

# If You're Not Paying Attention to Your Influencers, You're Burning Money

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We sat down with Bill Karz of the Los Angeles Tourism & Convention Board (LATCB) to discuss the value of influencers, or fans whom have the power to affect the decision making process — bloggers, celebrities, politicians or even peers.

## Should we pay for influence?

Some believe that influence should not be purchased, but rather earned. Without debating if an influencer should be paid for or not, our goal is to gain a better understanding of an individual piece of sponsored content's value. In doing so, brands will be able to create return on investment (ROI) benchmarks associated with influencer marketing.

In a recent *Harpers Bazaar* [interview](#) with blogger **Danielle Bernstein** of [We Wore What](#), she claimed influencers could make \$5,000 to \$15,000 for a single piece of sponsored content (such as an Instagram photo). Brands are paying these influencers, but the value and rate cards are inconsistent and fuzzy at best.

A popular method of associating value to sponsored content is using a common metric such as CPM (cost-per-thousand impressions). Whether it's TV, print or digital, there are standard CPM benchmarks that help companies ensure efficiencies in their media buying practices.

There's also the opinion that social CPM is not as valuable as other mediums because it's not guaranteed that consumers are reached on every Instagram post or tweet, but the same could be said for a print ad that is glossed over or an editorial piece in a newspaper left on the coffee table.

A digital display ad that sits in the footer of a website could also be considered a questionable impression. According to Google, [less than half of all digital ads are viewable](#). With that being said, not all social impressions are created equal. As social networks rise and fall in importance to the decision-maker, so too does the certainty of a post's potential reach.

Some brands employ a blended average of digital display inventory prices across multiple industries to come up with a [\\$5 CPM for social media](#).

## Is there any way to calculate ROI from influencers?

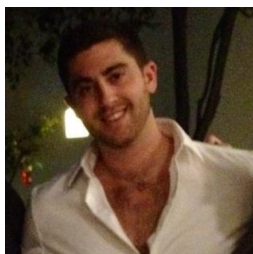
When Italian influencer **Mariano Di Vaio** ([@marianodivaio](#)) posts a photo on Instagram to his audience of more than 3.6+ million followers, the value of that individual post is potentially worth \$18,000.

$$\frac{3,600,000 \text{ followers}}{1,000} \times \$5 = \$18,000$$

By comparison, People Magazine's published [rate card](#) has a one-fifth page print ad quoted at \$96,900 on a circulation of 3.4+ million readers or the ad equivalent of \$28 CPM.

Companies like [Instabrand](#) have raised millions in venture funding because so many advertisers are now seeking to tell their story through individuals.

Instabrand is well aware that there are still many advertisers that are skeptical of the value. Their community director and co-founder **Joey Chowaiki** said this:



As opposed to print advertising, influencers on social media can also be evaluated based on the engagement of their posts. This allows potential advertisers to not only better understand the audience of the influencer, but their authenticity and frequency.

Considering engagement, it allows us to further gauge the value of sponsored content. In reviewing an average of an influencer's likes and comments over the previous month as a fraction of their overall audience, we're left with a percentage that can be normalized across all potential influencers.

For example, Di Vaio averages more than 120,000 likes and comments on every post — roughly 3 percent engagement. By using a CPM range of \$4 to \$7 for example, you can determine a more specific CPM based on engagement and even potentially another key metric such as target audience by using a spreadsheet formula.

Handle	Follower	Avg. Engagement	Engagement %	Market	CPM	Posts	Value	Cost	ROI
maria nodivaio	3,600,000	120,000	3%	international	\$5.44	2	\$39,168	\$10,000	3.9

Market	Engagement	CPM
international	10%	\$7.00
international	9%	\$6.76
international	8%	\$6.54
international	7%	\$6.32
international	6%	\$6.10
international	5%	\$5.88
international	4%	\$5.66
international	3%	\$5.44
international	2%	\$5.22
international	1%	\$5.00

Market	Engagement	CPM
domestic	10%	\$6.00
domestic	9%	\$5.76
domestic	8%	\$5.54
domestic	7%	\$5.32
domestic	6%	\$5.10
domestic	5%	\$4.88
domestic	4%	\$4.66
domestic	3%	\$4.44
domestic	2%	\$4.22
domestic	1%	\$4.00

Another method of measuring influence is by placing a value on engagement itself.

In Australia, [VisitGoldCoast](#)'s Manager for Digital, **Alistair Tavares**, uses a \$.25 cost-per-engagement (CPE) to measure the value of an influencer's post, and explained it to me:



We have adopted the [Tourism Ireland model](#) where we assign a social media equivalent advertising value (SEAV) to an engagement (like, comment, share, video view).

