The State of Influencer Marketing 2023

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Agenda

— The industry landscape

— The audience landscape

— The business landscape

The global influencer marketing industry is expected to grow to US $90,238.9M by 2030, registering a CAGR of 30.81% between 2022 - 2030.

Source: GWI (2022)

The industry landscape

2022 industry highlights

- **The future is video**
  91% of brands invested more into video in 2022. Leading video platforms such as YouTube, Instagram and TikTok also invested in their integration with ecommerce platforms, further supporting social commerce.
- **Pinterest builds on creator relationships**
  Pinterest has long been the channel that consumers use to research and discover new ideas. Now, the platform is betting on creators to become the next best ecommerce channel, with 35% of brands planning to invest in the channel.
- **The TikTok momentum continues**
  74% of brands and 75% of creators are planning to invest more into TikTok in 2023, due to the success of previous performance.
- **Livestream shopping transforms ecommerce**
  Livestream shopping is continuing to appeal to the masses because it incorporates a personalized atmosphere of the person livestreaming with the ease of shopping from home. A McKinsey report showed that in 2022, 35.6% of livestreams were in the apparel and fashion industry, lending itself to talent within that vertical.

Source: ByteDance (2022), GWI (2022), Kantar (2022)

Social Commerce

Across 2022, social commerce became even more prominent with consumers looking to various platforms for different reasons.

YouTube ranked #1 for product research, lending itself to longer form content consisting mainly of product reviews, whereas Instagram was voted **the top platform for social commerce by 39%** of those surveyed, stating that they most likely to purchase products from this platform than any other.

Despite this, TikTok ranked the highest for Gen Z with **Gen Z 26% more likely to purchase products** on TikTok than Millenials.

Source: GWI (2022), Mintel (2022)

Lifestyle first

- **43%** of social commerce consumers are more likely to buy fashion products.
- **41%** of social commerce consumers are more likely to buy beauty products.
- **36%** of social commerce consumers are more likely to buy home goods.
- Gen Z social commerce consumers are **7% more likely** to buy fitness products, **12% more likely** to buy food and beverage and **10% more likely** to buy electronics than millennials.

Source: AdAge (2022), Kantar (2022)

Staying engaged

Influencers come in all shapes and sizes from nano to macro, with social media being the gateway for anyone to become an influencer.

Follower count now has less of an impact on exactly who is truly influential. As we saw in 2021 and 2022, brands are continuing to work with more nano and micro-influencers to leverage more of an engaged audience and reduce cost per engagement.

Average engagement rate by follower count:

36.9%

Nano (5K - 20K)

2.25%

Micro (20K - 60K)

1.62%

Mid tier (60K - 200K)

1.61%

Macro (200K +)

Source: GWI (2022), Mintel (2022)

Let’s talk TikTok

The platform that continues to grow.

TikTok is being prioritised for new investment by brands during 2023, with **85% of brands** saying they will increase spend on the platform.

By contrast, **39% of brands** are planning to increase their spend on Meta, but almost a third are planning to spend less on the platform.

Brands spent **231% more on TikTok** in Q2 2022 than they did in Q2 2021, showing the ongoing appetite from brands. Meanwhile, users are expressing their engagement by spending an average of **45.8 minutes** a day on the app.

Source: ByteDance (2022)

TikTok continued

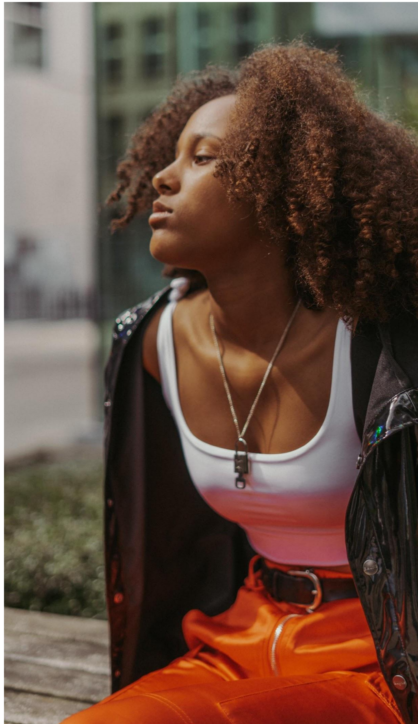
— **40% of Gen-Z consumers** prefer using TikTok instead of Google for search, as this is more likely to return personalized results.

— **65% of TikTok users** state that they always rely on online reviews and creator recommendations to decide what to buy online.

