

#Ad: A Case Study of Social Media Influencer Marketing for Austin Businesses

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### **Abstract**

Social media has become an integral part of daily life and digital media marketing. A product of social media--social media influencer marketing--is rapidly becoming implemented by businesses using social media influencers, or individuals who have a following on social media in a niche area of the market such as health and wellness, beauty, lifestyle, etcetera. This style of marketing is exhibited extensively in Austin, as it is home to over twenty social media marketing agencies, the world-renowned SXSW Festival, and Social Media Week Austin. Through thoughtfully conducted interviews with influencers and company representatives, this thesis explores influencer marketing from the perspectives of both Austin-based businesses and influencers. Furthermore, this case study discusses the key elements and stakeholders of influencer marketing. Conclusions are also drawn on the overall significance of influencer marketing in Austin as well as in today's consumerist society.

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## Introduction

Given the digital-driven nature of today's consumerist society, digital marketing is a topic that has been explored widely in various contexts. However, one area of digital marketing that has been studied less extensively is social media influencer marketing. Although this is largely due to the fact that the advent of social media only occurred roughly twenty years ago, the minimal research in existence focuses primarily on the theoretical and experimental aspects of social media influencer marketing. There is little to no research describing the implications stakeholders face from this type of marketing. Furthermore, stakeholders, namely businesses and social media influencers, have not been investigated with regards to the benefits and/or disadvantages in utilizing social media influencer marketing with respect to specific sectors of business or in particular geographical areas of the country.

However, as social media continues to grow in popularity, this gap in research is slowly shrinking. One particular geographic area, Austin, Texas, a growing hub for technological innovation and social media influencer marketing interactions, offers an interesting perspective on the topic of social media influencer marketing and its implications for both brands and social media influencers. Austin is the home of more than twenty social media marketing agencies; South by Southwest, a world-renowned festival dedicated to celebrating the intersections of the interactive technology, film, and music industries; and Social Media Week Austin, a 3-day immersive conference for industry leaders, experts, and practitioners to share thoughts, insights, and advice on all things social media and digital marketing related (Ketner Group, 2011). For these reasons, more research studies, like this one, are needed to combat the extremely limited selection of information on social media influencer marketing's real-life effects on brands and influencers, particularly those dedicated to examining the unique social media space in Austin.

This case study offers valuable information on the positive and negative effects that social media influencer marketing has on Austin-based social media micro-influencers and company representatives. With the use of comprehensive, qualitative interviews, this study provides greater insight into social media influencer marketing interactions within the scope of Austin from both of their perspectives. This study concludes with a key discussion on the overall significance of influencer marketing in Austin as well as in today's consumerist society. Furthermore, this case study examines the utilization of social media influencer marketing in specific real-world business contexts and with respect to geographic limitations by providing much-needed information on how it is implemented by both micro-influencers and businesses in a technological hub such as Austin.

### **Literature Review**

Based on the reviewed research, there are three types of approaches to analyzing the current literature on social media influencer marketing. The first is in-depth interviews with social media influencers and/or agency representatives with clients who participate in social media influencer marketing in some capacity. The second approach is online published media articles that define and describe the functions and significance of social media influencer marketing in today's consumer society. Finally, the third approach is rooted in journal articles and industry studies, which discuss findings on the topics of influencers, traditional influencer marketing, and social media influencer marketing. However, these different approaches explore social media influencer marketing from different perspectives. For example, the first and second aforementioned approaches provide real-life examples to further demonstrate the inner-workings of social media influencer marketing. The last approach views social media influencer marketing more abstractly through theoretical analysis and experimental models of influencers, which can

then be interpreted and applied to real-life situations involving social media influencer marketing. These varying types of literature offer valuable insight on different aspects of social media influencer marketing from a large-scale perspective, which, in turn, can be applied on a smaller-scale for the purposes of this case study of social media influencer marketing for Austin-based businesses.

In doing so, this literature review delves into the different aspects of social media influencer marketing in defining key terms such as social media, influencer, influencer marketing, and social media influencer marketing. There is also a discussion of the significance of social media influencer marketing and its implications (both benefits and disadvantages) with respect to stakeholders. The following subsections further detail both of these topics as a part of this literature review.

