billion monthly active users on Instagram and over 800 million active users worldwide on TikTok - Source: Hootsuite
- 62% of people say that they have become more interested in a brand or product after seeing it in Instagram Stories - Source: Hootsuite
- 500 million people use Instagram Stories daily, and the number of active U.S. users on the platform is predicted to grow to 117.2M in 2021 - Source: eMarketer
- There are 1 Billion+ active, monthly Instagram users across the globe - Source: AdEspresso
- 74% of people trust social networks to guide their purchasing decisions - Source: Social Media Today
- 93% of marketers reported that influencer marketing has helped them get results in improving their visibility - (Social Media Today)