— **50% of users** say that TikTok boosts my mood and makes me feel happy / positive, with **4 in 10 TikTok users** saying 'lifting their spirits' is key in motivating them to make a purchase.

— **75% of TikTok users** agree that a creator showing a product is more useful than reading a review, with 38% of users saying that entertaining ads on the platform teach them something new.

Source: ByteDance (2023), SMW (2022)



Key takeaways

— Social commerce is on the rise. Where and how do influencers fit into this structure?

— Nano and micro-influencers have and will continue to rise within influencer marketing.

— TikTok is still prominent within influencer marketing, with brands planning to continue their spend on the platform.

Audience landscape

Community-based strategy

The importance of audience as a community.

For years, the idea has been to appeal to the individual, however it's becoming harder for brands to do so without the aspect of community. Invest in the time to create a community with which you can build a connection.

— **76% of internet users** engage in online communities.

— **88% of community professionals** see the online community as fundamental to its mission.

— **81% of consumers** increased their use of online communities during COVID-19 and this trend continues into 2023.

Source: GWI (2022), Nielsen (2022), Switch (2022)

Improving the online experience

Finding information is the number one reason consumers use the internet, but it's also one of the fastest-failing reasons why they use it, too **(-14% since Q3 2018).**

Services like TikTok have taken foundational online activities and improved on them. There are only so many hours in the day, and consumers want to know their online time isn't being wasted. As the things we often do online lose the kind of appeal they once had, it sends a clear message that brands need to get creative.

Biggest % decreases since Q3 2018 in reasons for using the internet:

23%
Business-related networking

15%
Keeping up-to-date with news

14%
Finding information

16%
Business-related research

14%
Filling up spare time

14%
Researching travel destinations

Source: GWI (2022), Nielsen (2022)

Authentic communication

Why we should avoid ‘information overload’.

Most of the signs of ‘information overload’ point to social media. Globally, the number of consumers who say social media causes them anxiety has **grown 11% since Q2 2021.**

Following on from the above, **14% more consumers** say they’re using social media less than they used to, with **7% of consumers** saying that they’re less interested in what’s going on in the world.

With this being said, steps need to be taken to ensure that messaging from influencers is as authentic and emotive as possible.

Source: GWI (2022), Wired (2022)

Online persuasions

- **43% of Gen-Z consumers** say taking advantage of sales/deals is the most common reason for making unplanned purchases.
- **39% of Millennial consumers** say their reason for making unplanned purchases is because it's fun to buy/discover new things.
- **43% of Gen-X consumers** say their reason for making unplanned purchases is because they don't want to miss out on limited time offers.
- **40% of baby boomers** making unplanned purchases to treat/reward themselves, with **26% stating** it's because of the appeal of the aesthetics.

Source: GWI (2023), Nielsen (2022)

It's called fashion, darling.

We understand from previous recessions that products and services can quickly shift from essentials to treats or even expendables.

When it comes to getting treats on a budget, clothing is the only category to appear in the top three choices across all generations and genders.

Ranking based on the % of consumers who would buy the following as a treat for themselves on a budget:

#1

Clothing & Apparel

#2

Ordering a food delivery service

#3

Technology & Electronics

#4

Dining out

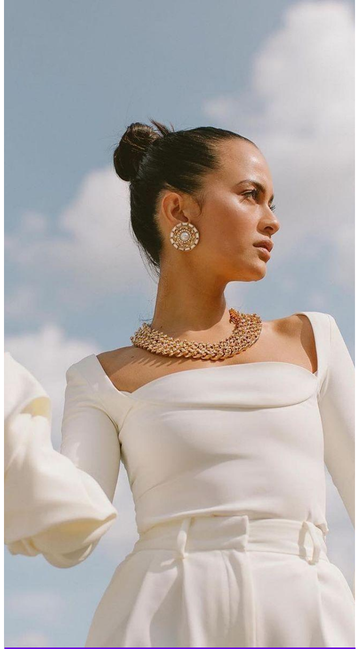
Source: GWI (2022), Vogue (2022)

Look good, feel good.

Why the beauty and skincare sector will continue to soar.

Ranking based on the percentage of consumers who would buy the following as a treat for themselves on a budget by age/gender.

Source: GWI (2022), Nielsen (2022), Switch (2022).



Female
(Gen Z / Millennials)

1. Clothing & Apparel
2. Skincare Products
3. Beauty & Cosmetics
4. Accessories
5. Health & Personal care items

Male
(Gen Z / Millennials)

1. Technology & Electronics
2. Ordering a food delivery service
3. Clothing & Apparel
4. Health & Personal care items
5. Travel

Time to travel

— Vacations or travel ticket purchases have **increased by 19% since mid 2021.**

— **Millennials are 22% more likely** than any other group to say they'd spend extra on flights / travel.