### **Defining Social Media Influencer Marketing**

In order to understand social media influencer marketing, it is necessary to understand the key components of the term itself including social media, influencer, and influencer marketing. As aforementioned, this area of marketing is relatively new given that social media is a phenomenon that has expanded and evolved primarily within the last decade. For this reason, "... social media research has largely focused on... defining what it is through the explanation of new terminology and concepts that make up its foundations" (Paquette, 2013). According to Investopedia, LLC. (2018), social media is defined as an Internet-based interactive technology that facilitates the electronic sharing of user-generated information and content (i.e. messages, photos, and videos) while simultaneously building virtual networks and communities. In terms of business, social media is now a popular communication method employed to reach potential customers. It is not only "...an indispensable tool that can be used for finding and engaging with

customers, sales, advertising and promotion, gauging trends, and offering customer service,” but also it allows businesses to collect important information that can guide their marketing efforts and market research (Investopedia, LLC.). Some popular examples of social media platforms used by both individuals and businesses include Facebook, Instagram, Twitter, YouTube, and Pinterest, all of which have photo/video, messaging, and user profile capabilities.

Alternatively, one component of marketing that has been around for decades is the influencer, which is also inextricably tied to influencer marketing. According to Influencer Marketing Hub (n.d.), an influencer is an individual who influences the purchasing decisions of another because of his/her authority, knowledge, power, and/or social status with his/her niche audience. In a business sense, influencers are marketing tools; they are social relationship assets brands can collaborate with in order to promote their brand while achieving their marketing objectives (Influencer Marketing Hub). On social media, influencers can be classified into four different categories: celebrities, industry experts and thought leaders, bloggers and content creators, and micro-influencers, or everyday people who have become well-known enough for some specialized area of knowledge to attract a sizeable audience (Influencer Marketing Hub). The most traditional example of social media influencers are celebrities, who use their status and niche following to promote the products or services of a brand on their social media account(s) in exchange for compensation. This exchange is also known as a sponsorship or partnership. For example, in July 2017, Victoria Justice, an American actress and singer with over 14 million Instagram followers, partnered with JetBlue to support their #SoarWithReading challenge, a charitable program donating 100,000 books to underserved communities through free book vending machines; her singular sponsored Instagram post “... drove 102 times the amount of average engagements that JetBlue had per post in June” (Boland, 2017). However, it is important

to note that the celebrity social media influencer is becoming less popular as the micro-influencer continues to rise in popularity. By definition, micro-influencers typically have between 10,000 to 100,000 followers on social media channels (although the number of followers is subjective as audience engagement is typically more highly prioritized) and a niche in a particular sector such as health and wellness, food, travel, beauty, lifestyle, etcetera (Wissman, 2018). In truth, some experts claim the micro-influencer will become “the influencer of the future,” the details of which will be discussed later on in this literature review (Influencer Marketing Hub).

The combination of these two components--social media and influencers--is the foundation of the increasingly popular style of marketing: social media influencer marketing, also known more commonly by its shortened name, influencer marketing (for the sake of clarity, social media influencer marketing will continue to be used throughout this essay). This type of marketing has emerged as a result of the decline in customer response to traditional advertising methods (Carter, 2016). Carter, an Assistant Professor of Digital Media at Texas State University, describes social media influencer marketing as the exchange between companies and influencers whereby companies seek out experts and other influential individuals in order to promote the company’s products or services to their devoted social media following in exchange for some form of compensation. Therefore, social media influencer promotions help companies segment their marketing efforts beyond their own branded social media accounts and reach wider audiences as provided by influencers. These promotions often take the form of posts on various social media platforms including Instagram, Twitter, Facebook, Snapchat, YouTube, etcetera for which influencers are compensated. The compensation itself is not necessarily monetary as some influencers are instead compensated with free products or services, brand advertisements, or affiliate partnerships in exchange for posting brand-sponsored content on their social media

account(s) (Matthews, 2015). As one marketer described to Carter: social media "... influencers act as both production and distribution channels; brands look to these individuals to produce compelling text, images, and videos and also to distribute that content to a network of followers" (Carter). From an influencer perspective, social media is a way to understand and manipulate influence, which can be quantified via follower counts and engagement rates. In doing so, influencers usually, in aiming to be successful, create a brand image that is based on ideas or values that align with the marketing goals of brands. With a more complete understanding of the various components of social media influencer marketing, the next section of the literature review analyzes the stakeholders involved in this style of marketing.

### **Understanding the Stakeholders of Social Media Influencer Marketing**

Social media influencer marketing has two primary stakeholders: brands/companies and influencers. Much of the current literature covers the general benefits and disadvantages of brands and influencers who participate in social media influencer marketing without giving any concrete real-life detail on how it affects them both jointly and individually. In addition, the research that does exist is mainly focused on how social media influencer marketing campaigns are vital for brands to be successful in today's market. With respect to brands, AdWeek recommends brands implement social media influencer marketing campaigns because they are (1) powerful, (2) social, (3) attractive, (4) popular, (5) an arbitrage, (6) becoming increasingly more expensive, (7) more organic, (8) better than traditional advertising, (9) helpful for a brand's search engine optimization, and (10) targetable and trackable (Guest, 2015). These beneficial factors have been proven repeatedly in research studies. For example, a study by McKinsey & Company, a worldwide management consulting firm, revealed that "... marketing-induced consumer-to-consumer word of mouth generates more than twice the sales of [traditional] paid

