



**A Decentralized Approach to a  
Social Media Marketing Campaign:  
Proof of Concept**

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*“Success is not final,  
failure is not fatal:  
it is the courage to continue that counts.”*

*Winston Churchill*

## Abstract

Traditional online marketing strategies is no longer effective, specially in the younger communities. Few people pays attention to the banners at the bottom of the web pages, to the ads appearing on social networks. Furthermore, many people are using adblocks to avoid having to see an ad in a video. When a celebrity promotes a product everyone knows they were paid for it and that most likely they did not even use the product. These facts constitute the motivation for this dissertation. This aims at introducing an organic social media marketing campaign that offers businesses the most effective way to communicate their values, products or services with their consumers. This type of marketing communication strategy gives their target group the freedom to create original user-generated content, promoting the brand, with the aim of influencing their personal communities. Thus, this strategy is based on the customers themselves telling their experience to their friends and family in a non-intrusive way. In fact, 83% of consumers trust in the opinion of someone they know (Nielsen, 2015). Thus, to provide a functioning communication channel between brands and their followers, by motivating consumers to recommend the brands they like to their friends and family seems very promising.

What is unique about this strategy is the reduced costs it brings to businesses. Since brands compensate the participations with coupons and discounts, they are able to reward social media users marketing efforts while generating a new sale. Therefore, this marketing strategy is advisable to small and medium businesses, with reduced online marketing budgets, that are aiming for high engagement rates through an organic campaign.

Although it was possible to test the idea with two iterations of the strategy presented, the length of the dissertation was not able to gather all the data needed to calculate the final results of engagement rate and conversion rate. However, it was possible to conclude that this strategy has potential to achieve high engagement rate, while ensuring the conversion through the coupons delivery.

## Resumo

As estratégias de marketing online tradicionais já não são mais eficazes, especialmente nas comunidades mais jovens. Já ninguém presta atenção aos banners na parte inferior dos websites, aos anúncios exibidos nas redes sociais, toda a gente usa AdBlock para evitar ter que ver um anúncio durante um vídeo. Para além disso, toda a gente sabe que quando uma celebridade promove um produto, foi paga para o fazer e, provavelmente, nem o utilizou. Esta é a motivação base para esta dissertação. O objetivo é apresentar uma campanha orgânica nas redes sociais que ofereça às empresas a maneira mais eficaz de comunicar os seus valores, produtos ou serviços aos seus consumidores. Esta estratégia de marketing de comunicação dá ao grupo-alvo a liberdade de criar conteúdo original, gerado pelo consumidor que promove a marca, com o objetivo de influenciar as suas comunidades pessoais. Deste modo, esta estratégia é focada nos próprios clientes contando a sua experiência aos seus amigos e familiares de uma forma não intrusiva. 83% dos consumidores confiam na opinião de alguém que conhecem (Nielsen, 2015). Desta forma, o objetivo é fornecer um canal de comunicação funcional entre as marcas e os seus seguidores, de forma a motivar os consumidores a recomendá-las aos seus amigos e familiares.

Esta estratégia é única devido à redução de custos que traz para as empresas. Como as marcas recompensam as participações com coupons e descontos, convertem cada participação numa nova venda. Assim, esta estratégia de marketing é aconselhável para pequenas e médias empresas, com orçamentos reduzidos para marketing online, que pretendam altas taxas de conversão através de uma campanha orgânica.

Embora tenha sido possível testar a ideia com duas iterações da estratégia apresentada, a duração da dissertação não possibilitou a recolha de todos os dados necessários para calcular os resultados finais das taxas de conversão. No entanto, foi possível concluir que a estratégia tem potencial para atingir bons resultados, garantindo o retorno da campanha através da entrega dos coupons.

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## 1 Introduction

Throughout the past years, the growth of social media platforms' users created a perfect opportunity for companies to promote their brands in an easy and effective way. Facebook, for example, already has 2.2 billion users (Facebook, 2018), with an annual increase of 15% during the last year (Kemp, 2018). These platforms allowed businesses to grow communities of people who like the brand and share its values. Having a tool that enables any company to gather a community of loyal consumers allowed many small and medium sized businesses to reach previous clients and new customers, promoting their products in a more informal and personalized way. In the beginning of 2016 over 50 million businesses were using Facebook Pages (Chaykowski, 2015).

This clustering of millions of consumers in one platform motivated businesses to include Facebook, and other social media networks as a marketing channel to reach their potential clients. This strategy proved to be particularly effective when reaching younger target groups, since they were following these platforms more often than other websites as, for example, blogs and other online promotion channels (Lenhart, Purcell, Smith, & Zickuhr, 2010). However, in the early years of Facebook, the number of users was reduced and every information uploaded by a Facebook Profile user or Page would be displayed to the entire community of followers of the respective account that created the post. With the platform's growth, the amount of data being uploaded by everyone's communities started to surpass the amount of data a normal user could see in their Facebook Wall per day. Thus, Facebook created an algorithm to prioritize information accordingly to each user interests', selecting which posts should be displayed in each user Wall. Therefore, the organic reach, that represents the number of followers a Facebook Page can reach when they make a new post, started to decline. In 2012 Page managers learnt that only 16% of their Facebook fans were seeing their posts on their Facebook Wall (Bernazzani, 2018). This value continue to decrease and the most recent studies showed that average organic reach of Facebook Pages is only 8% .Therefore, Facebook Pages started to see their posts reach decreasing, being forced to increase their budgets on social media paid advertisement to reach more fans from their own communities. Currently, over 22% of Facebook Pages have included paid advertising as one online marketing strategy (Kemp, 2018).

Furthermore, as the organic reach varies inversely to the number of Page fans, pages with more than one millions likes have less than 2% of average reach per post (Chaykowski, 2015). This means that one Facebook Page with more than 1 million followers is able to organically reach around 20,000 users. However, even though companies can higher their reach to an average of 27% of their communities, with paid advertising, the average engagement rate of all pages Facebook posts is 4.2%. These values show evidence that, even though Facebook allows business to reach many people, it is difficult to engage and create some interaction with them. Moreover, over 50% of internet users already use ad blocking tools to decrease the amount of advertising they see displayed in their social media platforms and other websites (Kemp, 2018).

With the aim of increasing their reach and engagement, companies resorted to social media influencers, people that invested their time in self promoting their social image, gathering big communities of followers. Since there is not an agreement on how should these influencers be classified, for comparison purposes in this dissertation, they will be differentiated in three main categories. Macro-influencers are users with very big communities (usually over 1 millions followers) that can reach large audiences of people from different target groups (i.e.: Celebrities, politicians, actors, athletes, etc.). These macro-influencers are useful when the business wants to increase brand awareness, however, their average engagement rate is less than 2%. Micro-influencers are social media users that have a specific niche of followers that are interested in their opinions or values. Their communities have usually 10,000 to 1 million followers, even though these values are very subjective (Wissman, 2018). Since their community of followers that share the same interests, micro-influencers can reach higher engagement rates with their posts, even though less people are reached. As it also happens with Facebook Pages, when the number of followers of an influence increases, the percentage of people from his/her community he can organically reach also decreases, making it more difficult to engage and create some sort of interaction.

However, the same way people started to adopt online advertising avoiding techniques to decrease the quantity of advertisement they see when browsing on the internet (Goldfarb, 2014), social media users also began to avoid influencer's posts. This is proved by the declining of influencer's engagement rate and the fact that users start to be more aware and able to recognize that influencers are promoting those products because they were paid, not because they actually like them (Cho & Cheon, 2004). Moreover, the fever of making money with social media also motivated many users to use doubtful strategies to increase their number of followers, creating communities of fake accounts, which means that most of the times the reach of these campaigns is lower than what the results shows (Guerra, 2018).

Lastly, the third category of influencers that will be important for the development of this dissertation is nano-influencer. Nano-influencers are the most usual social media type of user, with more than 99% of all social media accounts. Basically they are the everyday users of these platforms and they have smaller communities with their friends, family members and acquaintances. According to Nielsen's Global Trust in Advertising report (2015), 83% of respondents said "they completely or somewhat trust the recommendations of friends and families". Therefore, even though the nano-influencer market is not being explored by many businesses, it provides a good opportunity for companies to reach smaller communities with higher trust levels between the users. As it was mentioned, the smaller the communities are, the higher the average engagement rate per posts is. Thus, it can be expected that a successful social media campaign using nano-influencers to spread the business message will generate higher engagement (Vorhaus, 2018).

Concluding, this dissertation proposes a solution for a nano-influencer social media campaign, where the focus is on improving the campaigns' reach, engagement rate and conversion rate. The strategy is based on giving social media users the possibility of receiving promotion coupons in the brands they like, in exchange of promoting them to their social media communities. In order to test and improve the strategy presented, a team was created to contact businesses that may be willing to collaborate in this research, promote the campaigns and approach potential nano-influencers. This team was able to perform two rounds of campaigns with a total of 8 different companies. The first iteration, with 3 campaigns, was useful to gather feedback and understand how could the experience of both the nano-influencers and businesses could be improved. The second iteration was able to reach better results and provide a clearer view on a possible strategy to promote businesses using nano-influencers. It was very important to determine how this social media campaign would ensure the success from a marketing point of view, as well as justify the investment made by the business.

## 1.1 Identified problem

Businesses perceive the internet as a perfect opportunity to reach a big number of customers at a reduced cost. Customer Acquisition is a very critical technique that has the potential of providing competitive advantage to businesses. Therefore, online marketers have developed several online marketing strategies to support different business units and different marketing campaigns objectives reaching their main goal: attracting new customers.

Along with the internet becoming easily accessible, social media platforms were the ones able to gather the most number of users and naturally, today, many of the current online marketing strategies are conducted via these platforms. When presented with an opportunity to reach a big number of customers at a very reduced cost, businesses started to use these platforms as one of their main promotion channels to attract new customers and keep their audiences engaged and informed about their new product releases and sales promotions.

The goal of reducing the Customer Acquisition Cost (CAC) and the interest from companies and other organizations to use social media to share content with its consumers lead to the creation of online marketing strategies such as paid advertisement, the biggest revenue stream of most social networks, and the influencer marketing, where people with large communities of followers are paid to advise a product or service.

However, nowadays social media users are more aware of the different marketing strategies used by companies. Most of the social media users are young people, aged from 20 to 35 years old, which already have many experience and knowledge on how to use the internet. These users can easily identify companies marketing approaches and consequently they started to avoid them by not looking to the banners in websites, scrolling down the social media feed when a paid advertisement appears and even installing web extensions that block most of the paid advertisement (Cho & Cheon, 2004). Furthermore, it is a known fact that when one celebrity or an influential person promotes a product or service, they do it because they were paid, and not because they identify themselves with the product or service. In many countries is even obligatory to identify influencers' paid posts to ensure that they do not have legal repercussions from misleading their audiences (Woods, 2016).

Thus, we came to a point where a new shift in the companies' marketing approaches is needed. Consumers' level of confidence in online ads of all kinds is very low, which has been resulting in a decrease in the paid ads engagement and conversion rates (Morrison, 2017). Therefore, businesses need new strategies to keep promoting their products and services in an efficient and engaging way. This dissertation presents a different approach that aims to tackle this issue by creating a marketing strategy that will keep the communities engaged and allow them to benefit from the marketing campaign, while enabling companies to stop advertising in an intrusive way, creating original and organic campaigns with their potential consumers.

Youngsters like to feel involved, like to feel that they are a part of the project being developed, that they are more than just customers who use the product. Therefore, intrusive marketing created by the businesses is seen as repetitive and does not create any emotion in the social media users. Thus, companies should focus more on user-generated content, coming up with strategies to incentivize their consumers to promote the brand.

## 1.2 Project objectives

The idea explored in this dissertation relies in the permissive that content created by the user, using his/her words and publishing what they want, how they want, will generate a better interaction with the community and, therefore, better engagement rates. This social media user that publishes a post promoting a brand to his/her community will be designated as nano-influencer. It will be assumed that these influencers will be able to influence their

communities, independently of the number of followers they have. Thus, in one social media campaign following this strategy, a nano-influencer will promote a brand in his/her social media networks, in exchange for a compensation offered by the brand. This compensation can be, for example, a discount in the store, a discount voucher for a product or a product sample from the brand. Then, one important aspect to be analyzed is to evaluate if the economic value of the compensation offered by the brand affects the willingness of the nano-influencer to participate.

To evaluate the success of this marketing strategy, 4 hypotheses were generated. Firstly, the whole concept that normal social media users will promote the brands they like in their own social network profiles, in exchange of a compensation offered by the company, can only be realized if companies are going to be interested in offering these compensations as fuel to an organic social media campaign. Therefore, the first hypothesis is:

*H1: Companies are willing to pay for nano-influencers.*

Considering that one company is willing to have a campaign in these terms, the second challenge consists in having nano-influencers to participate in the campaign. At this point, one can argue that influencers should be selected accordingly to their preferences and communities. However, the present dissertation will be elaborated assuming that every influencer should promote what they want, as spontaneously as it may seem, because their digital voice will be able of influencing their communities. Thus, the second hypothesis will be:

*H2: Nano-influencers are willing to be paid in coupons.*

Organic advertisement can be considered as the digital “word-of-mouth”, the most successful form of marketing and one of the few where the advertisement is performed by the consumer side. “The most credible advertising comes straight from the people we know and trust. More than eight-in-10 global respondents (83%) say they completely or somewhat trust the recommendations of friends and family. But trust is not confined only to those in the inner circle. In fact, two-thirds (66%) say they trust consumer opinions posted online - the third-most-trusted format.” (Nielsen, 2015).

Therefore, to create an exponential growth factor to the organic social media campaign, the solution will include the possibility for the nano-influencer to receive an extra compensation from motivating a certain number of friends to participate. Once a minimum number of motivated influencers participate and receive the respective compensations, the influencer who motivated them will receive the extra compensation, which can also be obtained by the most recent nano-influencers if they motivate more friends to join the campaign. Thus, the third hypothesis is:

*H3: Nano-influencers are willing to bring more friends to participate in the campaign to get more coupons.*

If the three presented hypotheses are proved to be true, it can be assumed that this type of social media campaign has great potential, as social media users will be motivated to

participate in the campaigns and receive the compensations, becoming nano-influencers, that can motivate more people to participate to receive an extra discount.

Besides assessing the potential of this type of social media campaign, an important aspect of the marketing strategies refers to its performance evaluation. Even though it is difficult to evaluate the real results of a marketing campaign, since if it is focused on brand awareness it might only generate returns later, it is important to know if the compensations will be used in a purchase. When the brand agrees to give the discounts to the influencer, it is important to know if, for example, the influencer used the coupon in the brand, to calculate the return on investment (ROI) of the campaign. Thus, the last hypothesis is:

*H4: It is possible to control the usage of the coupon.*

When all these hypotheses are tested, it will be possible to evaluate if this marketing strategy is feasible and brings better results than current online marketing strategies offered in the market. If all these hypotheses are valid, then the business not only had an organic social media campaign, with consumer-created content, but also had a better ROI because the influencer was converted in one new sale.

### **1.3 Methodology**

To begin with, after setting the four hypotheses described in the previous subchapter, the ultimate objective of this dissertation will be to test and make conclusions on all of them. Therefore, to prove the first hypothesis, that companies would be interested in this type of service in exchange for offering compensations to the influencers, the organizing team started to approach companies offering a free organic social media campaign. Once it was found three different businesses interested in collaborating with in this dissertation, the first iteration of campaigns was organized. For 42 days, social media users could promote any of the three brands, receiving a discount as compensation for their efforts. To reach potential nano-influencers, a Facebook Page and Instagram Business Profile were created, where all the information regarding each campaign was shared.

When the first campaigns were running, it was felt that due to the novelty of this new concept of using social media, it could be difficult for users to understand and participate in this type of campaigns. Therefore, several strategies like infographics and examples of participations were implemented with the goal of promoting the campaigns among potential participants and educating them on how to participate and become a nano-influencer. The discounts offered during the campaigns have 6 months until they expire, and this dissertation will be delivered before that period, so it will be impossible to calculate the accurate ROI of the campaign. Thus, since some of the nano-influencers already used the discount they received, it will be calculated the current ROI, even though the number of occurrences is still not high enough to clearly validate the last hypotheses.

The success of the campaigns will be evaluated accordingly to different online marketing metrics, that allow a better comparison between strategies. Therefore, the first metric to be analyzed will be the reach of the campaign. Considering that the reach of one campaign changes with many variables like the content of the post, the hour it was posted and the engagement the post is getting, it was felt the need to differentiate the reach of the campaign in two variables, i.e. Potential Reach (PR) and Effective Reach (ER). PR is the maximum number of people the campaign could reach, if every post would be able to reach all the followers of every nano-influencer community. This metric will be useful to understand the full potential of the campaign. However, since Facebook does not allow information about the

actual reach of any post to be visible to the public, a factor of 0.35 was multiplied to the PR to estimate the ER of the campaign. This factor was chosen based on the literature found stating that a post from a Facebook Profile user reaches, on average, 35% of the user's community (Bernstein, Bakshy, Burke, & Karrer, 2013).

After defining the number of people reached by the campaign, it is useful to understand if the content created by the nano-influencers was able to engage their communities. Thus, Engagement Rate represents the percentage of people from the nano-influencer community that reacted to the post. Even though there is not a defined formula to calculate this metric, for the purposes of this dissertation will be used the most accepted one, that calculates which percentage of the post's Potential Reach reacted to the publication. Furthermore, the Conversion Rate of the campaign, which will represent, in this case, the revenues generated to the business because of the campaign, will be calculated with the information gathered about the usage of the coupons. Knowing how many nano-influencers used the coupon in a purchase, together with the average product cost in that business, allowed the estimation of the outcomes generated to the business with the campaign performed.

Moreover, this thesis aims to prove a new concept of an online marketing strategy. Therefore, to prove this new idea, it was decided to follow an entrepreneurial approach and use tools and techniques developed by entrepreneurs with experience on developing ideas and turning them into sustainable businesses.

