

# **Insource Influencer Marketing: A Framework**

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## **ABSTRACT**

The annual spend on Influencer marketing has grown approximately 400% in the past three years and shows signs of increasing further. Larger brands and agencies, committed to the channel for the future, are assessing whether to insource to save marketing budget, increase process control, and decrease the risk of a negative viral event which jeopardizes brand reputation.

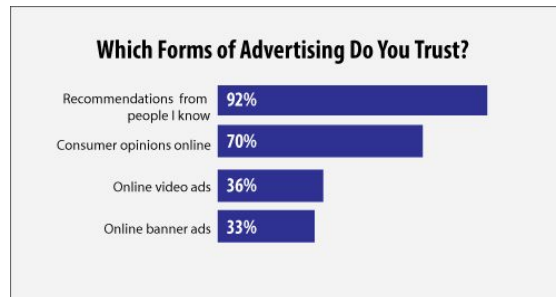
Included in this paper are the phases, steps, and resources needed to undergo a careful assessment, sourcing of tools and resources, and a responsible, cost-effective implementation which emulates how a startup would operate.

Readers will learn how to create a successful influencer marketing discipline within the largest of organizations and will be made aware of the various pitfalls throughout the process which could erode executive confidence in the initiative.

Although there are meta level similarities for every organization in the process flow for planning and conducting an influencer campaign, there can be significant differences within each enterprise when assessing, sourcing, and implementing a new team. Therefore, this paper will set out to surface the less obvious roadblocks that may be encountered as well as to proffer a framework for the start-to-finish process that is as comprehensive as possible.

## INTRODUCTION

Could influencer marketing eclipse digital marketing? Television and print? With ROIs as high as 15:1, younger, “cord-never” generations, and a near majority of consumers of all ages installing ad blockers, it’s certainly looking that way. And



yet, as good and intuitive as this sounds, influencer marketing is difficult. The good news is that, at about \$2 billion in annual spend, the industry is still very young. And brands spending upwards of \$1.5 million per year on influencer marketing are wondering, “how much could I save if I brought it

in-house?” or, “where would I start?” This paper sets out to answer those questions, as well as to surface some of the issues likely to be encountered that may not be apparent.

The primary objective of this paper to surface the data that would drive the decision when, or if, to insource including: The human and technology costs, the risks, and how to iterate to a full production environment as a startup would. If the numbers indicate a “Go” then detail how to step into an insourced capability cost-effectively. This paper will be directed to brands spending significant budget on fee-based individual influencers as opposed to brands who use programmatic platforms, which are still too immature to provide consistent quality and compliance, or those brands offering free products for reviews from a large population of unvetted micro-influencers.

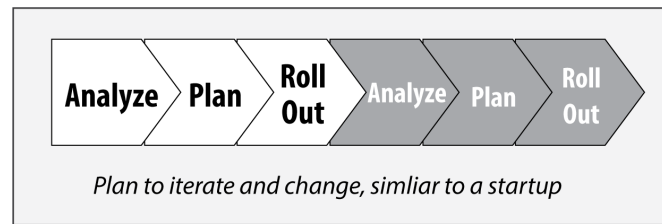
First, analyze and decide:

1. Review past and current spend, process and all tools and resources
2. Forecast what will be spent on influencers based on past spend and parameterized assumptions
3. Compare the initial, fixed and variable cost increases to the savings that could be earned by insourcing

Once the “Go” decision is received from executives, the plan needs to roll out responsibly and with maximum agility:

1. Attain budget approval for 3-5 years
2. Plan a pilot of appropriate duration
3. Select tools and human resources

4. Learn and iterate the process and resource plan
5. Roll out systematically to additional brands/campaigns



Essentially, the framework would look like any other strategic initiative for building and operating a line of business in a dynamic discipline.

## INFLUENCER MARKETING OVERVIEW & POTENTIAL ISSUES TO AVOID

The swift pace of growth in the current influencer marketing world is reported to be causing growth pains. Usually cited as the culprits: Compliance issues, scaling difficulties, fake influencers, fake audiences, and too many tools to choose from--and none that can do everything needed. Although today there are challenges, each can be overcome with solid process, technology, and diligent oversight.

### 20 Hours

to find, recruit, and sign a contract  
with each influencer (average)

Brands, or their vendors, are struggling most with scaling. Since humans are involved rather than algorithms, a wide range of unplanned delays and unknown costs are typical. Legal is worried about compliance. The brand team wants to control what is posted. Marketing needs to integrate the timing and content in a multi-channel campaign. Executives want top-level metrics. The operational team is having problems finding the right influencers in time and negotiating separate contract terms for each influencer. The unknowns may not be scary, but they are definitely stressful and probably costly.

Behind the scenes of dealing with influencers and internal teams, influencer marketing vendors are in an on-going battle with social platforms. Most technologists will state that building the technology is the easy part. The difficulty is getting the data. Because social platforms want a brand's ad business, access to user data is unreliable and ever-changing.