advertising,” and those customers who were exposed and acquired through word-of-mouth marketing demonstrated a 37% higher retention rate (Bughin, Doogan, & Jørgen Vetvik, 2010; Guest). Studies have also shown customers exposed to social media influencer marketing are more likely to purchase more product upon each purchase transaction (TapInfluence & Nielsen Catalina Solutions, n.d.). In addition, the type of influencers can affect how businesses’ see a return on their investment in social media influencer marketing. A study by HelloSociety, a Santa Monica-based social media marketing and technology firm, indicates micro-influencer Instagram campaigns have 60% higher engagement rates than campaigns driven by influencers with larger followings; these micro-influencer campaigns are also 6.7 times more efficient per engagement, making them more cost-effective as well (Main, 2017). Image-wise, businesses can build their brand reputations through the phenomenon known as the “halo effect,” which is described as the direct connection between the positive portrayal of a brand by a trusted influencer and the increase in a consumer’s awareness and opinion of the brand (Lee, 2018). Brands can also benefit from copycat behavior, which occurs when followers of an influencer transition into customers of a brand’s products/services in order to have the same products/services as the influencer; this type of behavior is exemplified when fans/followers want to “copy” their favorite influencer by buying and wearing the influencer’s own merchandise (Lee). For these reasons, companies have much to gain from utilizing social media influencers, particularly micro-influencers, and their online audiences. They provide companies the opportunity to tap into the valuable, trusting relationship these personalities have established with their followers.

However, with great benefits come great risks for brands who choose to utilize social media influencer marketing in their marketing practices. Research shows various difficulties

brands can face in allowing social media influencers to market their products or services including brand damage from influencer scandal, failures in regulatory disclosure, and influencer fraud (Lee). These risks can cost brands monetarily as well as damage their reputation. Therefore, it is important for brands to carefully select their influencers in order to avoid these unfortunate situations. Brands must also consider the fine line between controlling what an influencer says about their products/services and letting the influencer have free control in creating their own organic content for their audience. Nonetheless, in our current media landscape, social media influencer marketing is becoming almost essential in the business world as it is oftentimes highly rewarding for brands in terms of return on investment. However, it is important to note there is no literature on social media influencer marketing specific to the Austin geographic area. This must be considered in applying the data from the literature, which was collected on a larger, national scale, to the following research on how social media influencer marketing affects Austin-based businesses.

The other and arguably most important facet of social media influencer marketing is the influencer. Without the influencer, social media influencer marketing would not exist. However, the majority of existing research focuses on the brand's perspective of social media influencer marketing rather than the influencer's. Currently, there is a small pool of media sources containing interviews with Austin-based influencers, but the literature is centered primarily on how these influencers built their online following and how they handle brands that approach them for sponsorships. Unfortunately, no information is shared regarding what they believe to be the advantages and disadvantages of being an influencer who produces social media content for brands. Rockwell (2016), a staff member at the Austin American-Statesman, interviewed three different types of Austin-based influencers who make their livings off of being social media

influencers. Although none of them discussed specific advantages or disadvantages to being an influencer, they did share how critical it is to maintain trust and authenticity with their audiences while sharing sponsored content. This sentiment is also echoed by the Federal Trade Commission's April 2017 press release, which states both brands and influencers must clearly disclose their relationship with respect to sponsored content on social media. Influencers must disclose their brand sponsorship at the beginning of all posts either through clearly defined hashtags (e.g. #ad or #sponsored) or thoughtful word phrasing (i.e. Company X gave [Influencer X] this to try...) (Federal Trade Commission, 2017). Two months later, in response, Instagram launched a new advertising post feature that enabled brands and verified influencers to disclose sponsored content with the "paid in partnership with..." tag in an effort to promote transparency of brands deals and sponsored posts to followers (Nesbitt, 2017). Furthermore, influencer trust and authenticity, as well as FTC regulation compliance, are important considerations both influencers and brands must take into account in making sponsorship deals.

Although there is little existing information on an influencer's perspective of the benefits and risks in participating in social media influencer marketing, this case study will supplement additional research via qualitative interviews with a variety of Austin-based social media micro-influencers and company representatives. The interview questions themselves will largely be targeted towards examining the benefits and risks of participating in social media influencer marketing in terms of social analytics, financial compensation/return on investment, and other various benefit and risk factors. In truth, this case study is essential in addressing and filling the gap in research with regards to specific implications for stakeholders who utilize social media influencer marketing.