With the aim of structuring the proposal for an organic social media campaign, the Business Model Canvas (BMC) was used to clearly identify to whom is value being created, who are the potential clients and users and define other important aspects like the value proposition and customer interaction channels. Considering that the BMC is a tool created to help the entrepreneur describe, analyze and design his business model, this tool will not provide more information to the user than the one he already knows. The main objective of using BMC is to have a clear internal view of the idea and help the entrepreneur with decision-making situations and iterations of the business plan.

The second theory that will be followed in this dissertation is the Lean Startup, a methodology introduced for the first time by Eric Ries that provides entrepreneurs a scientific approach to create and manage startups, getting the desired product to customers' hands quicker. This methodology aims to help startups to use an iterative approach in their processes - Learn, Build, Measure - that encourages entrepreneurs to start testing their ideas from the beginning, learning from the experience of their users and improve the product with new ideas and approaches (Ries, 2011).

In this dissertation there was the opportunity to perform two iterations of the cycle. On the first iteration it was implemented the first version of the Business Model Canvas designed for the campaign, with the goal of experimenting it with the first businesses that were willing to test this new strategy. After this stage the results were analyzed, feedback from partners and influencers was collected and the strategy readapted to have a better fit between the influencer community expectations and the needs of businesses being promoted. Some of the main changes were the integration of new participation channels for nano-influencers and a Minimum Value Product (MVP) that allowed a better tracking and management of the coupons delivered. After analyzing the results from the second iteration, it was possible to notice the progress made from the first experiment. The comparison between the results of this dissertation, will also prove that a closer customer interaction can bring many benefits to the business. The MVP created to improve businesses' and influencers' experiences, also enabled the opportunity of collecting customer feedback to have more input on how a possible platform can offer this organic campaign service.

Lastly, between the two iterations, a market research survey was conducted with the aim of analyzing people's behaviors when using social media networks and how they perceive the



idea of promoting a brand in their personal profiles, as well as how much will this post cost for them. The survey was also helpful to get more input on users' behaviors and provide valuable data to create a better strategy for the second experiment.

#### **1.4 Structure of the dissertation**

This dissertation will begin with a general contextualization of the current online marketing communication strategies available in the market. The goal with this chapter will be to analyze the current solutions used by businesses to promote their product and services in the internet. Studying the goal behind each strategy, how they can bring value to the company and understand its advantages and disadvantages. Even though some of the strategies may seem obvious, studying them and the reactions they cause in its viewers will help defining what will be the best approach to create the highest engagement rate in the organic campaign being presented.

Secondly, the organic online marketing solution that this dissertation aims to introduce and validate will be presented. It will be elaborated on what is it based and why it is believed it can generate good results for businesses, and a possible business model will be designed to make this strategy sustainable and cohesive. The goal behind the creation of the Minimum Value Product will be elaborated, as well as the feedback received to improve the influencers and businesses interaction with it. The same chapter will also elaborate more on the innovative aspects of this proposition to an organic marketing campaign, when compared with the current solutions described in the marketing communication chapter.

The fourth chapter will include the results obtained in the first two iterations of campaigns, as well as the results of the survey conducted between the experiments. The main objective of this chapter will be to analyze the information collected to understand if the accomplished results are effectively higher than the current marketing strategies conducted. The results of the market research survey will also be presented and analyzed so that the improvements implemented in the second iteration can be supported and better understood.

Lastly, an overall analysis of the results obtained with the two experiments will evaluate the hypotheses previously explained and determine if this strategy was as effective as it was believed. This final review will also include some points about the experience when conducting these campaigns, which strategies were more successful in reaching the desired outcomes and which ones created the biggest obstacles. Some recommendations will also be presented to possibly improve the results of future research analysis on this type of marketing strategy.

## 2 Online Marketing Communication

Nowadays, it is indispensable for companies to use internet for marketing purposes. Internet constitutes a great opportunity for businesses as it enables to reach many consumers or potential customers at once and in an affordable manner (Goldfarb, 2014). Considering that with the evolvement of internet, the access to instant information is getting faster and easier every day, it is as well desirable for consumers to go online and search for their needs on the internet. To make this process efficient for both sides, companies should be developing actively online marketing strategies.

In this chapter of the dissertation, the online marketing strategies that are already used by companies will be discussed. DeMers (2016) enumerates the strategies already in use, namely: “Content Marketing”, “Search Engine Optimization”, “Conversion Optimization”, “Social Media Marketing”, “Email Marketing” and “Personal Branding”. In Personal Branding research, a specific attention will be given to Influencer Marketing since it is the most relevant topic for this dissertation. Each of these strategies will be discussed one by one with their sub-topics to give a better insight to the reader.

This chapter will be the basis to compare existing strategies with influencer marketing, in the end of this dissertation. It is as well worthy to note that the strategies will be explained below can be combined and used together, to reach better results. In the end of the chapter a contextualization of the current state of these online marketing strategies will be done with the goal of understanding the reasoning behind the strategy presented.

### 2.1 Content marketing

In 2017's Summer, one of the most preferred brands of coke personalized the coke bottles by printing names on the etiquette of the bottle. This was a personal touch as it addressed consumers with their names and was a very successful strategy since it was catchy for a person to see his/her name on a coke bottle. This is an example of a successful content marketing strategy since it builds a connection with the consumers through their names (Dholakiya, 2015).

This being an example of content marketing, one can define the content marketing as creating and reaching to targeted consumers with interesting, valuable and relevant content. The most important aspect of content marketing is connecting with targeted audience through their emotions so that consumer can relate himself/herself with the brand's content (Rowley, 2008; Tiago & Veríssimo, 2014). This puts consumers into action for the product and increases engagement rate. The content marketing is already in use for Public Relations (PR) activities of the campaigns. These PR materials need a content strategy to catch the attention of the consumer (Holliman & Rowley, 2014).

As in the example of coke brand, content marketing actions turns into increased sales. Building connection with consumer and personalize the product for the consumer are significant reasons why a consumer looks for that specific brand in the shelves. It does not

necessarily have additional costs in implementation. Therefore, this means that this strategy used by the coke brand brought higher profit, while providing consumers a better experience while consuming the same product. In the next following sub chapters, the different means of content marketing will be presented. These means are blogging, videos, images and infographics, eBooks and white papers, interviews, webinars and podcasts and social media posts.

### **2.1.1 Blogging**

Creating a blog can generate a good community for companies to promote their new products and receive feedback from customers. Showing up in the first pages of the search engines is one of the most common reasons making these blogs that relevant. To have a healthy and sustainable community, bloggers must engage customers and consumers with relevant content in the blogs by creating a relationship and loyalty. Blogs are also an opportunity for the companies to interact with the consumers and collect instant data about consumer behavior, which is an easy way to keep in constant touch with the consumers (Singh, Veron-Jackson, & Cullinane, 2008).

Interactions through blogs are various. It can be written by any individual which can be an ordinary person or a famous person. If the blog is written by a famous person and for marketing purposes, it addresses to the community that follows the famous person. This type of communication rather than a company blog is more personal and sincere to the readers which can generate more relevant feedback for the respective product and/or brand. If the blog is written by an ordinary person, there is a chance for the brand to learn the experience of that ordinary consumer with the product. Therefore, blogs in the brands' website should enable active interaction with the reader, since it is difficult for a brand to look for every personal blog in which there is a topic related to its product (Singh et al., 2008).

One of the biggest advantages of blogging is its potential reach, with lost cost resources. It may be the easiest way for a global brand to share what is new with the product and hear direct feedback from consumers from all over the world.

However, when a blog is included in a marketing strategy it must be fully embraced because if business stop creating content to the blog, they will lose their customers engagement, possibly leaving a negative image (Singh et al., 2008). On top of this, it is important that the product or service shows up on top of the search engine list when a potential consumer types in a keyword or a question. Websites with blogs can provide this if these keywords that consumers are looking for are included in these blogs.

It is very important to define the target group that is wanted to be addressed with blogs. With blogging, only a group of people gathered for a specific purpose can be addressed. Furthermore, the purpose of the marketing should be well defined, otherwise blogging might be only time-consuming. In this sense, it is important to check the usage of blogs among different age groups (Kozinets, Valck, Wojnicki, & Wilner, 2010).

Lastly, the blogging usage is reduced among young people, since they prefer sharing online and instant status rather than creating blogs with longer texts (Lenhart et al., 2010). Plus, fewer teens comment on blogs, meaning that young people are no longer interested in contents of the blogs. However, among adults, blog usage remained constant with 11% by 2009 (Lenhart et al., 2010). Thus, considering that young people are less engaged with the blogs, blogging could be a useless marketing strategy for them. Instead, social media marketing can be more interesting and engaging for young people. For the adults, not a high percentage is using the blogs but the community that uses remains loyal. Therefore, it is crucial to define the target group when choosing to adopt blogging as a communication channel with the potential customers.

### **2.1.2 Videos, images and infographics**

This can be considered as the backbone of online advertising. To promote and sell products, companies can use explanatory videos of how to use the product, images showing the benefits of a service or infographics with information about the product to attract customers to purchase it. Furthermore, visual content is easily remembered by consumers when compared for example, with audio advertising. Nowadays, almost all marketing activities involve visuals such as images, videos and infographics. It is not catchy for consumers to see an ad only with text. In Twitter, tweets with images receives 150% more attention than tweets without images, while for Facebook, posts with images receives 2.3 times more engagement rate than posts without image (Mawhinney, 2018).

In addition to being catchy, information given is easier to follow through infographics for the consumer. Even in operating manuals, it is used infographics, otherwise they wouldn't be considered for the marketing purposes. Infographics are usually read 30 times more than text articles (Kumar, 2016).

Lastly, nowadays, videos constitute a big part of the internet traffic. Videos boost conversions, build trust among consumers, increasing the website position in search engines and encourage users to shares on social media (Shutt, 2018). Videos can include explanations, customer testimonials or demonstrations. Brands have the chance of telling a story in a video which is pretty engaging for consumers. The duration of the video, however, is very critical. It should not be too long, not to lose the audience in the meantime.

Knowing all these benefits, it is important to use them with true expectations. This strategy can be very useful in Business-to-Customer marketing where interaction with consumer is essential. It can be even useful to disseminate brand awareness through consumer shares on social medias. Not only B2C but also B2B marketing uses visuals, infographics and videos since they are easier to follow important information distributed during marketing.

### **2.1.3 eBooks and white papers**

If the content being presented is advanced and having a further purpose of only promoting such as educating the consumer, presenting facts about industry, etc., the most common used marketing methods are white papers and eBooks. Both carries in-depth information about the product or service being presented.

White papers - are academic-structured, in other words formal articles with deep information about a product, feature or service. It aims to educate the consumer about a specific issue or new concept that will hopefully lead the potential customer to purchase the product. It has a focus on one topic and gives deeper insights with a more comprehensive explanation. Known facts, expert insights, quantifiable research results are presented in the white papers, therefore they give a more in-depth view over the product and maybe the industry as well (Sobal, 2016).

eBooks - can be described as “pretty white papers” since they are written in a more user-friendly way, with more images, infographics, better design and not overloaded with texts. They teach the reader by providing a “How to...” guide. They are more user-friendly since the complex information is broken into pieces, in an easy to follow manner for the readers. This is also a long content from of marketing that aims to educate a potential buyer about a new subject (Mumford, 2017).

White papers and eBooks have different target groups. For white papers, since it provides technically in-depth information, the reader or the potential consumer must be already involved in the topic, product or industry. For example, a white paper would be ideal for eye-doctors of a hospital while a new optic laser machine and its effects on the patients are

examined. In these cases, white papers provide more evidence to the reader why they should purchase that specific product. As in the example, white papers are mainly used in Business-to-business marketing. This in-depth aspect of the white papers make decision making for the businesses quantifiable and easily identifiable for business needs and requirements. Moreover, a research from Demand Gen Report found that 82% of the B2B buyers read whitepapers (Sloane, 2017). For eBooks, as said earlier in the text, it may have the aim of educating a potential buyer about a new subject. Therefore, the reader does not need to be expert in the subject and the consumers are mostly in the early stages of the buying phase. Since eBooks are also inexpensive to produce, they are preferred by small businesses and B2C marketing. To summarize, when an industry analysis is made, an educating purpose exists, and companies want to build trust it is better to use white papers while eBooks should be used when it is required to get straight to the point, engage prospect buyers and when the visuals can help when conveying the message.

#### **2.1.4 Interviews, webinars and podcasts**

Another interesting way for content marketing is using interviews, webinars and podcasts as marketing tools. All these are good for B2C marketing, mostly since it is interactive with the consumers. In interviews, people who experienced the product are being testimonials for potential buyers. However, interviews may not work for all kind of products and all target groups. This is way, it is very important to define to whom is being addressed and which aspects of the product are addressed. Since the duration of the interview is important, when there is not much time, the values of the product that are willing to be transmitted should be prioritized. The interviews are very effective in making buying decisions since they build trust through user testimonials (Stelzner, 2018).

Webinars are a great way to increase visibility and create brand awareness. A webinar delivered by a brand proves the expertise of the brand on the topic, create impact on the audience and builds credibility for the brand (Urbanski, 2016). It has a great potential of transforming a prospect to a client. However, it can be overwhelming in creation since it requires a good content, high quality and it is difficult to gather participants. It may also not be appropriate for live events and physical products. Rather it is good for online products, when selling knowledge or if the product allows consumers continuity of learning (Alton, 2016).

Finally, podcasts are very accessible for users. Audio content allows audience to continue what they are doing without interrupting their tasks. For example, a podcast can be listened while driving, in a gym or cooking. It requires minimal investment since it is inexpensive and quick to produce. It also provides the chance of interacting with audience by sharing a contact in the podcast that listeners can use to respond directly to the content (DeMers, 2017).

#### **2.1.5 Social media posts**

When most of the consumers of a brand have one or more than one social media accounts, nowadays brands feel the need of being present in these platforms too. Many brands are present on social media platforms such as Instagram, Facebook etc. with an account. Social media marketing, however, requires a strategy (York, 2018). Firstly, the goal of social media posts should be identified well. There are many channels and the most appropriate media should be found according to the goal defined and the audience being addressed. The accounts must be up-to-date. Since the usage of social media is very common, there are plenty of opportunities for businesses too (Drury, 2008). There are many creative ideas for posts and some of them are interactive with audience such as running contests through comments or giveaways (DeMers, 2014). The posts are sharable, therefore there is a high potential of building brand awareness almost with no cost. There exist many dashboards to keep track on

the statistics and metrics defined for the goals (Barnhart, 2017). Most of all, this strategy can be used for all kind of businesses with the emergence of social media channels among people.

## **2.2 Email marketing**

E-mail marketing is a rapid, cost-effective digital marketing strategy where simply the mails are being sent to prospects and customers. It is also important to remember that emails are being used among many people for business purpose at least. Therefore, mailing platforms are one of the often-visited platforms in daily life.

It also has many drawbacks too. People already have many mails to read every day and on top of this, they are exposed to email ads too. These advertisement mails may have the risk of being perceived as a spam. Another important drawback is virus e-mails. Hence, readers tend not to read the mails coming from unknown sources. In this type of marketing, the consumers are not willing to receive these mails. Thus, they may not pay attention to the mail. Considering these drawbacks, the biggest challenge of email marketing is having high open rates and click through rates (Fariborzi & Zahedifard, 2012).

The best practice of email marketing is in form of giving incentives to already existing consumers if they recommend the product/service to their friends. It is also effective to announce promotions and discounts through emails which can be an interest of already existing consumers. All in all, the content of the mail should be meaningful for the reader and call them to action. It is also very important for the content to be personalized if the attention is willing to be captured (Lillian, 2015).

### **2.2.1 Email Listing Segmentation**

Segmentation is one of the must-do for email marketing. For example, it is not meaningful to target women without babies with diapers ads. This ad will be perceived as spam for this person. The goal of segmentation is providing more relevant content to the reader. The readers can be segmented according to geography, age, gender, organization type, industry, job function, education level as well as more complex parameters such as past purchases, buying frequency, purchase interests etc. (Bernazzani, 2017). If this data is kept properly, the future purchase behaviors can be predicted, and the emails can be further personalized.

### **2.2.2 A/B testing emails**

A/B testing is a good way to test which campaign is more effective in encouraging clicks and purchases. If a new strategy is willing to be tested or if a specific goal is being pursued, A/B testing is a good experiment. The tests can be conducted on entire mail lists or on small groups. Subject lines, from names, email contents and calls to actions can be used as a control variable in A/B testing. As an example, consider the goal is to determine which call-to-action will increase the number of purchases at the end of the campaign. Then different call-to-action should be used during the marketing campaign to see which one generates higher results. As another example, if the goal is to increase the number of people opening emails then the subject line should be changed similarly. Moreover, the test group and the test duration should be decided too. According to the goal, the important metrics should be identified, and empirical data should be used when deciding which campaign generates better results. The important metrics can be number of opens, clicks, unsubscribes and conversion rates. If the campaigns of this test are conducted simultaneously the bias regarding time will be eliminated (Kohavi & Thomke, 2017).

### **2.2.3 Email marketing automation**

Email automation simply means converting email sending process from manual to automatic. This may sound opposite what has been told earlier that emails should be personalized. However, it makes email marketing timelier and, despite being automated, more personalized since it is often based in data acquired from each consumer. This automation works when certain things such as a purchasing action, a social media follow, a new subscription or a user's birthday etc. are triggered. These automatic mails are usually sent to the name of the user and they usually are welcome mails, feedback mails or reengagement mails. If done correctly, automation is time-saving, cost-effective and can increase engagement by providing relevant content to readers (Heimbach, Kostyra, & Hinz, 2015).

