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# Spending All Your Money on Me: Influencer Marketing's Impact on Engagement

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## EXTENDED ABSTRACT

*Influencer marketing* (IM) is a hybrid of marketing techniques composed of endorsements and product mentions from individuals who have social influence. At its core, IM is a strategy whereby firms gain exposure through compensating trusted online leaders to promote products to their followers on various social media platforms. IM is valued because influencers are capable of generating engaged social media followers who pay very close attention to the influencer's behavior. Influencers build a high level of trust with their following and therefore have considerable power to affect consumers' purchasing decisions. Thus, influencers' capacity to reach a substantial portion of the target market quickly and cost-effectively makes IM a useful promotional tool for marketing managers.

To study the impact of IM advertising, the authors use event study methodology to examine the effects on social media engagement using a sample of posts made by Instagram's top-paid influencers. Engagement is viewed as a useful metric for quantifying the impact of social media advertising. First, while engagement is not the only variable of interest in advertising research, it, along with likes and comments has been used as an outcome of interest in other recent work (Feng, Chen, and Kong 2020). Second, the interest in social media engagement is logical given that it is related to, and often a precursor to, other important organizational and brand-related outcomes (de Oliveira Santini et al. 2020; Kietzmann et al. 2011; Colicev et al. 2018). Finally, influencers and agencies are often compensated based on achieving non-financial metrics (e.g., engagement or customer behavior). Therefore, an examination of how IM advertising impacts social media engagement is useful and offers implications for practitioners and marketing managers.

Using the sample of social media posts from Instagram's top 100 influencers on behalf of publicly traded US firms, the authors examine how post design characteristics influence changes engagement. For the present study, each observation represents one Instagram post made by one of the platform's Top 100 paid social media influencers, the data for which was collected in accordance with the current rules and guidelines set by Instagram in 2021. The Top 100 paid

influencers are determined by HopperHQ, an artificial intelligence company that utilizes data from Instagram, agency rating cards, and internal algorithms. Next, we manually searched the influencer's personal Instagram page for posts related to promoted products over three years from January 2017 to December 2019. Data were limited to posts where an influencer mentioned or displayed a product or brand in any manner. The final sample consists of 661 IM posts related to 136 different brands from 87 firms. While the results show that the overall impact of IM advertising on engagement is positive, there is variation in engagement that can be explained in the post design. Thus, the results of a subsequent random-effects regression highlight which post attributes impact engagement.

This research contributes to the emerging literature on social media advertising and influencer marketing by examining the links between influencer marketing campaigns and engagement. While current literature on IM investigates how consumers respond to such campaigns via the influencer's trusted and respected voice (Woodroof et al. 2020), this study examines how the consumers engages with IM. To achieve the greatest value, a partner brand should form alliances with influencers who post creative content, utilizing the tenants of native advertising to achieve best results. Substantial differences arise in the engagement of IM posts, depending on the post attributes. In general, posts that feel organic and authentic, in-lieu of persuasive product-related posts, are associated with greater engagement. Generally speaking, the more authentic or organic a post feels, the more likely followers will engage with that content. Specifically, the findings show that IM posts positively impact engagement, and marketers can strategically design their posts to maximize impact.

**Keywords**: *Influencer Marketing, Engagement*

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## ABOUT THE AUTHORS

**Rebecca VanMeter** is an Associate Professor of Marketing in the Miller College of Business at Ball State University. She holds a Ph.D. in Marketing from The University of Texas - Arlington. Dr. VanMeter's research focuses on issues related to social media, consumer behavior, servant leadership, ethics, advertising, branding, and research methods. Her work has been published in *Journal of Interaction Marketing*, *Journal of Product and Brand Management*, *Industrial and Organizational Psychology*, *Journal of Business Ethics*, *Journal of Personal Sales & Sales Management*, *Academy of Marketing Science Review*, *Marketing Education Review*, *Journal of Marketing Education,* and *Journal of the Academy of Business Education*.

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