

The Power & Impact of Influencer Marketing (March 2023)

As we learn from the business world, we want to share that information with our community of educators and business professionals. Recent focus panels—as well as countless headlines and experiences on social media—have highlighted the role of influencers in digital marketing strategies. As a result, the following Action Brief examines the power of influencers and their unique relationships with different audiences.

What Is Influencer Marketing?

Influencers are prominent people on social media who impact the purchasing decisions of a community or audience. No matter their area of expertise (which can range from makeup to video games to fitness to body image to parenting and more), influencers are often trusted, go-to resources for people who want to learn about or engage further with a certain topic. Influencer marketing, then, is marketing using these influential figures (many of whom actually prefer to be called content creators, Christina Newberry of [Hootsuite](#) writes).

The number of followers an influencer has can vary. Some have digital communities of millions, while others (often called [micro-influencers](#) or nano-influencers) can have far fewer. These smaller followings—even as small as 1,000—often suggest a greater level of authenticity not shared by major influencers. Regardless of their specific size, however, influencers always have a larger following than the typical social media user.

Because of this large online following, influencers provide a unique way to reach target audiences. Many companies now hire influencers to promote their products and services, and it has proved to be a lucrative strategy: According to a survey by [Influencer Marketing Hub](#), the influencer marketing industry is expected to swell to \$21.1 billion in 2023.

Influencer marketing happens across many different social platforms, including Instagram, YouTube, TikTok, and more. A major part of these platforms' appeal is the popularity of short-form video, which—according to HubSpot's 2023 Marketing Strategy and Trends [Report](#)—is expected to see the most growth of current marketing trends.

Influencer marketing predates the pandemic. While COVID-19 helped increase the influence of content creators in digital communities, it wasn't the beginning of influencer marketing. According to a 2019 survey by [SocialPubli](#), "influencer marketing is both widely popular and effective." The survey notes that 90% of marketers planned to maintain or increase influencer marketing budgets in 2019—months before the pandemic caused the global community to turn even more toward digital spaces.

Benefits of Influencer Marketing

Businesses stand to benefit quite a bit from influencer marketing. For example, [Influencer Marketing Hub](#) reports that for every dollar spent on influencer marketing efforts, businesses make over \$5 in

return, and a [HubSpot](#) survey finds that influencer marketing offers “the second highest ROI [return on investment] of any marketing trend.” To put it quite simply: influencer marketing makes big money.

But influencer marketing offers more than just profit. Because influencers cultivate close relationships with their online communities, their endorsements go a long way in building credibility and trust in a company. Jeff Slater from [The Marketing Sage](#) writes that influencer marketing enhances brand awareness—the extent to which customers or potential customers are familiar with a brand. This brand awareness, he writes, helps a target audience “get to know your brand, your story, and the offerings you have.”

Influencer marketing is a great strategy for businesses—as long as it’s done strategically and ethically. For example, it’s important that influencers disclose when they’re advertising a product, so their audience knows that person is working with a company (and not just by themselves). This ethical practice is so important that the FTC even published guidelines—called “[Disclosures 101 for Social Media Influencers](#)”—for when and how to disclose ads.

Challenges of Influencer Marketing

Influencer marketing isn’t without its share of challenges, however. While partnering with an influencer can be a profitable opportunity for businesses, poorly chosen partnerships can damage company brands and reputations. Therefore, according to [Sprout Social](#), it’s crucial that companies conduct research, taking care to partner with only well-known and highly respected influencers. Otherwise, a problematic influencer can tank marketing efforts and bring the company down with them.

It’s also important to recognize the very powerful impact influencers can have on their audience, says Nataliia Vdovychenko of [DiggIt Magazine](#). Consider an influencer whose posts make a certain product (e.g., a designer handbag) or lifestyle (e.g., frequent travel) seem ideal and effortless. Younger audiences can have a hard time distinguishing between their reality and the illusion created by this trusted person online, which could lead to increased stress, anxiety, and other negative consequences.