## **2.3 Search Engine Optimization (SEO)**

One of the most common potential customers' actions before purchasing is simply searching on internet via search engines. Search Engine Optimization is the practice of brands to improve their rankings in web search results without any payment, also known as organic or natural results. It is important to organize the websites so that they reflect its relevancy in the results of the searches. Organic results are more appealing to searches since they are more objective and unbiased than sponsored results (Xing & Lin, 2006). According to the same study, an online survey of Georgia Tech University, more than 70% of the search engine users prefer organic results rather than sponsored results.

Search Engine Optimization is, in other words, structuring the website in a way that search engine understands the content. It is very important for the search engine to understand the content, otherwise an incredible opportunity for traffic in the website can be lost (Shih, Chen, & Chen, 2006). There are many ways to do so from the words on the website to external links within the website. It is also important to provide targeted traffic. In other words, it is important to differentiate when to show up in a search engine. For example, for a headphone company, it may not be enough to show up when a user types in "headphones" if the aim is to increase sales through website. However, it may be a solution to show up also when a user types in "headphones in best price". The user who types the latter is probably closer to purchase (Fishkin & Staff, 2015a).

It is no surprise that Search Engine Optimization can provide visibility, revenue and a high rate of return by providing a targeted traffic. Therefore, it is important to know how to address this optimization to be shown up for relevant contents upon consumer searches.

### **2.3.1 Keyword research**

As mentioned earlier, keywords are one of the biggest parameters for search engine optimization. The website of interest should have correct keywords to gather right visitors to the website. The website should be effectively organized and relevant to the audience in terms of keywords. These keywords can be embedded in the title, link (URL) or image file path of the website (Leist, 2018). Keywords make it possible for searches to find the website via search engines. The keywords chosen should be explanatory to the search engine about the content of the website.

Moreover, keeping track of the keywords searched can be useful to predict shifts in demand, market conditions or the products/services that users are actively searching. This is a very cost-effective way to follow market (Fishkin & Staff, 2015c).

All in all, for Search Engine Optimization, one must know how consumers look for the products/services online. It is important to know the thought process of consumers in this

sense. If not, the consumer can be lost to any competitor who does it well. Keywords in SEO provide competitive advantage.

### **2.3.2 On-page SEO**

On-Page SEO refers to the activities performed directly within the website to improve its ranking among search results. These activities include the content, HTML source code, title tag and everything that can be modified in the website. As an example, instead of having a complicated URL, it is always better to have a neat one. Another important aspect is website's title starting with the keyword typed in the search engine. Lastly, it is useful to include outbound links in the website since it usually helps the search engines understand the topic of the website (Dean, 2018).

Additionally, an optimized website should provide rather quality content not only a website trying to sell a specific product/service. It should be keyword targeted as mentioned in the first paragraph and the primary keyword of the search should be matching with the title. An optimal website can also be built to be shared through social networks and available on different devices and browsers (Dean, 2018).

### **2.3.3 Off-page SEO**

Opposed to On-Page, Off-Page Optimization refers to activities that are performed outside the boundaries of the website. There are three main activities for off-page optimization: link building, social media marketing and social bookmarking. Off-page SEO is an objective indicator of how readers perceive one website. A website of good quality is likely to be referenced in more websites, receives more social media mentions and shares and social bookmarks (Toonen, 2018).

The most common and effective technique Off-Page SEO is link building which is simply building external links to the website. More external links one website has, more reliability it has in the eyes of searchers which results in more clicks. Consider there is an article in the website which is being referenced in different websites, this means to the search engine that the website contains a valuable article. However, here as well quality of the websites referencing the article is more important than the quantity of the websites. Being linked to a blog is not creating the same impact compared to being linked to a news site (Fishkin & Staff, 2015b).

Social media mentions are also playing an important role in getting higher rankings. In addition to this, proper organization of social media profiles can also return in higher rankings. Social bookmarking is simply an indicator of how much the content is useful to the reader.

If Off-Page SEO is implemented successfully, it will result in increase in rankings and PageRank (an indicator of how important the content is for Google) and more visibility.

### **2.3.4 Technical SEO**

Technical SEO refers to the activities performed to increase the search engine rankings excluding content optimization and link building. It may seem like a combination of On-page and Off-Page optimization, and in addition to those, it also covers the activities which are not covered with these two. In general, it is satisfying the requirements mainly imposed by search engines.

Basically, technical SEO provides the foundation for SEO. Technical SEO covers, for example, website speed, which can be increased with the usage of simple templates, optimized visuals and limited redirects in the website. All users would like the website to



work and respond fast, otherwise it is likely that they switch to other websites. It is also important for the website working also in mobile devices. Another component of Technical SEO is building user-friendly websites. It is better for the user to be able to navigate himself and find whatever he is looking for. To do so, Technical SEO includes having sitemap, a consistent URL structure and providing security while browsing. These activities not only end up increased user experience but also builds trust for the website. A final example of Technical SEO activity may be removing the duplicate content from the website (Perzyńska, 2016).

## **2.4 Conversion Rate Optimization (CRO)**

Conversion is the process of a user leaving a website with completing the desired action such as purchasing a product, subscribing to the newsletter or filling out a form. Conversion Rate Optimization is referring to activities performed to increase the rate of these users. To do so, initially it is important to understand how users move in the website, what action they take, what makes them leave the website without completing the desired action. These actions can turn into either macro conversions such as purchase of a product or micro conversions such as subscribing to the mail list. Micro conversions may happen even though a macro conversion will not (Steimle, 2015). Even though CRO may not be considered as a marketing communication strategy, it does support and improve the way consumers deal with the brand's webpage or social media Pages. Thus, considering that CRO have an impact in the way brands communicate with their consumers, some attention will also be given to some of these techniques.

Understanding what makes the user engaged with the website and complete the site goal and the consumer behavior within the website requires a qualitative and quantitative search. It is also useful to identify broken areas of the website making users leaving the page before completing the site goal. Afterwards, using analytics and user feedback, some KPIs can be defined depending on the goal of the website. Depending on the goal, a brand can choose to make Call-to-Action button more apparent or reduce unnecessary steps of conversion process. In the end, it is about figuring out what users are looking for in the website and giving them what they want (Cotton, 2017).

Higher conversion rate indicates better return on investment (ROI) since the brand already pays for the traffic either ways. Higher conversion simply means higher revenue generated. Moreover, it is less costly than finding new visitors. This optimization also eliminates the issue of limited patience of visitors to spend in the website. CRO increases the quality of user experience. However, it is still important to have right people in the website.

### **2.4.1 Conversion-focused website design**

It is organizing the website design with the focus of increasing conversion rates. Even colors may play an important role in the conversion rate. For example, RIPT changed the color of Call-to-Action button from green to yellow and resulted in a 6.3% increase in sales (Rajani, 2015).

These websites are user friendly. They allow users to navigate themselves easily in the website and make use of all functionalities of the website. As also mentioned in Technical SEO subchapter, these websites are also available on devices and are fast responding. They provide valuable content, a better user experience and all these lead to qualified traffic (Rajani, 2015).

### **2.4.2 Retargeting advertising**

Retargeting advertisement is a way to convert prospects who have visited the website earlier but not completed the site goal to clients. Everybody has probably come across a text about cookies and a checkbox saying, “I accept cookies.”. Retargeting advertisements work from these cookies. Websites include cookies to keep track of user traffic in the website. Every time a user visits the website a browser cookie is dropped, and these cookies afterwards serve the advertisement to the previous visitor (Lambrecht & Tucker, 2013). This is called retargeting since the advertisement will be served to the users who are already interested with the brand but have not completed the site goal. Therefore, most marketers use this to return to higher ROI.

However, this strategy can generate skepticism in consumers. Nowadays, people are more aware about online data collection and have higher privacy concerns. When an internet user searches for a specific product and later on sees an ad of the same product, he may understand that his search data was used with promotional intentions, which can lead to a negative reaction (Ur, Leon, & Cranor, 2012; Zarouali, Ponnet, Walrave, & Poels, 2017)

### **2.4.3 Headline optimization**

What is easier than writing a headline to your article? It is easy yet effective. A headline optimization may serve increasing conversion rate through SEO, social media and website visits. In each of these, the goal is increasing Conversion Rate, but the design of headline differs. For SEO, the headline should include the possible keywords that searchers may look for and be understandable by the search engine. For social media, the headline should be reflecting the content so that user can share it fast, without really reading the whole content. For the websites, the headline should be attracting right visitors and not be misdirecting visitors. These different objectives may create challenges in writing headlines for the same content in different platforms (Fishkin, 2017).

As the most important aspect, the headline should be SEO and user friendly. It should give the signal to the reader that if they read further they will gain value out of it. It is common for successful headlines having the value of the content at the front of the headline.

### **2.4.4 Call-to-actions (CTAs)**

Call-to-Actions are the guides within webpages such as “Sign up now”, “Buy now”, “Read more articles”, “Share on Facebook”, “Add to cart” etc. These are very important to have since they tell users what to do next. If they are not clear, it is likely that users leave the page without doing anything.

These Call-to-Actions are presented in the website significantly different than the rest of the page. They are usually a button. They need to have a good design, high visibility. What is written on the button should indicate the benefit to the user clearly, an action, that the risk of consumer is taking reduced and it should be short in length. They should encourage users take the action now, not later and give clear instructions to the user what to do next (Gunelius, 2017).

### **2.4.5 Social proof**

This social proof may take different forms such as expert social proof, celebrity social proof, user social proof, wisdom of the crowd, friends and testimonials. According to Lee’s article (2011), a brand endorsed its visitors by 500000 on one day after Jessica Simpson advised the brand. People tend to follow the crowd, this is a psychological phenomenon. This is an effective yet less costly way to implement in marketing (Patel, 2015).

For example, consider that someone is passing by two restaurants side by side. One of them is empty, the other one is very crowded. One would choose the crowded restaurant, since probably it serves better food than the other. This is the power of the crowd. In marketing, the power of the crowd is as well significant, it is an enormous word of mouth effect. Especially, it is exponentially contagious when it is shared on social media.

#### **2.4.6 A/B testing (for UI/UX elements)**

As mentioned earlier in the chapter, A/B testing is experimenting different forms on small groups of users to find which one performs better. What is different here is how it is implemented on the website designs to provide better UI (User-Interface) and UX (User Experience). The criteria being compared may depend on the goal of the website and be page views, clicks, subscribers etc. or a combination of these (Maués, 2017). The goal is to convert visitors to clients. What is attractive for users now may change after a while. Therefore, it is a dynamic process.

Call-to-action (shapes, colors, texts), Headings (font, length, message), images, videos can be changed and tested with A/B testing. With this, what attracts customers and affects their conversion decisions can be found and as well the disagreements between designers and brands can be eliminated. Most of all, with the most desired design by users, users feel themselves comfortable and convenient to the website. It minimizes the risks to the company and provides a high ROI (Maués, 2017).

### **2.5 Social media**

Throughout the past years, social media platforms were able to gather so many users they became part of many people's daily lives. These network users spend, on average, around 2 hours per day on social media platforms (Kemp, 2018), making them one of the best channels for businesses, specially business to consumer (B2C) brands, to reach potential consumers.

Social media platforms allow consumers to create their personal Profile, where they can upload content and share it with their communities. As it will be elaborated further on in this dissertation, there are different categories to classify these users, accordingly to their social visibility and number of followers. However, brands can also create their pages (e.g. Facebook page) which can also be used to create and share content with their community of followers. This has allowed brands to gather a community of dedicated consumers, which could be approached in a more informal and personalized way (Drury, 2008).

Besides having the possibility to promote new products or services directly to their consumers, these globalized platforms also enabled the possibility of increasing brand awareness and entering new markets, mainly with e-commerce solutions. Therefore, many businesses naturally created their social media Pages, including a new communication channel with their customers in their online marketing strategies. The same way it happens with blogs, for example, it is important that the brand understands that once they create the Page, they should keep using it, maintaining it updated and with relevant information for potential buyers that visit it. Creating a social media page and then not using it properly might cause a negative impression in the customers.

When a business is planning to start a new marketing campaign, the most important metric to be measured is its Return on Investment. This metric represents the benefits the brand received for spending resources in running the campaign. For example, if a 500€ marketing campaign generates an increase of 1,500€ in sales, the campaign's ROI was 1,000€. However, in many social media campaigns the goal is not to generate sales but instead raise brand awareness or increase the brand page likes. Therefore, in order to correctly measure which returns the campaign generated to the business, it is important to set the campaign's goals

beforehand. It is also advisable to make a record of the website and page's data before the campaign to better analyze the increments the campaign generated (Montenegro, 2018).

Thus, there are many metrics to analyze social media campaign's success. Even though social media platforms might use different designations, the three most important metrics are Reach, i.e. the number of people reached by the campaign, Engagement, i.e. the number of people that reacted to the campaign and Conversion, i.e. the number of people that fulfilled the campaign's objective. Therefore, when determining the campaign's goals, online marketeers must define which metrics will better reflect the campaign's progress, to calculate an accurate ROI.

Furthermore, brands must understand that different social media channels will provide different opportunities to engage with consumers. Thus, to increase the campaign's ROI, companies must carefully choose which platform is the most adequate for the objectives of the campaign. With over 2.2 billion monthly active users, Facebook is the best choice for brand awareness campaigns, since it has a big and varied pool of users. Instagram is a platform focused on user-generated content (i.e.: Photos and videos.). Moreover, it provides the highest engagement rates when compared to Twitter or Facebook. Twitter biggest advantage is the ease brands have reaching their communities. Unlike Facebook, Twitter allows brands to reach all their followers without paying, enhancing the platform's value even when running paid ads. YouTube is the video-focused platform and second largest search engine, owned by Google, the biggest search engine. Thus, when it comes to SEO, videos are more likely to appear in higher positions than websites. Despite being a visual social media platform like Instagram, Pinterest is a completely different platform. Users are clustered accordingly to their interests and usually use the platform to actively look for products to buy. Thus, they provide businesses a good opportunity to reach specific target groups of users with purchasing intentions, leading to a high engagement rate and conversion rate. Lastly, LinkedIn is the B2B-focused platform that offers the highest average disposable income per user. Since it is a very professional platform, it is advisable for B2B marketing campaigns, usually creating the highest quality leads (Jolly, 2016; Sachs, 2016).

However, even though social media platforms provide many possibilities for companies to reach different target groups, the ROI resulted from these social media campaigns is not high and it has been decreasing, due to the decrease of the organic reach in these platforms (Phuntusil & Limpiyakorn, 2017). Thus, many brands are starting to increase their budgets on social media paid advertising, to reach more users that might be converted into new customers.

### **2.5.1 Paid advertising**

With the aim of reaching more followers and other users, social media platforms provide businesses the possibility of promoting their posts, a technique designated as paid advertising. The decline of organic reach that resulted from the increasing number of new users and brands joining platforms like Facebook every day (Bernazzani, 2018), motivated many businesses to increase their marketing budgets on paid advertising. Currently, 22% of Facebook Pages pay to increase the number of followers they reach (Kemp, 2018).

Since Facebook is the biggest platform, with the biggest advertising revenues, this platform will be used to evaluate this strategy. Currently, the average organic reach for a Facebook page is 8%, meaning that when a page creates a new post, on average, 8% of its community of followers will see it. For pages with more than 1 million followers, this value can go lower than 2%. Although brands resort to paid advertising to increase the number of people reached per post to an average of 27%, the average engagement rate of Facebook pages is 4.2%, meaning that even though pages are paying to reach their consumers, they are struggling to generate any kind of reaction from the consumer side (Kemp, 2018).

Furthermore, around half internet users are already using ad blocking tools (Kemp, 2018), which decreases the amount of ads they see when they visit websites with paid advertising. Moreover, several studies have proved that internet users are negatively affected by the number of paid advertising they have to see, especially in the younger communities (18 to 25-year-old), which represents a quarter of the platform's users, to whom paid advertising almost does not work (Sashittal, Sriramachandramurthy, & Hodis, 2012; Zarouali et al., 2017).

Concluding, paid advertising is a tool that businesses can use to endorse their social media efforts, to reach more people or increase the engagement and conversion of the campaign. However, as the average results analyzed show, it also has to be well planned and understood if this is the best approach to reach the desired target group for the campaign.

### **2.5.2 Programmatic advertising**

The same way email marketing automation is a strategy that aims to automatize campaigns conducted via email, programmatic advertising aims to help businesses to scale their social media marketing efforts, with fewer resources. Programmatic advertising is based on having computers analyzing data to buy digital advertising spaces, deciding which ad to buy for a specific place and how much will be paid for it (Rogers, 2017).

This strategy, that can also be considered as a type of paid advertising, allow businesses to spend their marketing budgets more wisely. The decision on which ad should be targeted to each consumer is not done according to the brand's expectations for their consumers but in data gathered from the user's habits and searches on the internet.

## **2.6 Personal branding**

Personal branding is a definition firstly introduces by Tom Peters and describes people that manage their professional careers or personal lives in a commercialized way, as if they were brands. As an example, the famous football athlete Cristiano Ronaldo generates more income from advertising campaigns and commercials than from his football salary (Forbes, 2018). With the rise of social media platforms, these celebrities gathered large communities of followers, giving companies the opportunity to adopt different marketing strategies to reach consumers.

Thus, with consumers shifting to social media, online marketers perceived the emergence of the influencer marketing as a new world of possibilities. These influential people, with thousands or millions of followers, were able to reach consumers directly and more organically (Woods, 2016). Moreover, as social media users generally follow and look up to their favorite celebrities more often than their favorite brands (Guest, 2015), influencers can establish a closer and more trusting relationship with their communities.

Furthermore, social media networks allowed not only celebrities to become more popular but also other users who used their profiles to develop their personal brands. This type of influencers often focuses their content and opinions on one subject of their preference as, for example, fashion, reading, fitness, etc. Therefore, even though they are not able to gather very large communities, they offer more possibilities of reaching specific target groups.