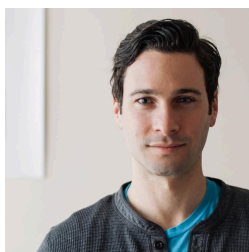
Tavares came up with the \$.25 value specifically based on 25 percent of his average \$1 cost-per-click (CPC) on paid search advertising.

That CPE can be supported when you look at the average pricing for rich media units, [Twitter advertising](#) and YouTube advertising (all based on comparable engagement activities).

In the example above, using influencer Di Vaio as a case study with his 120,000+ likes and comments per post, the value of his posts based on \$.25 CPE are \$30,000 each. Given the CPM model that had each post valued at around \$20,000, blending the two methods at \$25,000 could provide the most standardized approach to calculating value.

We're not saying that every influencer demands the same amount of payment given their respective reach, engagement and frequency. Just as an advertiser may not pay rate card on a print ad or receive bonus digital impressions from publishers on display advertising to bring down the CPM, the cost of working with influencers is not always impractical for those companies on a smaller budget.

**Dan Rosenbaum**, who manages content at the [San Francisco Travel Association](#), shared the following thoughts with me on how smaller brands can manage their budget:



For brands with smaller budgets, it helps to get creative. As a brand, it's our responsibility to find the intersection between our other needs and what an influencer creates. At San Francisco Travel, we don't have a budget for influencer marketing, but we do have a photo budget. We use that budget to identify influencers who are great photographers and purchase their photos. By paying for their livelihood, they are more likely to engage with us on a social level and we fill our need for more photos.

Experiences can often times offset some of the costs in working with influencers. Whether that includes special access to events or unique adventures, influencers are for the most part interested in creating engaging content for their followers that align well with their personal brand. Those experiences may not completely subsidize their work, but it's usually considered as a form of trade.

Additionally, the value of influencer marketing can go beyond an individual post on social media. [Travel Oregon](#)'s director of global integrated marketing and publishing, **Mo Sherifdeen**, is very familiar with the residual effect of working with influencers. In his own explanation:



The value of an influencer's content extends beyond the reach of a series of social posts. Many influencers with strong social profiles also use their blogs with significant reach to amplify the message. They are often willing to partner with brands on providing non-exclusive rights to their content, including images, video and narratives that can have a longer shelf life.

Access to strong content is valuable for a brand's owned media channels and advertising efforts. Influencers are compelled to offer up that type of content, especially when a brand like Travel Oregon has a significant digital footprint.

These types of brand-influencer partnerships can have an exponential impact. Other influencers will take notice, as the network is smaller than you think, creating potential for additional brand-influencer partnerships.

**Duncan Brown** and **Nick Hayes** touch on this topic and many other related components of influencer marketing in their aptly titled book *Influencer Marketing*. By having the influencer network align with your brand, a cluster can potentially form; enabling the potential for a groundswell.

There is no certifiable value that can be placed on influence or free tool that calculates their value, however, if we begin evaluating influencers based on other forms of advertising there at least is a benchmark to begin a conversation.

Ideally, true value would be determined by measuring influence on an actual conversion. Companies such as [rewardStyle](#) have already begun taking that step through their LIKEtoKNOW.it platform. Though specific to Instagram, they follow influencer marketing throughout the purchase funnel, like their president and co-founder, **Amber Venz Box**, breaks down in this quote:



When rewardStyle launched four years ago, ‘content’ was not part of marketing vernacular and ‘blogger’ was an apprehensive term; the value of bloggers was undiscovered and there was no solution for independent style publishers to get paid for their high quality content.

## **How do you assign value to influencer-generated content?**

We found a now globally adopted solution to assign value to influencer content based on their objective influence, retail sales (the customers that they actually influence to make purchases) by tracking all brand and product references across their primary domain and social platforms (Facebook, twitter, Instagram, YouTube, etc) and allow them to earn on any resulting sales from retailer’s sites. Their earnings per post are in-step with their influence.

Understanding the influencer’s value on the decision making process of your consumer is essential. When you consider gaining access to an influencer’s assets or using them as brand ambassadors, there is even more reason to set aside budget for influencer marketing.

Before doing so, it’s important to create a strategy and find influencers that identify with the personas of your consumers.

You’ve made quite a significant investment in building your brand. Aligning with the right influencers for your business is more important than their potential impressions.