— **55% of consumers** stated that travel / vacations would bring them the most joy, ranking second behind spending time with their family.

— **90% of consumers** surveyed are intending to take a vacation in the next 12 months, with 82% saying that they intend to take a domestic break as well.

Source: GWI (2023), Nielsen (2022)

Buyer behaviour

Percentage of internet users who say the following is important to them when deciding which brands to buy.

Quality	53%
Cost	36%
Good reputation / trust	31%
Positive reviews	31%
Good customer service	27%
If I align with the brand's values	16%

Source: GWI (2023)

Key takeaways

— Creating a community for the brand is key to building successful and trustworth communication.

— Authenticity is and will always be key to consumer connectivity. People use brands they trust.

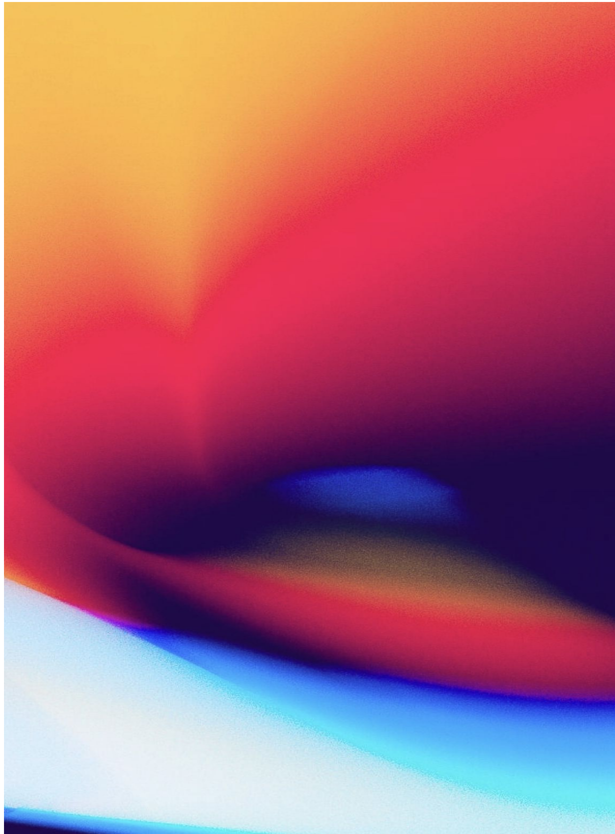
— Travel and fashion are two sectors likely to soar in 2023, with consumers looking to these two as particular ‘treats’.

Business landscape

89% of marketers currently using influencer marketing will maintain or increase their investment in 2023.

Source: Digiday (2022)

Landscape forecast



- **Growth, on growth, on growth**
  According to Statista, in 2022 the global influencer market hit $16.4 billion, up from $13.8 billion in 2021 and $9.7 billion in 2020, therefore almost doubling in worth across only two years.
- **Micro-influencers continue to be at the core of conversation**
  Independent agencies and holding companies alike are refining their influencer strategies to incorporate smaller creators and develop large-scale campaigns. Micro influencers continue to be a gateway to niche audiences and better engagement, with 56% of those investing in influencers predominantly working with micro-influencers.
- **The rise of the virtual influencer**
  Brandwatch have predicted that virtual influencers will be an emerging area of influencer marketing. These virtual influencers are computer-generated characters, or bots, created for social media. In 2022, 35% of US consumers bought a product or service promoted by a virtual influencer.

Source: Forbes (2022), GWI (2023)

Instagram Vs. Tiktok

Most Instagram users are aged between 25-34 years. This platform is heavily reliant on aesthetically pleasing content, therefore followers are more demanding when it comes to choosing an influencer.

Instagram is millennial based, 360 content feed.

— **Instagram has 2 billion MAU.**

— **13.15% of 3.8 billion global social media users** are daily users of Instagram.

— **11.01% of 4.54BN internet users** worldwide are accessing Instagram daily.

— Instagram has **30x more micro-influencers** compared to its macro-influencers count.

— Average use time per day: **28 minutes.**

Source: ByteDance (2022), Forbes (2022), Meta (2023), Statista (2022)

Instagram vs. Tiktok

TikTok is all about authenticity and entertainment, with spontaneous yet educational content. Used predominantly by a Gen-Z audience, TikTok is the channel for discovery and challenges, providing more of an interactive space for users.