Therefore, businesses started to pay these influencers to promote their products and services to their communities. However, as it was explained in the previous subchapter, before choosing an online marketing strategy, it is important to define beforehand the goals aimed to be achieved with the campaign. The rise of the influencer marketing motivated many users to pursue an influencer career, providing companies a big variety of types of influencers, with different advantages. Thus, whereas a celebrity may be advisable for brand awareness

campaigns, an influencer with a closer target group may offer better conversion rates, if the product is aligned with his followers' interest.

This dissertation will be focused on a third classification of influencers, the general social media users that like to use social networks to advise and share their opinions with their communities. Usually, these communities are smaller and include friends, family members and acquaintances, which means a closer circle of trust and, thus, better possibilities to influence other users. According to Nielsen (2015), 83% of consumers admit they trust the recommendations of friends and people they know. Therefore, this type of influencer has better possibilities to offer high engagement rates. However, since it would be needed many people promoting the product, to reach the same number of people an influencer with a big community could reach with one post, it is more difficult for companies to use them. The logistical difficulties and the high efforts needed to organize such campaign would require more resources, decreasing the expected return on investment.

It is important to clarify that there may be some different classifications of influencers in other studies, since there is no consensus on a standard classification in the literature. For the purposes of this research it will be applied a more general overview that differentiates these social media users into three main categories: macro-influencers, celebrities with very large communities of different types of consumers; micro-influencers, users that focused on one specific subject and grew big communities of followers that share the same interest and nano-influencers, "normal" social media users that like to share their opinions with their smaller communities.

### **2.6.1 Macro-Influencers**

For the purposes of this dissertation, macro-influencer is someone with a community on their social media account with more than 1 million followers. These people are usually famous celebrities that build a brand around their name, creating a dedicated audience that grew organically over time (Kelly, 2017). Even though these influencers often became popular do to their passion for a certain topic as, for example, sports or music, their communities of followers are so big they can reach different target groups, from different locations, in a large scale. Thus, macro-influencers can be a good marketing strategy when the business is aiming for brand awareness marketing campaigns.

Despite being one of the costliest online marketing strategies, companies have more control when running a macro-influencer campaign, since they are more professional with their social image and campaigns they are associated with. Therefore, brands can decide which content they want the macro-influencer to share, having the possibility to express their message clearer (Hatton, 2018).

However, as it was elaborated before, the average engagement rate of a Facebook Profile user or Page decreases, with the growth of the community. When the macro-influencer community becomes more diversified, it is harder for him to engage and interact with the community. Thus, even though these influencers are good for companies aiming to engage in high volumes of sales, social media growth of brand awareness, the average engagement rate on Facebook for users with more than 1 million followers is less than 2% (Bernazzani, 2018). This means that when an average macro-influencer with 1 million followers creates a new post, less than 20 000 thousand users react to it. Therefore, it is important for companies to analyze the potential return on investment carefully before conducting the campaign, so that they can approach the best macro-influencer for their campaign goals and target group, to increase the ROI of the campaign.

## 2.6.2 Micro-Influencers

The range of the number of followers needed for a social media user to be classified as micro-influencer is also subjective in the literature. Thus, in this dissertation it will be considered that micro-influencer has social media networks with between 10,000 to 1 million followers (Wissman, 2018). These influencers are usually someone that is not famous to the masses but has a community of strong followers who have high consideration for his opinion or performance in a certain interest. These people used their social media accounts to promote themselves and build an image often associated with a specific product or activity, thus, being perfect for companies to effectively reach their target groups and increase the campaign's ROI (Barker, 2017).

Companies can even adopt to include several micro-influencers in their marketing strategy to promote different products to different target groups or locations. Moreover, companies must look for a micro-influencer strategy when they want to reach higher engagement rates in their campaigns. As it can be seen in Figure 1, the average engagement rate on influencer-generated content on Instagram decreases as his/her community grows. This means that despite being able to reach more people, the ratio of users that reacted to the post decreases, since it becomes more difficult for the influencer to engage with all the community. Therefore, running campaigns with influencers with smaller communities but with specific target groups may generate more sales than a macro-influencer campaign, since the micro-influencers' opinion is better received by his community.

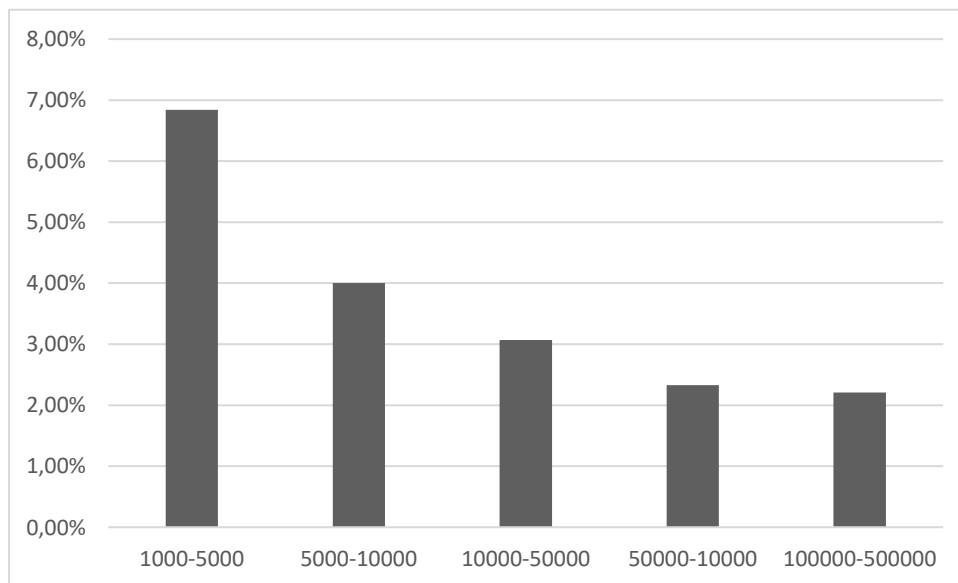


Figure 1: Average engagement rate on influencer-generated content on Instagram worldwide in 2017, by follower count.

In <https://www.statista.com/statistics/862249/average-engagements-per-instagram-post-influencer/>

Considering that there are many micro-influencers with different expertise, professional responsibility and experience, companies tend to lose more control over the content created for the campaign, since this is often user-generated. Therefore, even though this strategy is less costly for businesses when compared to macro-influencer campaigns, losing control over the content shared may sometimes be wrongly interpreted by the community and negatively affect the brand's image (Hatton, 2018). Therefore, there is a trade of when choosing a micro-influencer campaign that businesses must reconsider, since it is important to ensure that the right message is delivered to consumers with the campaign.

There are several ways companies can work with these influencers, depending on the community size and engagement rates. Brands can send their products for micro-influencers to use and create content promoting it, they can send samples of photos to ensure a better quality of the content or they can even invite them to a photo shooting using the product or the service. Even though some micro-influencers with bigger communities or more challenging campaigns can be costlier, this strategy is usually effective for small and medium businesses that want to reach their target group in a quick and engaging way, to grow sales.

Concluding, micro-influencers are consumers with a strong digital voice, that can easily impact the purchasing decision of potential customers. Although this marketing strategy is accessible to businesses of all sizes, a rigorous research should be done by the brand to find the micro-influencer with the best community for their campaign objectives. There are online platforms where micro-influencers can create a profile to help businesses have a better idea of the influencer's interests and community, to better address the needs of the campaign.

### **2.6.3 Nano-Influencers**

The third personal branding category, and the most relevant for the development of this dissertation, is the nano-influencer marketing. Nano-influencers are the average social media user, with friends, family members and acquaintances in their networks and a proactive digital voice. Even though their communities may reach a few thousand followers (usually less than 10,000), depending on how much time the person dedicates to his/her social media account, there is a closer relationship between the user and his/her followers. The fact that many of those community members personally know the nano-influencer, creates a more trustworthy relationship (Bughin, Doogan, & Vetvik, 2010). In Nielsen's Global Trust in Advertising Report, 83% of the respondents mentioned that they completely or somewhat trust the recommendations of friends and family, when making purchasing decisions (Nielsen, 2015).

Considering that Facebook has currently 2.2 billion monthly active users (Facebook, 2018), a marketing strategy focused on these influencers may provide an opportunity for companies to reach their consumers in an organic and original way. Since every social media user can potentially be a nano-influencer, the biggest challenge companies will have to face is how to motivate these users to promote and share the brand's message with their communities. Thus, brands must find people that are trying to build a social media identity and like to communicate more with their followers (Ho & Dempsey, 2010). Moreover, companies must be able to motivate the nano-influencers not only to participate in the marketing campaign promoting the brand, but also incentivize the good quality of the content shared to improve the engagement with the respective community (Kozinets et al., 2010).

Furthermore, as is was explored in the previous subchapter, influencers engagement rate decreases as their community of followers grow. Although, managing a nano-influencer marketing strategy allows brands to have the highest average engagement rate on social media campaigns, the efforts and resources needed often decreases the ROI of the campaign. To reach results that can be comparable to other social media strategies like macro and micro-influencers campaign's or paid advertising, it is needed a high number of participations, since the communities reached with one post are smaller.

The best examples of successful nano-influencer marketing strategies are viral campaigns. Even though it is not possible to predict that a campaign is going to become viral, when the content created or messaged being transmitted is very well received by the consumers, this can be shared by many users, reaching a huge number of social media users in a completely organic way. A good example of a successful marketing campaign that gone viral was done by Dos Equis, a Mexican beer that created the famous "The Most Interesting Man in the World" campaign. This advertising campaign was promoted by the brand, but it became popular worldwide when social media users created a new type of post, often designated as



meme, with a photo from the main actor of the campaign. The social media viral campaign increased the companies' revenue by 35%, created an unexpected increase on the return from the investment made in the campaign (Malcolm, 2016).

Therefore, nano-influencers provide the best opportunity for businesses to reach more naturally their customers, by having normal consumers with strong digital voices to promote their products, over a community of followers that know him/her and value their opinion (Bughin et al., 2010). Shifting the advertising voice from a company or celebrity that people do not know or relate with, to someone who they trust and listen to, can lead the companies to reach higher engagement rates that can turn into sales, increasing the campaign's ROI. However, as it happens with micro-influencers strategies, it is also important to reach the right nano-influencers for the message being transmitted and target group being reached, while running a strategy to ensure that the content being created and shared is reflecting the brand's image.

This dissertation will propose a possible solution for the implementation of this marketing strategy. Thus, it will be important to focus on promoting the campaigns to the target groups aimed to be reached, as well as ensure that the user-generated content is aligned with the brand's message.

## **2.7 Dissertation's contextualization**

The world is changing. Over 4 billion people have internet access (Kemp, 2018). Even though this rapid growth is driven by more affordable smartphones, having a portable way of connecting to the internet allowed more than 3 billion people to use their social media accounts every month. The number of new social media users is increasing around 1 million per month and 9 out of 10 of those accesses are done via mobile phone (Kemp, 2018). Considering that the social media platform interaction is done differently between mobile phones and laptops, due to the different screens sizes, it can be considered that the impact of advertisement when the viewer is using a cell phone will be higher than in a laptop since the paid publication will cover the whole screen and cannot be so easily avoid as in a computer screen.

Since Facebook is the social media leading company in the internet, already with a well-established advertisement system that generates the highest revenue stream for the company (Facebook, 2018), Facebook's data will be used for analysis and comparison purposes in this dissertation. Thus, considering that Facebook's demographics are 56% male users, 44% female and 58% of all users are aged between 18 and 34 years old, it was decided to design an online marketing strategy that had to be original and easily perceived and practiced by the younger ages.

This also leads to investigate how younger ages respond to online advertising, specifically in social media networks. One of Facebook's biggest assets when selling social media campaigns to businesses is having the possibility to promote a product to a relatively specific target group. Moreover, Facebook uses retargeting advertising, by gathering information from the user or user search history and use them to promote specific products, to improve the campaign's metrics (Zarouali et al., 2017). One study that aimed to examine how advertising on Facebook is related with adolescents' ad skepticism, and how this converts in purchase intentions concluded that "retargeting leads to higher purchase intention when controlling for all the variables in the model, but when looking at it into more depth, it actually evokes skeptical appraisal, which in turn negatively influences purchase intention of young customers" (Zarouali et al., 2017). This skepticism ends up leading to a decrease in the purchase intention, especially in the 18 to 25-year-old demographic, which represents 25% of this platforms' users, providing that even though this strategy may still present good results

for some businesses, it will not be necessarily effective in the long term (Sashittal et al., 2012).

Moreover, marketers use these online marketing strategies not only to get new customers but also to build trust and loyalty with their current consumers. However, the number of paid ads in social networks and the way most of the times these ads are promoted, with deceiving techniques and false statements, end up making people avoiding more from ads (Cho & Cheon, 2004). In order to build a long and sustainable relationship with the customers, online marketers should avoid misleading the consumer into false hopes (e.g., “You are the winner of \$1 million,” “Click here for a free trip to Las Vegas,” etc.) since the general public’s awareness regarding this clickbait strategies will reduce the engagement rate and the conversion rate of the campaign (Cho & Cheon, 2004).

When marketers started to notice that social media paid ads were not generating as much sales as they would expect, they started looking for other alternatives of reaching big pools of customers in social networks. This leads to the emergence of the influencer marketing (Woods, 2016). These individuals with large communities of potential customers have then the ability of influencing their followers to buy the product or the service being promoted. The fact that people look up to these influencers, either because they are celebrities, journalists, bloggers or even normal consumers specialized in a specific field of products or interest, makes it easier for companies to define their marketing strategy because they can coordinate all the activities with this influencer who will then approach his/her community.

Despite generating better engagement rates and to the businesses’ products or services, there are some disadvantages of the influencer marketing strategy, for example, when it is needed to calculate the Return on Investment (ROI) of the marketing campaign. Even though there are some metrics that help evaluate the influencers and the success of the campaign, such as engagement rate, reach and visibility, it is impossible to accurately show how much sales one specific campaign generated. However, this is not a new difficulty that marketers must deal with since the same problem occurs with traditional marketing strategies such as television advertising or billboards in the streets. Some strategies to work around this issue is to give a promotion code to the influencer that followers can then use when purchasing to receive a discount, for example.

Moreover, “there are potential ethical and legal implications associated with influencer marketing.” (Woods, 2016). Macro and micro-influencers’ communities follow them because they believe in the person’s ideas and opinions. Therefore, sometimes the influencer is paid to promote a product they do not like or use, just because they were paid to do so. This fact can be interpreted as misleading the customers which can bring consequences not only to the influencer, who might lose his credibility, but also to the business which will be associated to false advertisement strategies, and probably get in trouble with the Federal Trade Commission (Woods, 2016). Thus, when being paid to promote a product, influencers must communicate this paid endorsement to their followers, usually done by adding #ad or #sponsored to their posts. As it was already mentioned, younger communities nowadays are more aware of these online marketing strategies and they often perceive paid advertisement with more skepticism which results in a decrease in sales.

When reviewing other literature about online marketing strategies, it was noticed a similarity between the conclusions that were pointing out into a similar solution for the future of online advertising, mainly on social media. Nielsen’s Global Trust in Advertising report (2015) claims that most of the credible advertising comes from people that we know and trust. 83% of respondents affirmed to completely or somewhat trusting a recommendation received from a friend or family member. Moreover, 66% also mention that they trust reviews and recommendations they read online from other consumers. This means that the confidence circle is not restricted only to the people close to us but also includes valuable feedback from

other consumers with similar tastes and interests to ours (Nielsen, 2015). Besides, consumers, mainly the younger communities, like to feel they are involved in the companies' vision, they like to feel that their opinion matters, and their feedback is relevant for the company future. Therefore, online marketing researches are advising companies to start creating more content together with the consumers and incentivize more user-generated content as a way of promoting the companies' products (Tiago & Veríssimo, 2014).

Lastly, the amount of companies using all these online advertisement strategies to promote their products lead to an aversion to the number of ads in the internet. Users assumed that ads on the internet were impeding their goals and started avoiding them. In fact, internet advertising avoidance presents the highest scores when compared to other marketing strategies (Cho & Cheon, 2004). The results of this study, which are aligned with most of the literature found on online marketing strategies, points out that most of the online marketing content being created by companies is not getting any reactions from the users and that it is repetitive and meaningless, which makes it harder for internet marketers to meet consumer expectations and gain their trust. Moreover, since the beginning of humanity, people were driven by stories. From tales around the campfire, hieroglyphs, written language and printed books to digital content shared throughout the world, people like to talk about what they feel and think. The first principle of storytelling behavior is that "Human memory is story-based" (Schank, 1990). When the story being told is good and compelling, it can trigger emotions in its listeners that will be easily remembered. Therefore, online marketers need to develop strategies to make marketing campaigns into a story they create together with their customers (Demangeot & Broderick, 2010). Online marketing campaigns must be more interactive between the consumers and advertisers because, in the end, one's story cannot be written without the other (Papadatos, 2006).

### **3 A decentralized marketing campaign**

The social media marketing strategy being presented aims to solve businesses' struggle of reaching their communities on social media in an effective and organic way. Companies' budget projected for online advertisement is increasing and now that social media advertisements represent one quarter of all internet ad revenues, online marketers are looking for the best strategies to convert the businesses investments into sales (Pricewaterhouse Coopers, 2017).

The proposition of this dissertation is to create a fully organic campaign with user-generated content, that will both raise brand awareness and create high engagement among its viewers. Social media users will be incentivized to participate in the campaign through a compensation such as a discount in a purchase given by the brand being promoted. There will not be any selection for the participants in the campaigns since it will be assumed that any person can influence their community, independent of its size and type of followers. Therefore, these social media users will be designated as nano-influencers, since they don't really fit the micro-influencer criteria considering that a normal social media user has, at most, around 10,000 connections in his social network.