So what are the benefits of bringing this entire process in-house? Why shouldn't the stress and risks continue to be outsourced to a supplier? The control gained may even outweigh the budget saved. First, no external resource can represent a brand as well as its brand and marketing team. A few examples: Ever-evolving consumer personas; research data for segments; the most effective tone and type of content; and, the metrics currently demanded by executives. And because the enterprise owns the tech team, marketers can be aware of the data available for metrics. The speed, quality, and reporting of campaigns can improve dramatically when fully under the brand's control.

Next, as influencer marketing gains in popularity, compliance will become an issue. Today, fines from the FTC for not disclosing “material connection” are rare, but the press and social media have their antennae focused; brands are liable to receive backlash for one, obscure post that did not contain the #ad hashtag. A brand’s reputation can withstand a few of these misses; but the damage could be far worse than any reparations a supplier is offering. If influencers are used enough, a brand’s budget and reputation may no longer be able to afford the risk of outsourcing.

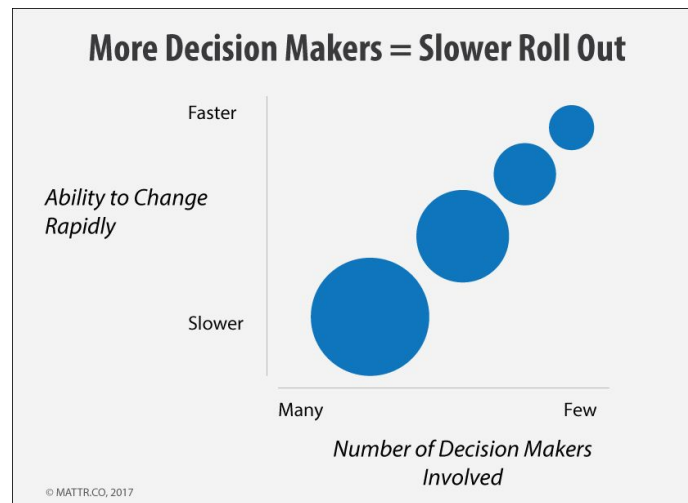


*The FTC fined Kylie Jenner \$40,000 for not disclosing that she was paid by Fit Tea for Instagram posts. She shrugged off the penalty but the real damage was done to Fit Tea's brand.*

From about 1960 to 2000, the composition of marketing teams went mostly unchanged. Today, as media like digital and social have emerged and evolved, traditional media like print, radio, and television are being obsoleted and new competencies were brought in-house to save money and gain control over digital and social budgets. With influencer marketing, the question is not if, but when, marketing teams will do the same.

## INSOURCING FRAMEWORK

Depending on the size and culture of an enterprise, transitioning from outsourced to insourced can be a lengthy process. This is ok; in fact, the process should be deliberate and measured, so it should require a considerable investment in time. The culture of the enterprise and dedication of the executive sponsor should dictate where the plan should fall on the axis of agility.



Regardless of how quick the enterprise, brand, or agency is to move, an assessment is needed. The extent of the assessment is based on how such initiatives are approved in the enterprise. At a high level, the workflow is: Assessment, Sourcing Tools & Resources, and Implementation.

### *Assessment*

The end goal of the assessment is first a “Go, No-Go” decision. If it’s a “No-Go” the analysis of markers to be attained should be included to trigger an a new assessment. For example, if the brand’s current spend is \$X per campaign/influencer and net savings is negative, then milestones could be calculated for breakeven.

Sample steps for the Assessment phase:

1. Review executive sponsorship and process for approval, including interim milestone approvals and reporting guidelines
2. Baseline current process: resources, tools, suppliers, costs
3. Determine ideal component mix of internal and external resources and tools. Attention should be given to ensuring the resources can be sourced and implemented as flexibly as possible and in an iterative fashion. For

example, if IT requires that such tools should reside in a company-managed data center the pilot should be suitable to be hosted in a cloud solution rather than spending the time and budget to install in a data center

4. Forecast spend and create a dynamic financial model based on component costs and appropriate roll-out plan
5. Obtain executive approval and budget commitment

This phase can be extremely detailed or very high level, depending on the level of subjective enthusiasm from executives with budget approval. Of course, the larger the organization, the more time should be planned for this phase. To conduct the Assessment, on-hand resources should be named and dedicated as appropriate:

1. A project manager who will assemble all the information and coordinate meetings
2. An internal technologist familiar with the enterprise's IT and development organizations. Ideally this person would have strong dev-ops experience since external data inputs and outputs are integral to a successful tool
3. An accessible executive project sponsor with budget influence
4. A financial analyst capable of creating a dynamic financial model with discounted cash flow analysis, internal rate of return, or whichever valuation metrics the finance group chooses
5. A process engineer skilled at interviewing resources and detailing workflows and providing a thorough needs analysis for tools and resources

A successful Assessment deliverable will provide a reasonable amount of assurance that there will be no major surprises during the Sourcing phase. The high-level roadmap should be messaged as a flexible starting point for implementation to the executives. It should also be objectively convincing enough to executives so that the budget is a strong commitment.