TikTok is Gen-Z's discovery and exploration app.

— **TikTok has 1 billion MAU.**

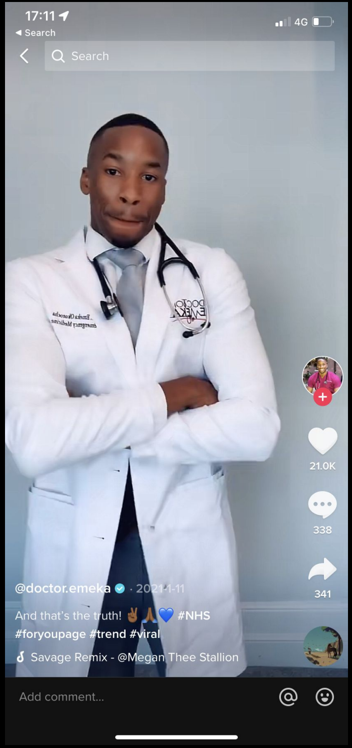
— **TikTok reported a 45% growth** in MAU between 2020 and 2022, with no signs of slowing down.

— **59% of users** feel a sense of community when using TikTok.

— **77% of users** state that TikTok is a place where people can express themselves openly.

— Average use time per day is **52 minutes.**

Source: ByteDance (2022), Meta (2022)



Short-form Vs. Long-form

The argument for short-form versus longer form content will forever live on in the realms of social and influencer marketing. Whilst we see short-form content perform particularly well on platforms like TikTok, longer form content is still very popular, especially amongst younger consumers.

1 in 4

consumers watch a branded video each month

96%

of Gen-Z have watched a branded video between 4-20 mins in the last month

89%

of Millennials have watched branded videos over 20 mins in the last month

Source: TGI (2022)

54% of brands working with influencers also operate ecom stores.

More brands are currently operating ecommerce stores than those who don't. **54% of respondents** working with influencer marketing run ecommerce stores as opposed to **45% who don't**. This figure is surprisingly high, supporting the growing trend towards the importance of social commerce.

Whilst online marketplaces and shopping sites are conceived solely as shopping spaces, social networks provide an opportunity for brands to forge a community, with influencers taking a key role.

In 2022, up to **45% of global internet users** frequently watched influencer livestreams, with **83% more likely** to buy from those they followed.

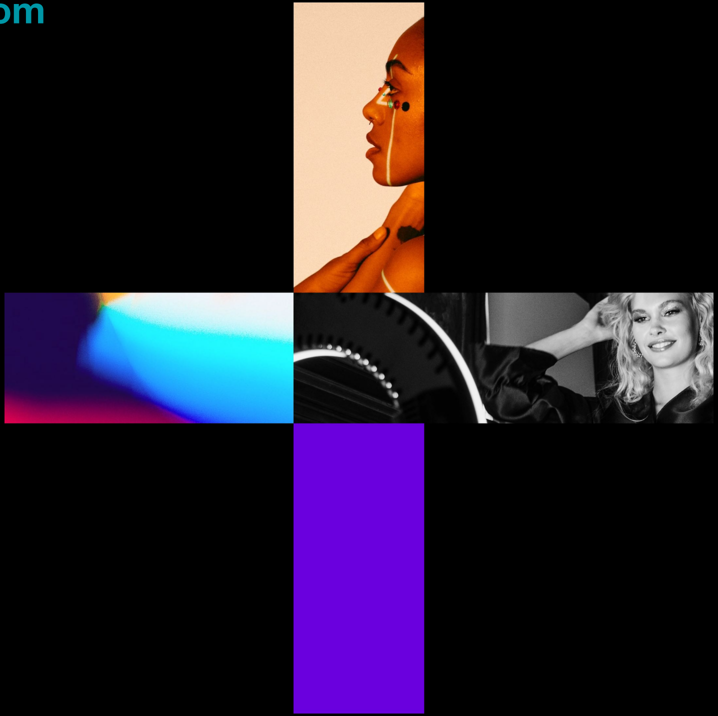
Source: Forbes (2022), TGI (2022)

Key takeaways

- The Influencer marketing industry is showing no signs of slowing down, with continued and expected growth in 2023.
- There is no winner in the competition between Instagram versus TikTok but instead, it's about questioning what platform is better suited to both the brief and the audience.
- Short-form is and will always be great 'snackable' content for your brand. However, when it comes to storytelling, don't write off longer-form content to educate your consumer.

Want to know more?

Email us at **hello@bambuser.com**



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