As the title of this thesis suggests, by creating a marketing strategy where the marketing is performed by the consumer, not following the usual bottom-down approach used by companies with intrusive marketing strategies, this can be considered as a decentralized marketing approach. One can argue that centralizing the activities of organizing and performing the campaign by a team gathered for that purpose is contradicting the decentralized approach aimed to be accomplished. However, it must be understood that this is a new strategy and it will take some time and effort for the concept to be spread within the social media communities. Thus, initially the objective will be to educate potential nano-influencers about this new opportunity on social media and actively stimulate them to participate in the campaigns. This will give them the possibility of receiving compensations from the brands they like in exchange for promoting them to their private social media communities. Assuming the hypotheses that this marketing strategy will work, and social media users will be actively looking for campaigns when they want to buy a new product, then the goal would be to have a minimum impact between the company's campaign and the nano-influencers who choose to promote it. Therefore, even though this strategy may not be fully decentralized from a technical point of view, it is making some progresses towards a fully organic and decentralized social media strategy.

The Business Model Canvas created (Appendix A) aims to bring value to two distinct entities, companies and nano-influencer community, two main stakeholders to address and promote the strategy. On one hand, it is important to bring value to partners, which could be measured by the revenues being generated through the marketing campaign. On the other hand, the campaign's organizing team will need to look for potential nano-influencers, who could be anyone with a social media account that wanted to promote the brands collaborating with the study, in exchange for a benefit from that brand. Moreover, to accomplish an organic

campaign and incentivize more participations, it was given to nano-influencers the possibility of getting extra compensation for motivating their friends to participate in the campaign.

During the research period of this dissertation, it was possible to perform two iterations of campaigns which impacted the strategy. The first iteration of campaigns accounted with three partners, and the results from the most successful campaign will be analyzed as the first case study. Campaigns were active for 42 days during which was gathered valuable input from the nano-influencers who participated in the campaign and partners who were being promoted. This feedback, together with the market research study conducted in between iterations, impacted the BMC designed for the second iteration, which ran with 5 partners.

In the end, the presented marketing solution proved to have great potential to reach high engagement and conversion rates for online campaigns on social media networks. Even though some of the campaigns struggled to have participants, the most attractive ones incentivized many social media users to promote the brand and receive the discount.

### **3.1 Business Model**

Having generally presented the solution, a more detailed analysis of the marketing strategy being proposed, as well as comments and recommendations collected from both iterations of the process realized. In the following sections it will be analyzed the most important blocks of the Business Model Canvas, will be referred to as BMC, applied to the presented methodology, as well as the changes made from the first to the second iteration. The completed version of the BMC can be read in Appendix A. As it was already mentioned, it was conducted a market research survey during the end of the first iteration of campaigns that also supported some improvements made to the BMC. This survey aimed to analyze potential nano-influencers habits and behaviors when using social media networks, understand how much they value the action of creating a post to promote a brand and if this value matches with the way the campaign is promoted to them. Further details on the market research survey, its goal and how the information are provided later in this chapter.

Before proceeding to the BMC design, it is important to define first the companies that will test this marketing campaign strategy. Since this strategy can be applied in different scenarios with different markets, it is important to clearly define the target groups to prepare a customer acquisition strategy accordingly to the consumers aimed to be reached. Therefore, since it was expected that the most challenging part would be to grow and motivate the nano-influencer community to promote the brands collaborating in the research, it was decided to define the target group that would constitute the community as the first step.

Considering that more than half of Facebook users are aged between 18 and 34 years old, with 29% from 18 to 24 years old and 29% from 25 to 34 (Kemp, 2018), it was decided to focus on approaching to the young users of Facebook. They would be easier for the campaign's organizing team to reach and address to when presenting new social media methods, but also they are expected to have limited or relatively lower income so they would show more interest in getting discounts and other benefits from brands. Thus, the target group for nano-influencer community is university students aged from 18 to 25 years old, with an active social media account on Facebook or Instagram.

These two social networks were chosen due to popularity and geographic reasons. Facebook is the world leading social network with more than 2.2 monthly active users in the platform (Facebook, 2018). Moreover, Facebook is one of the major platforms for social media advertisement, so it is interesting to compare the results of an organic campaign with sponsored campaigns from the platform. Secondly, Instagram is the second most common network in Portugal, where the campaign will be conducted. This is also an example of one improvement point from the first iteration of campaigns, supported by the data collected in the

survey, which concluded that nano-influencers would be more willing to participate on Instagram, especially with the InstaStories feature, where the post is only available to the community for 24 hours. Even though this may seem negative for the promotion of the campaign, the results from the survey showed that it would bring more benefits to the brand as, for example, lower cost per publication and higher engagement rates.

Defining the target group for the community aimed to build provided a good direction when planning the partners approach strategy for campaigns. Since the goal was to attract partners in whose campaigns the university students would be interested in participating, it was concluded that this strategy should be focused on Business to Customer (B2C) businesses, with attractive products that the participants would like to purchase soon, to use the discount. Thus, potential partners could be restaurants or fashion related brands.

Considering there were two completely different customer segments to address, to implement this marketing strategy, with two different value propositions, it was decided to develop two different value propositions. Therefore, in the following subchapters, where the most important blocks of the BMC for the present idea will be elaborated, it is important to know to which customers is each strategy being promoted: potential nano-influencers for the community or B2C businesses interested in promoting their brand in a total organic and native way.

### **3.1.1 Value proposition for businesses**

With the implementation of this marketing campaign it is aimed to create a more organic communication channel between brands and their consumers, providing businesses the possibility of creating the digital “word of mouth”, bringing brands the opportunity to reach the younger communities in a more original way.

Before choosing which marketing strategy to use, first businesses must set the objectives they want to reach with the campaign, to calculate their return on investment more accurately. It is important to define the results to be achieved beforehand because it will most likely influence the decision of which strategy, which social media platform or which kind of influencers will be used for the campaign. In the literature review of this dissertation it was developed an analysis on which solutions present better results for different campaigns goals. Since the type of marketing campaign proposed is only based on Facebook and Instagram platforms, the three most important metrics used to analyze advertising in these platforms will be considered - reach, engagement and conversion. These metrics will be used to calculate the ROI of the campaign and compare with other advertising methods currently being used. The meaning and formulas of this three metrics were already elaborated in the methodology and literature review of this dissertation. Reach represents the number of people that had the post displayed on their social media feed, engagement is related with the reactions the post received from the community and conversion shows the results generated by the campaign, accordingly to its objectives.

Therefore, these three metrics will be calculated to provide information about how much people can an average post reach and what is the average engagement and conversion these posts get, to present the results to future partners. However, in a beginning phase, it was assumed that the biggest strength of the marketing strategy proposition would be the high engagement rates that could be achieved. As it was also previously analyzed, when the company aims to reach a big pool of consumers, usually macro-influencers are a better solution, despite the high costs they charge. However, when the company is looking for higher engagement and conversion rates, micro-influencers are usually more advisable since they have in their followers’ community a niche of customers, providing a better opportunity for more interaction and engagement from the consumers side. Following the same line of thought, backed by the data already presented, the smaller the community gets, the higher

engagement rates the user's post achieve (Bernstein et al., 2013). Thus, this strategy is based on the premise that using nano-influencers to spread the businesses' messages, giving them the opportunity to create the post directed to their communities, will increase the engagement rate of the campaign. Moreover, since each influencer will be compensated with a discount coupon in the brand they promoted, it is also expected that the conversion of the campaign will also bring benefits to the company, since each participant will most likely be converted in a new purchase for the business.

In the new marketing approach proposed, since the compensation that is given to the nano-influencers is a discount or benefit in the brand store, the initial investment the company will have to do in the campaign will be null. In opposition, some similar strategies in the market that also use nano-influencers as drivers of the campaign's message compensate the participation in the campaign with a monetary value. Thus, considering that this compensation is, for example, 10€ and the campaign is set to have 50 participations, the company would have to pay 500€ just to cover the expenses of the nano-influencer's participation. By pivoting the idea to a discount compensation, the company will have any cost to start the campaign, providing a better opportunity for small businesses and startups to promote themselves on social media, using a strategy aligned with their financial capabilities.

Concluding, the value proposition of the solution proposed can then be summarized in three main aspects. Firstly, provide the most organic social media marketing strategy available in the market. The community of nano-influencers promotes the brands they love to their friends, receiving a symbolic compensation for their promotion efforts. Secondly, the fact that nano-influencers are being used to spread the campaign's message, will generate high engagement rates that will hopefully be converted in more sales for the business. Lastly, this strategy will not present almost any cost for the business. Obviously, this point will depend on the cost structure implemented by the organic social media campaigns' service provider. For this dissertation, any extra cost, besides the discounts provided by the company, was charged to the businesses. However, independently of the potential cost structures that might be used (charge a commission when the coupons are used, charge for participation, charge for campaign, etc.), the fact that companies are already compensating the nano-influencers with the discount will always reduce the cost of the campaign, increasing its conversion rate.

### **3.1.2 Value proposition for nano-influencers**

This strategy's end goal is to create a platform that will work similarly to a marketplace. On the one side, value must be created to the companies that agreed to collaborate in the dissertation, giving them an opportunity to create a more organic campaign. On the other side, campaigns must be attractive enough for the nano-influencer community to participate and create their promotion posts. Therefore, it must be also planned how are these influencers going to be convinced that this new way of using their social media accounts can bring them extra benefits.

Thus, the value proposition for the nano-influencer community will be giving them the opportunity of receiving discounts and other benefits from the companies they like, from promoting them on their social media profiles. Considering that it was decided to define the target group as university students, aged from 18 to 25 years old with an active social media account, the biggest challenge will be firstly to find partners that will interest the community and, secondly, be able to get coupons that will motivate this people to promote the brands to their friends, with the aim of influencing them.

Moreover, as it was previously analyzed, the reach and engagement of the post's content will also vary with the content created by the user. Even though in the campaigns performed for this dissertation analysis it was not possible to implement any incentive to increase the quality of the content shared, it was concluded that this could improve the results of the campaign.

Some solutions could be, for example, to give an extra reward to the highest performing posts or implement an acceptance system from the campaign's organizing team size, to select which posts should be rewarded.

Furthermore, since the value proposition for the nano-influencer community was modified from the first to the second iteration of campaigns, it is important to point out the main aspects that were changed, as well as the feedback used to make those changes. From the literature research done before the first iteration, it was decided that Facebook and Instagram would be the best platforms to perform the first experiment with the businesses that agreed to work with the campaign's organizing team. Therefore, the two possibilities nano-influencers had to participate in any of the campaigns would be to create a normal Facebook or Instagram posts. As it will be analyzed in Case Study I, having 28 participations on Facebook against only 4 Instagram's posts was a clear sign that the assumption had not been the most accurate one. However, it was received much feedback from campaign's participants asking to include InstaStories, a feature of Instagram platform that allow to publish a post only for 24 hours, as a participation channel. Even though the post would be visible for shorter period was an important issue to be dealt with, the market research survey conducted allowed to conclude that the benefits InstaStories could bring to the campaigns would create more value to the businesses.

There were other changes from the first business model experimented to the second, mainly on customer relationship and channels used to interact with out nano-influencer community. These changes will be further explained in the Minimum Value Product subchapter.

### **3.2 Minimum Value Product**

The Minimum Value Product (MVP) is a concept that has been popularized by Eric Ries, an entrepreneur from Silicon Valley known for his Lean Startup movement, a new business strategy that directs startups to allocate their resources more efficiently. The MVP is a product or website that has the basic features to satisfy early users. The goal with this technique is to have a close interaction with the customers from the beginning of the product development stages. Thus, they can provide feedback of their experience using the project and help product developers to create a better customer experience, when the first prototypes or product versions are promoted to bigger audiences (Ries, 2011). Moreover, this strategy is also good to create customer loyalty earlier, since allows the startup to build a community of potential customers or users that will download the app or buy the product when this is ready.

As it was already understood, the MVP provides an early customer interaction channel between the business and its potential consumers. During the progress of this thesis, it was also developed an MVP that aimed to improve the nano-influencer's experience when participating in campaigns, as well as provide better information about the campaign to the businesses that were being promoted.

For the first iteration of campaigns, the only communication channel with the community of potential nano-influencers was Facebook's and Instagram's Page, created to promote the campaigns. Every time there was a new participation, the campaign's organizing team would have to notify the respective partner, this would verify the post and send the coupon to the organizing team, that would then deliver it to the nano-influencer, through the communications channels available in those platforms. In some cases, the nano-influencer had to print the coupon for it to be used in a purchase in the brand. During the realization of the campaign, feedback was constantly being collected from the nano-influencers who were participating in the campaigns. Most of the feedback received was regarding the ineffectiveness of the coupon delivering process, it was taking too much time between the nano-influencers' participations and the moment they would receive the coupon and the coupon was not easily found since the nano-influencer would have to look for it in their



messages. On the other hand, businesses were feeling the need to check when the coupon was used so that one nano-influencer would not use it more than once, as well as have a clearer overview of the campaign's progress since the only information available was the one being collected in an Excel sheet.

Therefore, it was created a Minimum Value Product to conduct the second round of experiments with new partners. This MVP was a website that could be accessed by both nano-influencers and businesses that were performing a campaign. A potential participant could log in with his Facebook account, check the active campaigns and choose one to participate. After publishing the post, accordingly to the campaign's criteria, the nano-influencer would then return to the website to claim his/her coupon. When the request was submitted, the organizing team of the campaign would be notified and was able to quickly verify the post, sending the coupon automatically to the nano-influencer's profile in the website. Each coupon was identified by a number that could then be checked by the business after its use, to restrict it from being used more times. This strategy not only allowed nano-influencers to have a clearer experience when participating in the campaign, but also provided an easy access to all coupons collected by each participant.

Furthermore, each business being promoted by the organizing team, during the second iteration, had a special login access to the platform where they could check if the coupon presented in the store was valid or if it had already been used. Moreover, in this section businesses could also follow the progress of the campaign by checking the print screens of the participations as well as data and statistics about its development. This also enabled the businesses to have a better experience while performing their campaigns and reduce the lead time of the coupon delivery, since this step was shifted from the business side to the organizing team, considering that businesses could check at every time the posts and provide feedback, if needed.

Concluding, the MVP created with the main goal of improving the nano-influencers' and businesses' experience, was also valuable to gather feedback on how this platform should continue to be developed. It was an important improvement for the campaigns' organization processes, that allowed a more seamless experience to both the nano-influencer community and the businesses collaborating in this dissertation.

### **3.3 Market Research Survey**

In the end of the first iteration of campaigns, it was felt that even though the concept of the marketing strategy being presented was well accepted by social media users, there was information lacking about the target group aimed to achieve with the campaigns. Therefore, a market research survey was conducted with three main objectives.

To begin with, the survey was important to verify if the target group intended for the campaigns was aligned with the assumptions made regarding the choice of social media platforms to perform the campaigns. Facebook is the most used social media platform worldwide, with more than 2 billion users. Moreover, this platform already provides a paid advertising service, already being used by more than 20% of businesses with a Facebook page. Thus, the choice of this network as a participation channel for the campaign would not only provide an excellent opportunity for potential nano-influencers to participate in the campaigns, but also a basis for comparison with the results achieved. Engagement rate, an important metric of the campaign that will be calculated in the case studies, represents the level of engagement that some content is receiving from a certain community. Facebook's paid advertising engagement rate for business pages is 4.2% (Kemp, 2018). This means that when a Facebook page shares new content with their community, on average, only 8% will see it. If the page chooses to pay to promote the post, they can get to 26.8% of their followers, however, only 4.2% react to the post (Kemp, 2018). This not only shows that businesses are

having troubles reaching their communities, but also that they are incapable of engaging and interacting with them.

However, since this decentralized marketing strategy aimed to motivate consumers to create visual content promoting a brand they like to their personal communities, it was decided with the brands collaborating with the research team to accept participations done on Instagram. Instagram is a platform also owned by Facebook more targeted to visual content sharing, where users are usually more selective with the content they share with the followers. Furthermore, 59% of 18-29-year old use Instagram and user-generated content has, on average, more 4.5% of conversion rate (Osman, 2018). Thus, accordingly to the research done, Instagram was also a participation channel with potential to achieve good results.

The second part of the survey had the objective of understanding the user's habits when they were using these platforms, mainly on Instagram since it provides different features: Feed, InstaStories and Discovery. The reason for these questions were based in the fact that, as it has been said, Instagram users are usually more conservative on what they post in their profiles. So, there was the necessity of understanding the potential the other features could bring to the strategy being implemented.

The final part of the survey was important to understand how much the potential community of nano-influencers value a post done in their social media accounts. The objective was to identify the cheapest participation channel for the nano-influencers, to explore that opportunity and increase the number of participations. Moreover, this section also analyzes how social media users perceive the discount of the coupon, when this is promoted as a percentage of the purchase (i.e.: 50% discount). Thus, it was asked the respondents the minimum markdown percentage they would require promoting a restaurant, a clothes brand or a cell phone brand they liked to their community. Since these products have very different monetary values, it would be interesting to see if the respondents' answers would vary between products, which could allow to develop a strategy to choose when is it better to promote the discount as a percentage or as a monetary value (i.e.: 5€ discount).

### **3.4 Innovative aspects**

As it was already understood, this marketing strategy is not bringing any new concept that was never used as a market strategy. Companies already understood that the secret behind a more successful marketing campaign is to increase the interaction with the customers and incentivize them to create promotion content of their own, also known as "digital word of mouth". Therefore, many businesses already developed techniques to improve their interaction with consumers as, for example, contests and lotteries where people can participate by using or promoting the company's products and win prizes like. Moreover, the usage of coupons and discounts to attract customers concerned with their financial balance is also not a novelty for the marketing business.