Impact of Influencer Marketing on Supply Chains

While influencer marketing is a key part of many digital marketing strategies, it doesn’t exist in a vacuum. In fact, participants in a recent focus panel about supply chains told us that influencer marketing—and resulting consumer demand—has great implications for their work in supply chain management, too.

One panel participant shared that supply chain professionals are impacted by all sales and marketing trends, as the demand for customization and immediate gratification is being driven in part by marketing. For example, demand for a certain product might skyrocket overnight after an influencer posts about it. Suddenly, customers expect to order and receive that product immediately, with little warning to those responsible for making it happen.

It's difficult, panel participants said, to forecast and prepare for this type of marketing. Tom Latham of [Peak](#) notes that there can be costly consequences when this happens, including lost sales opportunities and damage to a company's reputation. As a result, the relationship between supply chain management and marketing is becoming increasingly more important.

The Future of Influencer Marketing

Influencer marketing is all around us, and it's hard to imagine that it will go away anytime soon. You'd only have to look at the hashtag #TikTokMadeMeBuyIt—which, according to [Morning Brew](#), has over 16 billion views—to understand the power content creators have on the purchasing decisions of their digital audiences. But even still, influencer marketing continues to grow and evolve, so it's difficult to say what it will look like in just a few years. Perhaps Jenn Chen of [Sprout Social](#) said it best when considering emerging trends: "If anything, this shift [toward authenticity] over the last five years should show how influencer marketing's only constant is change."

Links for Further Reading:

- [Key Influencer Marketing Statistics to Drive Your Strategy in 2023](#)
- [The Evolution of Influencer Marketing—Past, Present, & Future](#)
- [Protect Your Brand From Ethical Issues in Influencer Marketing](#)
- [Social Media Influencers' Impact on Youth Today](#)
- [10 Influencer Marketing Benefits You Can't Miss](#)
- [The Surprising Influence Marketing Has on Supply Chain Challenges](#)
- [How Barnes & Noble Turned a Page, Expanding for the First Time in Years](#)

Discussion Questions:

- Do you follow influencers? If so, which one(s)? On what platform(s)? Why do you follow them?
- Have you found that influencers impact your buying decisions? Why or why not?
- Have you ever had trouble receiving a product you ordered after seeing an influencer's post because there wasn't enough inventory to meet demand? What was that experience like? How might that experience impact future buying decisions?
- Is it ethical or exploitative for an influencer (and, by extension, a company) to leverage their sway and encourage people to make certain purchasing decisions? How can influencers balance authentic, genuine messaging with sponsored content?
- Can you name a time when an influencer did something problematic? What happened? How did that event impact the partnerships they held with businesses?

- Visit the [Influencer Rate Map](#) to select criteria and determine what you might pay an influencer per post. What do rates look like in your area? How does the rate change when you adjust for followers, engagement rate, age range, etc.?

Sources:

- [Influencer Marketing Guide: How to Work With Influencers](#)
- [What Is a Micro-Influencer, and Why Do Brands Use Them?](#)
- [The State of Influencer Marketing 2023: Benchmark Report](#)
- [Social Platforms Used by US Marketers for Influencer Marketing, 2020-2025](#)
- [The HubSpot Blog's 2023 Marketing Strategy & Trends Report: Data from 1,200+ Global Marketers](#)
- [2019 Influencer Marketing Report: A Marketer's Perspective](#)
- [What Is Influencer Marketing?—The Ultimate Guide for 2023](#)
- [Benefits of Influencer Marketing \[Data + Expert Insight\]](#)
- [10 Benefits of Influencer Marketing](#)
- [Disclosures 101 for Social Media Influencers](#)
- [What Is Influencer Marketing: How to Develop Your Strategy](#)
- [Influencer Marketing Has Some Serious Ethical Issues](#)
- [Supply Chain Agility in the Age of the Influencer](#)