### *Sourcing*

Creating the new influencer marketing department should be done with very careful deliberation. Selecting the correct tools and people is paramount to a successful implementation and can be the least agile part of the roll-out. A strong project manager will be able to influence the timing of procurement and hiring decisions, with minimal compromise.

Tools sourcing is dependent several factors that will require a complex matrix of timing, gap analysis, budget, and roll-out plan. In general, factors to consider:

1. Current tools--licensing or subscription contracts
2. Amount of customization reasonably needed, and how to phase it cost-effectively and responsibly
3. Knowledge of internal procurement process with an awareness of internal contract review duration
4. Internal user requirements

The tools sourcing phase may be the most demanding part of the sourcing process. Attention should be given to the ever-changing list user requirements, timing, and budget, when making decisions. A skilled process engineer will be able to determine the optimal features and functionality needed, and communicate this to the internal users.

Human resources needed for the newly-created influencer marketing department may seem to be a simple decision--simply formalize the titles of people over-seeing the influencer programs in-house now and expand their authority, hire more as needed. The reality is that the better the plan with human resources, the better will be the roll-out. In addition, new disciplines may be required full or part-time. A sample list of roles:

1. Rich content designer
2. Dedicated technical engineer
3. Market research / insights analyst
4. Multiple project managers
5. Multiple individual contributors
6. Contracts specialist in Legal
7. Social media specialists
8. On-going IT resource
9. On-going brand resources

A successful sourcing phase will fulfill the initial implementation roadmap as well as plan ahead for the follow-on stages of a the larger implementation so as to optimize costs and minimize resource gaps.

### *Implementation*

The roll-out plan should have been edited exiting the Sourcing phase, firming up the roadmap for a pilot and tentatively planning on a more widespread implementation throughout the enterprise.

There are several critical factors to consider during the Implementation phase:



1. Agreed upon success metrics for the pilot
2. Choosing the correct pilot to test
3. A second or third pilot in case more learnings are needed
4. Expectations management

The selection of the pilot should be the most important and carefully considered factor. A poorly chosen pilot can destroy all the work to date, eroding confidence in all work done prior. An effective pilot will provide an accurate comparison to a previous campaign, with attention paid to:

1. Engagement - select a baseline campaign with average engagement rather than unusually low
2. Influencer type - similar reach, engagement
3. Social platform(s) used
4. Content guidance similarity

A key learnings deck should be prepared and presented to the executive team. Be forthright on the failings as well as presenting the successes in a measured manner. Have an updated financial model at the ready, detail the cost comparison of the pilot using the same parameters as the model, and solicit continued commitment to the initiative. Items to focus on:

1. Hours spent during each campaign milestone
2. Campaign success metrics
3. Key learnings from each discipline:
  - a. Individual contributors
  - b. Project manager(s)
  - c. Technical engineer
  - d. Insights analyst
  - e. Brand team

A successful pilot will show an objective “before/after” picture of costs, risks, and time duration. Bridge the gaps as detailed as possible with reasonable, transparent extrapolation and minimal subjective explanations.

Depending on the success metrics emplaced going into the pilot a broader roll-out may be appropriate. The larger implementation should come armed with a renewed financial model, an updated list of feature requests for tools, and key lessons learned. Ensure an adequate amount of time is planned to implement the process and tool modifications.

## CONCLUSION

The objectives of this white paper were to provide a framework for determining whether an enterprise is suitable for insourcing, as well as to proffer a comprehensive framework for assessing, sourcing, and implementing a new capability.

Difficulties with influencer marketing including scaling, compliance, and brand reputation risk may temper the enthusiasm for influencer marketing among the marketing team. However, each challenge can be overcome with careful oversight, up-to-date technology, and an intelligent process. This paper outlines a methodology very similar to how a startup would operate, with an iterative, agile approach rather than a “build it and they will come” strategy.

Influencer marketing will continue to lead the growth of any marketing channel for decades to come. Younger consumers who have never had a cable subscription do not trust brand-direct marketing. Other consumers have always relied on friends and family for purchases, and widespread adoption of social media has provided an ideal platform for influential people to express their (dis)pleasure about products and services. For these reasons and others, it is not really “if”, but “when” brands and agencies will be insourcing influencer marketing. Delaying this activity means opportunity cost for lost budget, which could have been spent on future campaigns.

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### *About Mattr*

*Mattr is leading the way for revolutionary insight into influencer audiences. Mattr searches beyond celebrities to discover brand-aligned mid and micro influencers with like-minded audiences. Our dedicated account and community management team brings ease and end-to-end assistance to the entire influencer campaign process. Learn more at <http://www.mattr.co>.*