Thus, what it was proposed in this chapter, does not aim to come up with a creative and completely innovative solution, but to collect the best aspects of different strategies into one that is more aligned with the current consumer needs and behavior of potential customers. Firstly, the biggest part of the younger communities already has a social media account, and the tendency is for its number of users to continue increasing. Therefore, these types of social media platforms constitute an obvious opportunity for businesses to target mainly the younger consumers. Nonetheless, most of the strategies currently being used fail to create any engagement with the users, which is why companies started to resort to influencers to increase engagement and conversion rates. Moreover, the fact that smaller communities can generate higher engagement rates, due to the closer relationship between the person who posts and their community, is also known by marketers and some strategies using nano-influencers are

already available in the market. However, the initial cost of this type of campaign is very high to the businesses, as most of these strategies compensate the nano-influencers with money.

The research team was able to find companies willing to participate in this study and provide discounts as compensation for nano-influencers, as it enabled to participate without increasing the costs of performing it. Moreover, the fact that each participation was compensated with a coupon also increased the potential conversion of the campaign for the business, since each participant would be converted in a new purchase.

Finally, the approach used to reach and communicate with the community of potential nano-influencers was also different from the usual companies' approach, since it was noticed from early stages of the process that the target group of this type of campaigns usually spends more time and reacts more often to pictures on Instagram than Facebook. Even though Facebook is a more worldwide used network, Instagram has been growing a lot and the type of platform and opportunities it presents to both users and businesses are turning it into one of the platforms of choice for social media advertising. Therefore, a big effort was done to build a community and interact with it through this channel, which ended up by providing most of the participations collected in the campaigns.

## 4 Results

In this section it will be presented and analyzed the results of the three most important stages of this dissertation. It will begin with showing the results of the first iteration of campaigns, which included 3 companies. However, the case study will be focused on the campaign that had the highest involvement, since this is the only one which presents results that allow to do a proper analysis. Some conclusions and recommendations for the next iteration are also defined. Secondly, this chapter explores the market research study performed between the campaigns, which also provided valuable feedback to improve the second iteration. This survey was not only needed to verify the target group and social media platforms used to implement this strategy, but also to evaluate the cost of a post for the nano-influencers, as well as creating a framework that aimed to decide the best way to promote the campaign's discount.

Lastly, this chapter presents the results of two campaigns that constituted the second experiment, which ran with 5 companies different from the ones in the first experiment.

### 4.1 First iteration of campaigns

The first iteration of campaigns involved three companies: a restaurant, an ice cream shop and a makeup and perfumes brand. While the campaigns were active, social media users could receive discounts by promoting each brand on their Facebook wall or Instagram Feed. These two platforms were chosen to execute the campaigns since their regular users are aligned with the target group. Therefore, the discounts that could be collected for each campaign are presented in table 1. As it was explained when presenting the strategy in the previous chapter, the campaigns coordination team agreed with each company which compensation would be given per participation. Moreover, to encourage nano-influencers to motivate their friends to participate in the campaign, for the companies provided an extra discount, given to the participant if he/she motivated a certain number of friends to participate. This strategy aimed to give an exponential growth to the campaign, continuing with an organic approach. However, for this first iteration, only one of them agreed in providing an extra discount for the campaign.

In Table 1, it can be seen the discount provided per post and extra compensation in case any nano-influencer motivates his/her friends to participate in each of the campaigns.

<i>Campaign</i>	<i>Compensation per post</i>	<i>Extra compensation</i>
Restaurant	2 free drinks	10€ coupon for 5 friends
Ice cream shop	15% discount	-
Makeup and perfumes brand	15% discount in online shop	-

Table 1: Nano-influencers' compensations during the first iteration of campaigns.

In the end of the 42 days that campaigns were active for nano-influencers to participate, 38 participations were achieved (Appendix B), 32 of which in the restaurant campaign, 6 participations in the ice-cream shop and no participation in the makeup and perfumes store. In Table 2 can also be analyzed the number of extra coupons given to nano-influencers who motivated the required number of friends to participate.

<i>Campaign</i>	<i>No. of Participations</i>	<i>No. of Extra Discounts</i>
Restaurant	32	3
Ice cream shop	6	0
Makeup and perfumes brand	0	0

Table 2: Number of participations in the 1<sup>st</sup> iteration of campaigns.

To promote the campaigns and provide information to the potential nano-influencers of this new marketing strategy, a Facebook and Instagram page were created. The goal was to build a small community to whom the campaigns could be promoted. The main strategy to reach the right nano-influencers for this community was to focus on people who already followed or liked the campaign's companies Facebook Page and posts.

Identified the group of potential nano-influencers, private messages were sent to them with template messages promoting this type of campaigns. This strategy proved to be useful to grow the community and collect some participations in an initial phase. However, since all the approach was being done manually, it was clear that it would need to be improved as the community grew.

In the remainder of this chapter it will be analyzed only the restaurant campaign since it was considered as the only one with enough results to make a proper analysis. The reasons believed to be behind the low results of the ice cream and makeup brand campaigns, based on the feedback collected from nano-influencers, will be elaborated further on as recommendations for the next iterations of campaigns.

#### **4.1.1 Case Study I - Restaurant campaign**

The first case study aims to analyze the results of one of the campaigns ran during the first iteration, the campaign with the restaurant. As a contextualization for this case study, the restaurant used in this pilot is a restaurant near the city center of Porto, known for its specialty, "Francesinha", a traditional dish from the city. Therefore, the name of the restaurant and its quality, together with the valuable vouchers offered for participation and for motivating 5 friends to participate, were the pillars for the success of the campaign in terms of number of participations.

As it was already presented in table 1, it was agreed with the restaurant to compensate each post with a coupon that included 2 free drinks, to be used in the restaurant. Moreover, if the nano-influencer motivated 5 friends to participate in the campaign he/she would receive an extra coupon of 10€, that could be accumulated with the first one. Considering that an average meal in this restaurant is around 15€, the compensation was good to motivate potential nano-influencers to participate.

During the 42 days of campaign, from the 32 participations, 28 were on Facebook and the remaining 4 were on Instagram.

Since the aim of this dissertation is to compare the results of this campaign format, with the strategies being currently used in the online marketing market, it was calculated the three most common metrics used to analyze the campaign results: reach, engagement and

conversion. Facebook describes reach as “the number of people who had any content from your Page or about your Page on their screen.” However, this information is private, so it is not available to be collected using Facebook tools for developers. Therefore, to estimate this value, it was investigated the literature for studies that calculated the average percentage of friends reached in a normal user community, when a new post is published. With this factor, it would be possible to have an approximation of the people reached by each post, by multiplying it for the number of friends that each of the nano-influencers had. Thus, 2 different variables were analyzed related with the reach of the post, Potential Reach (PR), which is the sum of all nano-influencers’ friends, to give an idea of how much people the post could potentially reach, and the Estimated Reach (ER), representing the number of users that most likely saw the post.

That having been said, the potential reach of the campaign in this case study was 26 659 Facebook and Instagram users. The only literature found with information regarding the percentage of friends that a normal social media user can reach on average was a study led by Stanford University researcher Michael Bernstein. This study concluded that, on average, a Facebook profile post reach 35% of the user’s followers. Even though this value oscillates a lot depending on the content of the post, the time it is posted, the type of content each user prefers, etc., it was decided to use this factor to estimated reach of the campaign, due to lack of further research. Thus:

$$\text{Estimated Reach (ER)} = \text{No. of Friends} * 35\% \quad (1)$$

Where:

No. of Friends is the number of people in each nano-influencer community of followers.

After applying the 35% factor to the Potential Reach, it was estimated that 9681 people saw a post generated by the campaign. Considering there were 32 participations in this campaign, it was possible to conclude that each nano-influencer was able to reach an average of 303 social media users from his community. As it was previously explained, Facebook posts are selected to show in other users feeds according to an algorithm called EdgeRank. This algorithm considers many different values to rate each post, from the engagement to the degree of connection between users. The aim of this algorithm is to select which content that is being uploaded to the platform will interest each user the most. Therefore, if the quality of the post increases, then the estimated reach of the campaign will also increase. Thus, it is advisable to develop some strategies to increase the community’s motivation to come up with a good quality post, as, for example, compensate the highest scoring posts with some extra compensation. Once again, this compensation could also be provided by the company interested in promoting its products or services, since they would also be interested in encouraging the nano-influencers to come up with good quality content.

The second metric to be analyzed is the campaign’s engagement, which represents the number of users that reacted to a post of the campaign. In total, there were 842 reactions to the posts created by nano-influencers. On Facebook, Engagement is calculated by the sum of likes, comments and shares of the post. Since Instagram does not allow other people to publicly share other users’ posts, Engagement was calculated only by adding the number of likes and comments. The 28 posts on Facebook collected 718 reactions and the 4 Instagram posts 125.

However, to compare these results with other social media marketing strategies as, for example, Facebook ads platform, the engagement rate of the campaign must be calculated. This value aims to represent the percentage of people that reacted to the posts, from the total amount of users the campaign could potentially reach. A standard formula to calculate the post engagement rate could not be found in the literature since this can be calculated in

different scenarios, with different types of data. Therefore, it was decided to formulate the engagement rate with the available data, in the most accurate way possible, and always using the same formula to keep a coherence between strategies. As previously concluded, post's reach can vary a lot with the quality of the content and the degree of relation from other users to the content being shared. Thus, it was used the Potential Reach as quotient to calculate engagement and conversion rates, since this would provide a more accurate relation between the posts generated by nano-influencers and the one posted from the restaurant in their Facebook page.

$$\text{Engagement Rate (ER)} = \frac{\text{No.Likes+No.Comments+No.Shares}}{\text{Potential Reach}} \quad (2)$$

Where:

No. Likes, No. Comments and No. Shares represent the Engagement of the post  
Potential Reach is the maximum number of people the campaign can reach

The campaign had an average engagement rate of 6,4% (sd = 9,2%). However, there was a clear difference between posts' engagement rates made on Facebook and Instagram. While the average engagement rate on Facebook was 4,39% (sd = 4,9%), the 4 Instagram posts had a mean of 20,5% (sd = 19,1%). Even though the number of Instagram posts does not provide enough data to fully support this conclusion, the high engagement rate achieved is justified by the smaller and more selective communities of followers on Instagram, together with the assumption that people usually spend more time in this platform than Facebook, since the quality of the content is usually better and more focused on new friends' updates.

The last important metric to be analyzed is the Conversion of the campaign. The Conversion of the campaign relates to the Return on Investment, which improvements in sales the business experienced from the investment made in the campaign. Since this value is highly connected with the objectives the business wanted to reach with the campaign, its formula should also be defined according to the results aimed to be achieved. As an example, if the goal of restaurant campaign is increase visibility, the conversion is calculated by the number of new followers during the campaign period. In this case study, the goal is to bring visibility to the restaurant, which should ultimately convert in more people going to the restaurant. However, it is impossible to know how many people went to the restaurant after seeing a campaign post; the same way it is difficult to know exactly how many new customers a billboard brought to the business. Thus, to calculate the Conversion Rate of the campaign, it was focused only on the usage of the coupons given to the nano-influencers. Since the restaurant was able to tell exactly which influencers used the coupons, it was possible to estimate the extra income brought to the partner and so estimate the Conversion of the campaign.

Furthermore, since the coupons, when delivered, were valid for 6 months, which would terminate after the deadline for this dissertation, it was felt the need to calculate two different Conversion metrics. The first, Current Conversion, relates to the number of nano-influencers that used the coupon until the date of the analysis. The Potential Conversion represents the maximum income that could be generated to the restaurant, if everyone uses their coupon.

Until the final delivery of this dissertation, 6 nano-influencers used their coupons of 2 free drinks in the restaurant and one of them used the extra coupon of 10€ from motivating 5 friends to participate. After verifying with the restaurant, it was calculated that the coupons used had a total value of 28€. Considering that an average meal in the restaurant is 15€, value confirmed by the restaurant, this campaign already generated 62€ in sales to the restaurant.

The Potential Conversion of the campaign, if everyone eventually uses their coupons, is 354€. This value was calculated with the same average price values used in previous calculations.

Lastly, it was also important to analyze if the exponential factor desired to be added to the campaign, which allowed nano-influencers to receive more discounts for motivating their friends to participate was impactful. Therefore, since 3 extra coupons were delivered, this means that 15 of the campaign's participants came from friends' motivations. Considering that this factor brought almost half of the participations in the campaign (47%), its usage in future campaigns is advisable.

The results of the analysis to the campaign are summarized in the following table, to help the comparison with other online marketing strategies.

<i>Metrics</i>	<i>Potential</i>	<i>Estimated/Current</i>
Reach	26 659	9681
Engagement Rate	-	6,4%
Conversion	354€	62€

Table 3: Results of Case Study I

#### 4.1.2 Improvements for future campaigns

Even though it was possible to achieve good results with the restaurant campaign in the first iteration, the most important outcome was the feedback gathered during the days the campaign was active from the nano-influencers community.

To begin, nano-influencer's opinions about the general idea of the strategy being tested were positive. They acknowledged that they would like to have the possibility of getting some compensation from the brands they like, for promoting them in their social media channels. However, their opinions about which kind of brands or products they would like to see in the campaigns were completely random, since they obviously depend on each person's taste and needs. Therefore, since it would be difficult to have a big pool of brands that could attract people with different preferences in this beginning phase, it was decided to define as goal to bring to these consumers more value from the companies that accepted to be part of this study.

Secondly, following the idea that timing might be crucial for the campaign's success it was possible to investigate the feedback collected about the low results from the ice cream shop and makeup brand campaigns. The ice cream campaign ran during university's Winter semester, which lead to the low participation number. Moreover, the big competition in this market in the city of Porto already lowered the costs so much that the benefit from making the post would generate a return for the nano-influencers of a few euros maximum. However, the fact that no participation was achieved in the makeup brand was a surprise, since it was believed their products would attract many female nano-influencers to participate. From the feedback collected, the failure of this campaign can be summarized in three main aspects: the brand is not well known in the region, so the nano-influencers did not have motivation to participate since they already have their favorite brands to buy these products; the discount was not enough to encourage them to change from the brands they currently use to this new one; lastly, women generally like to buy this type of products in the stores, where they can try the products to check, for example, their colors. The fact that the coupon was only available for the online shop also did not incentivized women to participate.

Therefore, for future campaigns it is advisable to analyze the proposition to be offered to the nano-influencers before promoting the campaign. In fact, there are more benefits for the business when offering a better deal to the potential nano-influencers.



Another critical aspect for the success of this marketing campaign relies on the time taken to obtain the discounts. Despite each post had been verified to check if they were following the criteria agreed with the company, the restaurant staff also wanted to verify each post before sending the coupons. This led to a delay of almost one day for the coupon to be sent to the nano-influencer, after the post was published. Since most of the consumers want to receive the coupon more quickly, because they may be already in the store or restaurant, it was concluded that a quicker system would have to be implemented for the verification and delivery of the coupons.

Finally, the feedback received the most was that Instagram Stories should be included as a participation channel for campaigns. Instagram Stories are a feature of Instagram's platform where people can upload photos and videos that are visible for 24 hours to their communities. It was possible to notice from results that people are more selective with Instagram than Facebook, since they are more selective with the content they upload to their profiles. Even though there was a reduced number of participations in this platform, the engagement rates reached were a good indicator that other solutions should be found to increase the number of participations in the platform. Thus, a market research survey was conducted with one of the main goals of understanding if Instagram Stories could also be integrated, even though the content would be online for a day.

## **4.2 Market research survey**

After finishing the first iteration of campaigns and the analysis of the results and feedback from the nano-influencer community, it was necessary to study better the community of potential nano-influencers. Even though it was relatively easy to motivate companies to realize a social media campaign, it was hard to motivate nano-influencers to participate in the campaigns. Despite being the first campaign, where it was necessary to inform social media users about this new method of benefiting from social media, more participations to increase the brands' reach were expected. Thus, it was decided to study the nano-influencers' needs and social media behaviors to correctly adapt this strategy towards the younger communities.

Therefore, the prepared survey started by collecting social media users' demographics. Considering that the target group is mostly constituted by university students, it was decided to share the survey mostly among university's emailing lists. As a result, 238 answers to the survey were collected, from which over 90% of the respondents were frequenting or already finished their university studies. The second part of the survey was focused on the sizes of potential nano-influencers communities, both on Facebook and Instagram, and these users' behaviors when they use these two social media platforms. Lastly, the final part focused on identifying expectations from these potential nano-influencers regarding what the companies to offer them, as well as analyzing how much each user values a post made in the different platforms. Also, it was investigated if the fact that the discount is presented in percentage instead of monetary value will make any difference on how the influencer perceives the campaign.

In the next subchapters the results of the survey are analyzed and the most important improvement points to be implemented in the next iteration are identified.

### **4.2.1 Survey demographics**

The goal with this first part was to understand if the answers collected were aligned with the target group set for the campaigns. Since it was assumed that university students would be the best fit for this marketing strategy, it was necessary to make sure that the feedback being collected was representing the target group's opinion.

Thus, after sending the email to the university email lists, 238 answers were collected from different individuals with mean age of 24,3 years old (sd = 6,2) from which 50,8% were male, providing a good group for the research. It is important to notice that, due to the privacy concerns of some questions, the survey was anonymous, so that respondents could feel more comfortable to give more accurate values.

The respondents were also aligned with the target group defined, since 74,7% of the answers came from students (63,4%) and working-students (11,3%) and 23,5% of remaining respondents were workers. Therefore, the feedback came from a population that can be defined as university students and young workers, mainly coming from regions near Porto and already had some connection with the Engineering Faculty of University of Porto.

It was assumed that this group of respondents would be adequate to give more accurate answers, since normally university students and young workers already have some financial power but still look for opportunities to save money in the purchases they do.

#### 4.2.2 Social media users' behaviors

After defining the demographics of the respondents, the next goal was to understand their social media consuming habits and behaviors. Having chosen Facebook and Instagram as main platforms for the implementation of the marketing campaign, the decisions are based on data collected globally-wise, which means that its results can vary in some geographical regions. Since this strategy is being tested mainly in the city of Porto, Portugal, it can be very insightful to see which platforms are being used by the potential influencers.

Thus, the first question in the second section of the survey aimed to understand which social media platforms were used by the respondents. The results can be seen in graphic X.

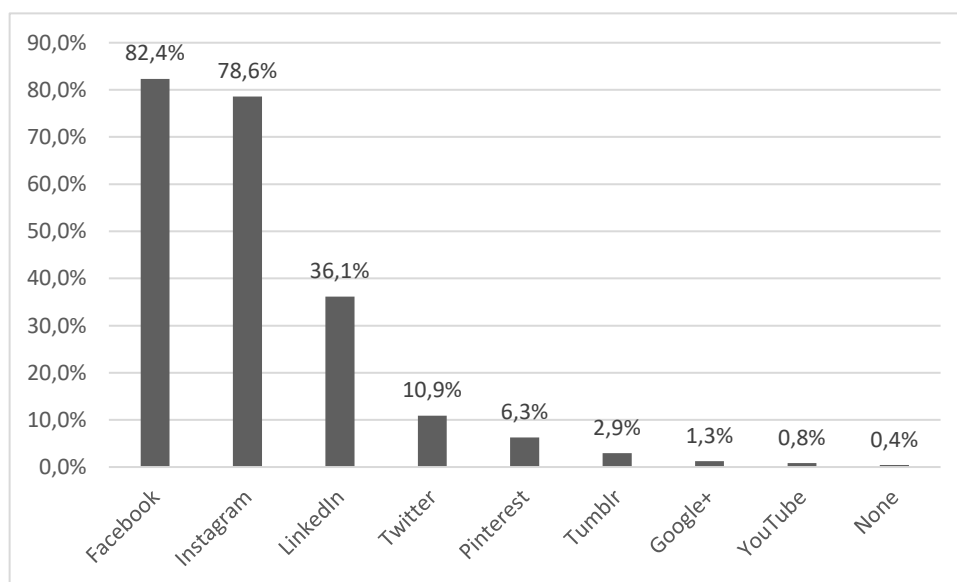


Figure 2: Percentages of Social Media Networks used by the respondents to the Market Research Survey

As can be seen, the assumption of using Facebook and Instagram as social media platforms to test the campaign can be considered as accepted, since 82,4% and 78,6% of the respondents use Facebook and Instagram, respectively as their main social media platform. The podium is completed with LinkedIn, a more professional network that usually have more interest to Business to Business (B2B) markets.

Now that the focus on Facebook and Instagram platforms was validated, the next step was to calculate how much followers a person has, on average, so that a campaign's reach could be

better predicted and have a clearer idea of how many people an average post reaches. Since the participation was not restricted, meaning that everyone could promote the brand and receive the coupon, independent of his/her community size, it was included answers that could go from 0 to more than 1500 followers. It was decided to limit on 1500 followers since the target group to reach is people with a maximum of 1500 friend in their communities. The reason for this assumption is if the value goes above 1500 followers, he/she can start to be considered as micro-influencer, and this strategy aims to generate digital word-of-mouth between “normal” consumers.

Since the answers were collected in ranges (0 - 249 followers, 250 - 499 followers, etc.), to estimate the average number of friends per nano-influencer community, it was calculated the weighted average of the middle value of each range. Furthermore, the last option with around 20% of the answers was “1500 and above”, was considered as 1500, which means that the real average would have a higher value compared with the one estimated for this analysis. The respondents that had a Facebook account had a mean of 863,1 (sd = 462,6) friends and the ones with an Instagram account had a mean of 503 followers (sd = 377,1). As expected, since Facebook is a more widely used network, users tend to have more people in their communities. However, as it was understood also from the results from the first iteration of campaigns, Instagram users usually like to have their account more organized and are also more selective with the people they choose to be followed by.

When analyzing how much time users were spending on each platform, it was noticed that even though people have more friends on Facebook, they are spending an average of 48 minutes per day (sd = 35) while Instagram users spend a mean of 59,4 minutes per day (sd = 27,4) using the platform. Therefore, even though it can be an arguable assumption, the increase of users and pages on Facebook is creating so much spam on user’s profiles that they are starting to find other alternatives, like Instagram which is a more clean and visual content focused platform.

Lastly, after defining the average amount of followers per platform and how much time is spent in each of them, it is important to understand user’s habits when using these platforms, especially Instagram since it provides a wider variety of activities for the user. While on Facebook, people only focus on the content in their Facebook wall, Instagram allows its users to upload pictures to their profiles. These pictures can stay until they are deleted as on Facebook or people can choose to upload the picture for only 24 hours (Instagram Stories) or they can go to the discovery section where they can see high performing posts from other people. Therefore, since it was concluded from the first experiments that that potential nano-influencers would be more willing to participate in the campaigns if they could post on Instagram Stories, it was necessary to explore if this strategy would work if implemented in the next iteration. Since the post would be active only for 24 hours, it is important to calculate if that would have an impact on how much people see and interact with the post.

Thus, the last questions of this section aimed to understand the first thing users do when they open Instagram app and how they separate their time between Feed and Instagram Stories. Fortunately for the strategy to be implemented in the second iteration, more than 50% of the respondents said that the first thing they do when they open Instagram app is checking their friend’s Instagram Stories, 32,8% watches their Feed and the remaining answers are either from people who do not have Instagram account (13,4%) and users who open the Discovery section.

Furthermore, when asked how they divide their time when using the platform, for example: spending all the time on Instagram Stories and only watching their Feed, also it was noticed that Instagram users tend to spend more time checking the Instagram Stories of people that they follow instead of checking Feed updates. Considering that one of the biggest feedback from the nano-influencer community was to include Instagram Stories as a possible platform

to participate in the campaigns, these results were very well aligned with the changes defined for second iteration. However, the use of the Instagram Stories as a possible channel of participation, also involves proving to the companies that this strategy would improve their ROI of their social media campaign.

#### 4.2.3 How much does a post cost?

At this stage of the analysis of the potential nano-influencers behavior, it was already concluded that Facebook and Instagram are the most adequate platforms to start implementing the strategy and that adding Instagram Stories as a possible channel of participation in the campaigns would increase the number of participants. However, since posts on Instagram Stories are available only for 24 hours, which will possibly decrease the amount of views they get. The third part of the survey aimed to understand how many people value a post on their Facebook, Instagram and Instagram Stories, so that the decision regarding the companies used to test the approach was better supported.

Since it was not possible to find any previous research on frameworks or strategies to evaluate how much a post costs to a normal social media user, it was decided to develop a methodology that could also help to evaluate if the perception of value in a scenario involving a discount as a percentage (i.e.: 25% discount) or a scenario with an absolute monetary value.

Thus, for each of the three participation channels being analyzed, it was asked the respondents two different questions. Firstly, the minimum monetary value they would charge to publish a post in their Facebook Wall, Instagram Feed and Instagram Stories. After excluding outliers, the median cost per person for a Facebook post was 25€, the median cost of an Instagram post was 30€ and Instagram Stories was 20€. As it can be seen in figure 3, containing the boxplots with the results for the three platforms, the distribution is skewed to the left, with some outliers on the right, so it would not make sense to use the mean. Therefore, the highest price belongs to the Instagram post, followed by the Facebook post and lastly the Instagram Stories post. Thus, it could already be concluded that including Instagram Stories in campaigns would increase the number of participations, since people see less value on posting there, which could compensate for the less amount of time the post would be available (maximum of 24 hours). Even though the results were aligned with assumptions that Instagram Stories would be a cheaper solution, the research team wanted to go further and check if consumers would do the math to evaluate how much a post cost, if the compensation is presented as a percentage of the purchase.

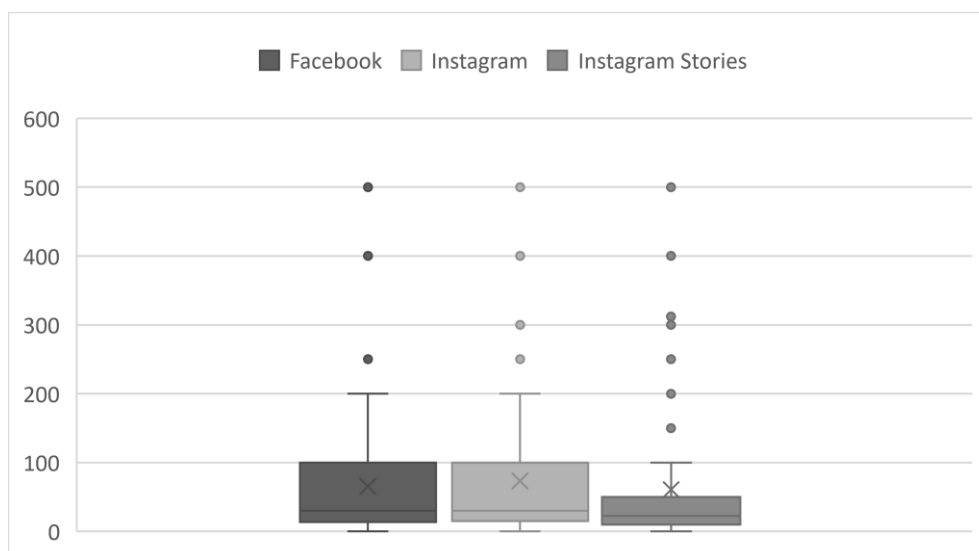


Figure 3: Nano-influencers price to create a post on their Social Media profiles.

So it was asked the respondents what would be the minimum percentage of discount they would ask for to promote a brand they like, on their Facebook, Instagram and Instagram Stories, for three different products: a cell phone (i.e.: iPhone or Samsung phone), a restaurant (i.e.: hamburgers, pizza, sushi, etc.) and a clothes brand (i.e.: Massimo Dutti, Zara, Sacoor, etc). The examples that were given here were also included in the survey, with the aim of creating a more consistent approach throughout the answers. Moreover, to evaluate the actual cost of a post done in each of the platforms, it was necessary to assign values to these three kinds of products, to monetize the percentage. Therefore, it was considered that an average cell phone from the examples given would costs around 800€, an average meal in a restaurant would costs around 15€ and a purchase in a clothes' shop around 50€. Even though these values were assumed, considering that they will be only used to check if the percentages match the value people ask per post previously explained, they are appropriate for the conclusions needed to be taken. However, the comparison between platforms will be done through the percentages itself to keep the accuracy of the analysis.

Since the answers for this question included “I would never participate in the campaign”, the analysis started by checking the percentage of people who would not be willing to participate in this marketing strategy. In Figure 4 it is possible to see the results for the percentage of people unwilling to participate in the campaign, per product and per social media network.

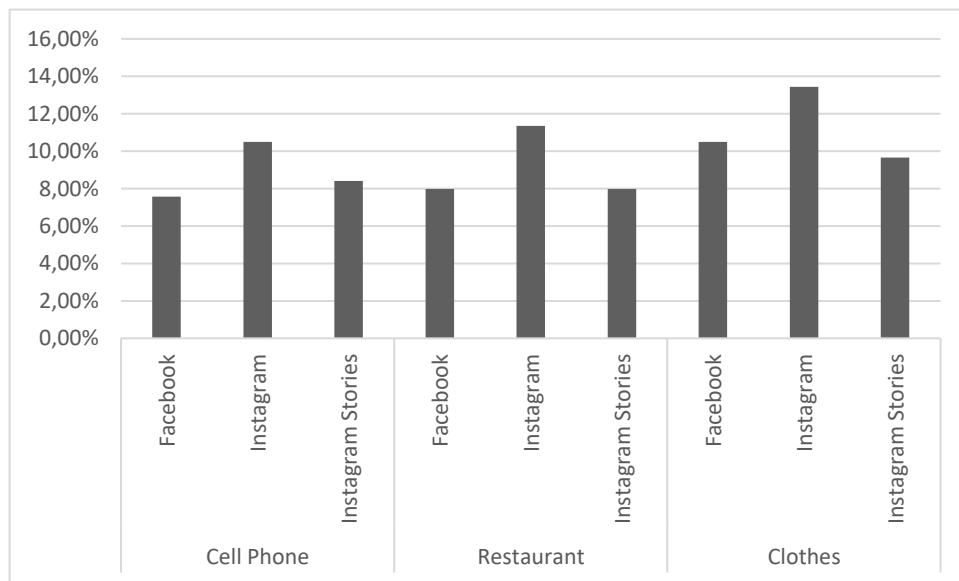


Figure 4: Percentage of people unwilling to participate per product per social media platform

Even though it is difficult to establish relations between the products and willingness to participate in the campaign, it is obvious that people are more unwilling to participate using Instagram, which is normal since it is a higher priced commodity, however, when it comes to Facebook and Instagram Stories, the lines get blurrier. It is also possible to conclude that the price of the product will not have much impact in the nano-influencer's willingness to participate, since the values do not fluctuate much between the three products. Lastly, it is important to notice that the mean willingness to participate using Instagram Stories is 89,5% which is, once again, supporting the decision to use this channel to persuade nano-influencers to participate in the campaigns, in the second iteration of the study.

These questions were asked for the markdown percentage of discount needed to motivate the respond respondents to promote a cellphone, restaurant and clothes brand, on Facebook, Instagram and Instagram Stories. The goal with these questions was to evaluate more on what it means having the same percentage for phone discount and restaurant discount. The average markdowns per product and social media were summarized in the following table.

<i>Product</i>	<i>Avg. MD Facebook</i>	<i>Avg. MD Instagram</i>	<i>Avg. MD InstaStories</i>
Phone	37%	38%	35%
Restaurant	37%	39%	35%
Clothes	39%	39%	37%

Table 4: Average markdown percentages to create a post promoting 3 different type of products, in 3 platforms.

This table shows, for example, that for an average social media user, promoting a cellphone or a restaurant on their Facebook profiles has the same value in product discount (37%). Considering that the economic value of an average meal for this target group is not the same as an average cell phone, it can be assumed that consumers either do not know how to calculate the value of the discounts or they do not even think about it. This consumer irrationality can be a leverage for companies to increase the ROI of the campaign. By creating a methodology able to induce when the campaign should be promoted with a discount (i.e.: 25% discount.) or with an economic value (i.e.: 10€ discount), companies may be able to create a strategy where they offer the customer the least costly coupon. However, one clear trend that should be highlighted is, once again, the fact that Instagram Stories are clearly the cheapest alternative for participation and, thus, the best solution for the companies.

Since it was already understood that it will make no difference if the campaign compensation is promoted as a discount or absolute monetary value, it was decided to explore a new pricing strategy that would exploit this opportunity, using a very simple formula to define the promotion strategy. The objective with this framework is to be as close as possible to the user perception of price they deserve. Therefore, a formula that considers the data collected in the survey is introduced. This data is presented in table X.

	<i>Facebook</i>	<i>Instagram</i>	<i>Instagram Stories</i>
Average Price	25€	30€	20€
Average Markdown	38%	38%	35%

Table 5: Average cost and markdown per participation channel.

Since the objective of this dissertation is to bring the most value to the nano-influencer community, the new pricing strategy will aim to select the best way of promoting the discount, after agreeing its value with the company to be promoted. If the brand decides to set a markdown percentage discount (Markdown (MD) Given), the Price Given will be defined by calculating that percentage on the average product cost in the brand. Then, after selecting the cheapest platform for the campaign, which is Instagram Stories, the Markdown and Price distances from the minimum values set in the survey will be calculated using the following expression:

$$Markdown (MD) Distance = \frac{MD\ Given - MD\ Min}{MD\ Min} \tag{3}$$

Where:

- MD Given is the discount negotiated with the business
- MD Min is the Markdown from the cheapest option selected (Table 4)

Similarly, the price distance will also be calculated using the following expression:

$$Price (P) Distance = \frac{P Given - P Min}{P Min} \quad (4)$$

Where:

P Given is the discount negotiated with the business converted to Price  
P Min is the Price from the cheapest option selected (Table 4)

With these formulas it can be seen how far the price or respective markdown given by businesses is from the respondent's perceptions of the value of a post. Considering that the main goal is to bring value to the nano-influencer community, to increase the number of participations, the option with the distance closer to 0 will be chosen, since this will be closer to the nano-influencers' perception of what they should receive. In the following subchapter these formulas will be applied to decide how the second round of campaigns' discounts were defined.

### 4.3 Second iteration of campaigns

The second iteration of campaigns counted with 5 businesses, different from the first round, that agreed to collaborate in the research being conducted, by performing 5 nano-influencer marketing campaigns. The partners were a sushi restaurant, a Nutella-products shop, an escape room, a bikinis brand and a man swimwear brand. Therefore, nano-influencers had now a bigger variety of products and services they could receive discounts, by promoting them to their social media networks. In the following table, it can be seen the discounts agreed with each partner to reward nano-influencers participations during the campaigns.

<i>Business</i>	<i>Compensation per post</i>	<i>Extra compensation</i>
Sushi Restaurant	15%	10% per 3 friends
Nutella Shop	15%	15% per 3 friends
Bikini Brand	5€	30% per 3 friends
Escape Room	20%	10% per 5 friends
Man Swimwear	10%	10% per 3 friends

Table 6: Nano-influencers' compensations during the second iteration of campaigns.

Since there were some improvements to be implemented from the feedback collected during the first iteration and the market research survey, the strategy used in this round of campaigns changed slightly. To begin with, nano-influencers had the chance to have a better experience when participating in the campaign since the Minimum Value Product platform developed helped them have easier access to the campaign's information and made it easier to claim the coupon and manage them, after participating in the campaign. Additionally, brands were also having live access to all posts that were being done in their campaigns, as well as to the data collected about the campaign's performance. Moreover, it was also possible to participate in the campaigns using Instagram Stories, an Instagram feature that only allows followers to see the post for a maximum of 24 hours. Even though these posts are not permanent, the research conducted showed that not only these posts cheaper but also tend users tend to check Instagram Stories more often than the Instagram Feed or other features. Thus, to participate in the campaigns, nano-influencers would have to first select the campaign they like the most, create a post promoting the brand on their Facebook Profile, Instagram Feed or Instagram Stories and then claim the coupon in the MVP platform created. Then, one member from the

campaign’s organization team would receive a notification whenever a new coupon was asked, being responsible for verifying if the post is fulfilling all the criteria set with the partner as, for example, the tags to include in the post promoting the brand’s page and the page promoting the campaigns.

In the last subchapter, it was presented a new strategy to decide the best way to promote the discount to the nano-influencer community, with the goal of increasing the number of participations. Therefore, the following table presents the average product price in the store, needed to calculate the markdown or price given, that will be then used in the distance formulas.

<i>Business</i>	<i>Average Price</i>	<i>Markdown Given</i>	<i>Price Given</i>
Sushi Restaurant	20€	15%	3€
Nutella Shop	5€	15%	0,75€
Bikini Brand	90€	5,55%	5€
Escape Room	50€	20%	10€
Man Swimwear	50€	10%	5€

Table 7: Calculation of Markdown Given and Price Given.

Considering that nano-influencers can use Instagram Stories as participation channel for the campaign, this platform’s markdown and price minimum values will be used, to find the best way to promote each campaign towards influencers. For example, for the sushi restaurant campaign, the Markdown Given by the partner is 15%, which corresponds to an average of 3€ discount. As it was previously calculated, the Minimum Price for Instagram Stories is 20€ and the Minimum Markdown is 35%. Therefore, the markdown and price distances that will be calculated will show how far is the given discount from the nano-influencers’ expectations to post a post. The distance with the smallest result (closer to 0) will tell how the discount should be promoted, since it will better reflect the nano-influencer’s perception of how much he should receive to do the post. Thus,

$$Markdown\ Distance = \frac{MD\ Given - MD\ Min}{MD\ Min} \tag{3}$$

$$Markdown\ Distance = \frac{15 - 35}{35} = -0.57 \tag{3.1}$$

$$Price\ (P)\ Distance = \frac{P\ Given - P\ Min}{P\ Min} \tag{4}$$

$$Price\ (P)\ Distance = \frac{3 - 20}{20} = -0.85 \tag{4.1}$$

Since  $-0,57 > -0,85$ , then it should be used the markdown (15% discount) while promoting the campaign. The same process was repeated for all the campaigns, reaching the following results.

<i>Business</i>	<i>Markdown Distance</i>	<i>Price Distance</i>	<i>Promotion strategy</i>
Sushi Restaurant	-0,57	-0,85	15% Discount



Nutella Shop	-0,57	-0,96	15% Discount
Bikini Brand	-0,84	-0,75	5€ Discount
Escape Room	-0,42	-0,50	20% Discount
Man Swimwear	-0,71	-0,75	10% Discount

Table 8: Defining the promotion strategy for each campaign.

Coincidentally, after calculating the distances, the promotion strategy chosen for each of the campaigns ended to be the same as given by the brands. Although in most of the cases the Markdown Distance is the closest to 0, it is still very far from 0 (in the negative direction). Thus, it is advisable for further research to include other options of compensation, besides markdown or price as, for example, offer one product.

Then, it was proceeded to the promotion of the campaigns through the three communication channels established with the nano-influencer community: the website platform, Facebook and Instagram Pages. The length of the campaigns was also reduced to one month (31 days), during which nano-influencers could promote any of the brands, receiving the respective compensation as a reward. This iteration of campaigns had a total of 45 participations, as it can be seen in Table 5. Even though the number of participations did not increase much from the first iteration, it is important to stand out the fact that these participations were more natural and organic than during the first campaign. In the first round of campaigns, research team focused on finding nano-influencers to participate mostly from their own social media communities, since these were easier to reach and motivate to participate.

<i>Business</i>	<i>No. of Participations</i>	<i>No. of Extra Discounts</i>
Sushi Restaurant	20	2
Nutella Shop	8	0
Bikini Brand	12	3
Escape Room	3	0
Man Swimwear	2	0

Table 9: Nano-influencers' compensations during the second iteration of campaigns.

However, in the second round of campaigns, it was adopted a different approach, with a special focus on understanding which processes and promotional channels were generating more participations, to find solutions to improve and automatize them. As an example, one of the strategies used in the first iteration to grow the Facebook and Instagram Pages community was to follow other users accounts, since some of them would follow back. For the first case study campaign, the team was following the restaurant's page followers with the aim of reaching the desired target group, people who already liked the restaurant and would be interested in promoting it for the discount. This strategy proved to be useful so, in the second iteration, a social media growth technique was used to automatize the following process of a specific page. As a result, the nano-influencer community started to grow automatically, with followers from the target groups needed for the active campaigns, resulting in many participations from users with no relation with the organizing team's personal networks. This fact supports the second hypotheses described in the first chapter which states that social media users are willing to create a post promoting a brand they like, to receive a compensation in the same brand. Moreover, 18 of these participations resulted from

recommendations of nano-influencers who had already participated and were interested in the extra discount, corroborating the third hypothesis.

Lastly, before going into detail to the case study that will be analyzed in the second campaign, the sushi restaurant campaign, it is important to note that some metrics were not possible to be calculated as in the first case study. Even though the decision of using Instagram Stories as a participation channel was made completely rationally, since the goal was to reduce barriers to nano-influencer's participations, this feature does not include reactions, which disables the possibility of calculating the post engagement rate. Moreover, as it also happened in the previous case study, the reach of the post is also not publicly accessible, thus, this will also be estimated based on the number of followers on each nano-influencer community.

#### **4.3.1 Case Study II - Sushi restaurant campaign**

The second case study to be analyzed in this dissertation will be the nano-influencer campaign performed with a sushi restaurant. This restaurant is also located in the city of Porto, Portugal, and for one month (31 days), social media users could receive 15% discount if they promoted the sushi restaurant in their social media profiles. Moreover, if the nano-influencer was able to motivate three more friends to participate, he/she would be rewarded with an extra 10% discount. Nano-influencers could participate in the campaign by posting on their Facebook Wall, Instagram Feed or Instagram Stories. After sharing the post with their social media communities, the user must visit the platform created to support the coupons system and delivery (MVP) and claim the coupon for the respective campaign. Considering the post would be accepted, the coupon would be available in the user's account in the platform.

This campaign had a total of 20 participations, from which 19 were participations in Instagram Stories and 1 on Facebook. The fact that so many users chose this participation channel to promote the brands supported the conclusion drawn from the first round of campaigns and the conclusions taken in the market research survey. Therefore, it is strongly suggested to focus in the Instagram Stories as main participation channel, despite the limitations it presents that will be now explored.

As it was explained, Instagram Stories do not allow users to publicly like, comment or share the publication, as Facebook or Instagram posts do. Therefore, it is impossible to calculate the engagement rate of the campaign. Therefore, this analysis will be focused on the reach and conversion rate of the campaign.

The Potential Reach of the campaign, was 13,546 users. However, as the Effective Reach of a post is lower than the Potential Reach, since users cannot see all the content created by the people they follow, a factor of 50% was applied to the PR to better estimate the Effective Reach of the campaign. This factor is not backed up by research in the literature because there was not found any study or information about the average Effective Reach of a normal Instagram user on Instagram Stories. Thus, the factor was estimated based on the number of Instagram Stories views that different users had, after being online for, at least, 15 hours. Therefore, even though it can be claimed that the campaign had about 6,773 user views. Further research should be done with the aim of better estimating this value.

The MVP system created to manage the coupons enables the possibility of better estimating the conversion rate of the campaign, since it allows businesses to register when each coupon is used. The end of the second iteration of campaigns was close to the final presentation of the thesis and, by then, any nano-influencer had used their coupon. Therefore, as it can be seen in table 8, the current Conversion of the campaign is null. However, the goal of this dissertation is to test this strategy from a marketing perspective. Considering there were 45 people participating in the second iteration of campaigns with a total Potential Reach of around 45,000 people, it can be recognized the consumer's interest in this strategy. Lastly, Instagram

Stories proved to be a good channel to motivate potential nano-influencers to participate in the campaign.

<i>Metrics</i>	<i>Potential</i>	<i>Estimated/Current</i>
Reach	13,546	6,773
Conversion	370€	0€

Table 10: Results of Case Study II

## 5 Conclusions and next steps

We are living in a time where communication and information sharing are more effective than ever, due to the development of the Internet. Currently, more than half of the globe population already has access to the internet and, in most of the cases, having access to the internet means being able to create a social media account. Social media platforms were one of the most proliferant websites, being Facebook the most worldwide used platform with over 2 billion users.

Marketeers are always looking for the most effective ways to reach their clients and, thus, social media platforms started to be included in many brands communication strategies. However, the different possibilities offered by these platforms lead to the development of many different approaches, from paid advertising to the emergence of the influencer marketing. However, social media users, specially younger communities, started to develop ad avoiding techniques and being more aware of the different companies strategies to incentivize them to buy the products (Ur et al., 2012). Moreover, since youngsters want to see their friends content on social networks, they started to look negatively to the promotion attempts done by the brands (Sashittal et al., 2012). Therefore, this dissertation attempted to present a strategy that aimed to help businesses reach their target groups, mainly the younger demographics, in a more organic and engaging way, by motivating consumers to promote the brand to their communities.

This dissertation introduces 4 hypothesis that would support the veracity of the structure for a social media marketing campaign presented. Firtsly, it would be required for companies to be interested in this type of campaign and willing to pay each participation with a discount coupon (*H1*). Considering that eight businesses from different markets were interested in collaborating with this research, it can be assumed that brands understand the value that consumer opinions have in their personal communities and consequently the potential of this communication strategy. After defining the objectives for the campaign, it was crucial that social media users would be willing to promote the brands message in exchange for some compensation (*H2*). The total of 80 participations in both campaigns demonstrated that there is interest from nano-influencers in this type of promotion strategy. Furthermore, 33 of these participations were motivated from nano-influencers who had already participated, corroborating the third hypothesis that social media users would be willing to motivate friends to participate and receive more discounts (*H3*). The verification of these three hypothesis would support the success of this theory as a pure marketing campaign. However, the goal was to be able to also provide valuable information about the campaign to the businesses partnering with the research. Therefore, the last hypothesis aimed to understand if it would be possible to track the usage of the coupons to better estimate the ROI of the campaign (*H4*). Even though this hypothesis was not fully proved during this dissertation research, if the MVP created continues to be developed with businessse's collaboration, it will not be a barrier for the strategy's success.

Despite needing some improvements and awareness from consumers, it was possible to conclude from the results analysed in both case studies that the marketing strategy proposed

has potential to generate good ROIs for social media campaigns, specially when the goal is to have higher engagement rates. The first case study presented had a resulting engagement rate of 6.4%, which is better than the average Facebook ads 4.2% (Kemp, 2018). Moreover, it was concluded that Instagram Stories are cloth the cheapest solution for nano-influencer campaigns, which means that it is the feature that will motivate more user-generated content.

Moreover, one of the most interesting findings of this dissertation was concluded from the market research study conducted in between campaigns. In the study, when asked for the markdown percentage required to create a post promoting a cellphone brand, a restaurant and a clothes brand on their social networks, the results showed that consumers assume, on average, the same markdown. Considering that their economic value is considerably different, it can be assumed that consumers are motivated for the percentage of discount they can get, not necessarily for the value of the discount. The conclusion that, for an average youngster consumer, receiving 30% discount in a restaurant has the same value as a 30% discount on a cell phone, is supporting the fact that consumers do not easily perceive the value of the discount and, thus, this can be an opportunity for companies to increase their social media campaigns ROIs. Therefore, by looking for strategies to compensate the nano-influencers that are perceived with more value than its actual cost, they can decrease the costs of the campaign.

Having defined the campaign and the main functionalities of the MVP, the next steps could be to understand in which businesses this type of campaigns are more successful, to focus on increasing the campaigns metrics. Considering that the verification of the post's content was done manually, by the research team organizing the campaigns, it also generated some delay between the creation of the post and the reception of the coupon. However, this process proved to be important when some of the participations were promoting a similar product from a different brand. Then, it is advisable to develop some techniques to automatize this process as, for example, using machine learning to identify if the post is including all the information needed, as well as promoting the right brand.

Lastly, it is important to refer that one of the biggest challenges while developing this dissertation was the lack of updated research literature. Even though it was possible to find scientific papers aligned with the information needed for this dissertation purposes', many of them were outdated, considering that the social media field is constantly evolving and adapting to the growth of the platform and user needs. Moreover, almost all the documents with relevant information found were, understandably, focused on Facebook's platform. Considering that there are currently many different options of social media platforms that companies can resort to, it would be interesting to have a more transparent benchmarking between platforms. Thus, to tackle this issue, some information had to be found in articles available online. However, the veracity of this information was verified whenever it was possible.

Concluding, social media marketing is an ever-evolving field. New features and possibilities are constantly being added to these platforms to provide a better experience to its users, while allowing brands to reach their audiences more organically and in low-cost way. However, consumers are now more aware of company's marketing approaches and the huge amount of internet advertising started to bore social media users. Therefore, in order to stay in the forefront of their markets, businesses must innovate not only on how they develop their products, but also on how they sell them. Thus, the social media marketing strategy proposed in this dissertation came to prove that it is possible to create organic social media marketing campaigns, in a controlled environment, where both the brand's message and user-generated content are controlled to not harm business's social image. Lastly, despite the length of the dissertation allowed the realization of the two first campaigns, it was not enough to gather all the insights needed to accurately determine the results of the strategy and explore more case

studies. Thus, there is still room for the concept to be improved and possibly implemented as a social media online marketing communication strategy.

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## APPENDIX A: Business Model Canvas

### Customer Segments

- Companies: aiming for brand awareness by using their own target group to communicate with their own communities;
- Small shops (coffees, restaurants, etc.) aiming to achieve a faster acquisition of new customers through the benefits of word of mouth;
- Marketing agencies wanting a coupon tracking system for their own clients, using the platform as a subservice;
- Nano-influencer: active social media person, who is interested in benefiting from his personal channels by promoting certain products/messages.

### Competition Analysis

The main competitors are the original social media ads, the companies using influencers and not nano-influencers like the presented platform and the ones only focused on the analysis and track of companies' social media posts.

With this said, there is not any company using this business model, but there are other companies remunerating influencers with a monetary benefit. The biggest difference is that while the other business models are costly for businesses, the strategy being presented turns each participation into a new buyer.

### Value Propositions

This strategy is completely different from most of online marketing strategies. Instead of a brand creating a single ad campaign aimed at its target (youngsters for example), the target (youngsters) creates multiple unique, native, quality micro campaigns for its communities.

Instead of distributing this campaign through traditional channels such as television, online banner advertising and Facebook Ads that are intrusive and no one pays attention to in a vain effort to attain its target audience, the micro campaigns are distributed directly on social media profiles by the influencers who created them. They know their communities best and how to efficiently communicate with them and their communities trust them. It's not advertising anymore, it's quality recommendations from friends.

The influencers can use the discount/coupon while promoting the business, making the conversion process instantaneous. This strategy is not only building drivers of messages from brands, but also creating new consumers by providing them a "ticket" for the business they are promoting. They brand it & consume it.

Also, by applying the principles of the viral concept, the aim is to achieve a top-down effect where the first influencers joining the campaigns - let's call them the pioneers - are asked to invite their friends to join them to get a higher discount. It's good for the business and good for the influencer.

## The Product

Although every product may be eligible for these campaigns, the main target group should not be so broad. The products should have some of the following characteristics:

It should be a product capable of being bought on an impulse - even though products like smartphones would be amazing to have a coupon for, they would have much lower conversion rates in the number of influencers approached vs the ones claiming the coupon since it is not something usually decided in the moment.

The product should be something with a relative small time between purchase so that the influencers can act upon the coupon as fast as possible

## Channels

The communication flow with partners and influencers will be entirely done primarily through the website, Facebook and Instagram page. The role of the campaign's organizing team will be to facilitate the contact between these two entities, being accountable for filtering the content with the guidelines provided by partners and assuring the most effective campaign possible. The website will be the bridge between the team and partners, who can create campaigns and check their progress, and our influencers who can see the available campaigns and the remuneration.

## Customer Relationships

The relationship with the customer will be done mainly through the website, excepting if some unexpected problem occurs that needs to be dealt directly with the customer. However, even though the goal is to reduce the interference in the link between the companies and the influencer network, the relationships within the community can be reinforced by creating gamification systems that will keep the network engaged.

## Revenue Streams

Revenue stream 1: take a share from the remuneration each influencer gains by participating in a specific campaign;

Revenue stream 2: be paid by the service of uniting a group of influencers capable of creating a movement without taking any share from their benefits (like a marketing agency);

Revenue stream 3: take share from the value spent by the nano-influencer in the service of the partner (example: he buys pizza costing 10 euros, the organizing team receives 1 euro)

Revenue stream 4: Renting the coupon tracking system to companies to use in their internal campaigns.

## Key Activities

- Sales team approaching clients;
- Understand client needs, scope the target group and design the campaign around it;
- Create a community of influencers who match the target group defined
- Track the development of the campaign, filter posts and achieve the highest engagement possible;
- Measure performance of the posts and the overview of the campaign
- Report to the client and optimize future campaign.

### Key Resources

- Platform (mobile app) where influencers can check the campaigns available and companies can post new ones (it will have many more functionalities, but mainly it will work as the connection between partners and the influencers);
- Website to promote services and share projects;
- Marketing bot responsible for controlling and measuring the internal operations of the platform (the posts, the campaigns, the communication between our clients and the influencer community). This is the last phase of the automation process.

### Key Partnerships

Marketing agencies: sub-hired service for their current partners where they pay for our services to interact with a specific target in a different way.

Brands: would be responsible for their marketing campaigns (launching products, brand awareness, etc.)

### Cost Structure

Since the business model is entirely based on the performance of acquiring the needed number of influencers for the campaigns, there will be no costs associated rather than salaries and possibly online marketing.

As the community of influencers grows, it is possible to add to the equation some costs with maintaining the platform and lower their turnover rate.

Salaries may be the highest cost of operations.