In conclusion, the combination of established literature coupled with the following qualitative research allows for a deeper understanding of the inner workings of social media influencer marketing in the Austin area. By viewing this topic through the lens of the Austin area, future researchers can begin to understand social media influencer marketing as it applies to real-life interactions between brands and micro-influencers. The following case study will address the proposed thesis question: How beneficial is social media influencer marketing to Austin-based businesses and social media micro-influencers from both a business and an influencer perspective?

### **Introducing the Case Study**

This case study explores the various financial, social, and personal effects and implications of social media influencer marketing on Austin-based influencers and those who work with them in a formal company environment. In doing so, the following information is the product of personally conducted interviews with two different sets of individuals: micro-influencers and company representatives who work with influencers. Both sets of individuals answered roughly ten questions on the topic of social media influencer marketing (Appendix). While each set of questions was slightly varied depending on her area of expertise, each interviewee provides her own unique perspective on the topic through the lens of the Austin area. Furthermore, the following information aims to shed some light on what it means to be an influencer and how representatives from companies collaborate with them. Firstly, we will examine the perspectives of Austin-based social media micro-influencers.

### Meet the Influencers

Five Austin-based micro-influencers were interviewed for the purposes of this study. Although all five of them are classified as micro-influencers, their individual content ranges widely with particular focuses on food, travel, lifestyle, fitness, and more. The interviewees included the following micro-influencers: Jane Ko, Rachel Holtin, Natalie Paramore, Kelsey Kennedy, and Mary Kathryn Flores. Each interviewee has a unique and distinct story as to how she came to be a social media influencer.

A few of the interviewees started out first as bloggers and later made the transition to social media influencers. Such is the case for two of the influencers--Jane Ko and Natalie Paramore. Interestingly enough, both of them started a blog to document their personal experiences with food and recipe creation (Ko; Paramore). For Ko, her blog was the product of inspiration from other female bloggers and the need to channel her own creativity into an outlet after feeling lost about her next career move. She bought her first camera and her blog, A Taste of Koko, was born in 2007. In the early years of the blog, Ko dedicated herself to providing consistent baking and general recipe content to her readership, which she claims she did not have for nearly two years. Paramore shares a similar origin story. Undergoing an intense job, she decided to launch her self-entitled blog as a creative outlet in September 2011. She claims she already "...loved tweeting about the restaurants [she] was eating at and the recipes [she] was making," so it seemed like an ideal fit. She took in an interest in photography coincidentally around the same time that Pinterest's popularity as a social media platform began to rise. With her newfound passion, she used her photography skills in combination with consistent blog posting in order to attract readers to her blog and thus further its success. Since launching, Ko and Paramore have both transitioned the focus of their blogs. Ko, since receiving her first

restaurant invite in 2010, has become one of Austin's foremost food and restaurant bloggers (although her content now also encompasses travel and lifestyle) as depicted by her lively, highly-saturated Instagram pictures. Paramore now markets herself as a food, travel, and lifestyle blogger, but her content also contains restaurant recommendations as well as health and wellness advice as accompanied by her engaging, vintage-looking Instagram images. Nonetheless, the pair has established themselves across many major social media platforms including Instagram, Pinterest, Facebook, and Twitter. Most notably, on Instagram, Ko and Paramore have attracted their largest followings (54,700 followers and 21,100 followers, respectively) aided by their consistent content generation and audience engagement.

Kelsey Kennedy's story is a bit different from her fellow aforementioned Austin food bloggers (Kennedy). She started her blog, So Much Life, and conjoining Instagram page simultaneously in October 2016. At this point in her life, she already enjoyed eating out around Austin and sharing restaurant recommendations, so the creation of a blog and Instagram account to chronicle what she calls her "foodie adventures" made sense. However, given her timeliness into the Austin blog and influencer space, she "...was completely aware [of the] highly saturated market of influencers, so [she] was strategic in committing time and energy [in]to building [her] brand." Much like Ko and Paramore, Kennedy has established audiences on Facebook, Instagram, Pinterest, and Twitter. And just like Ko and Paramore, her most followed social media platform is Instagram, on which she has gathered 15,900 followers. Her followers enjoy her colorful images of food accompanied by local restaurant recommendations in addition to her occasional lifestyle and travel posts.

The final two interviewed influencers--Rachel Holtin and Mary Kathryn Flores--started their influencer journeys directly on Instagram completely independent from blogging (Holtin;

Flores). Holtin's rise as an Austin food influencer began with her attainment of the @austinfoodstagram Instagram username in 2014, which she argues was already becoming a popular hashtag on Instagram at the time. For a year, she dedicated herself to posting consistently about local Austin restaurants while also engaging with locals who ran other Austin-based food Instagram accounts and who simply dined at the same restaurants she did. In 42 weeks, she built an audience of 10,000 Instagram followers with the next 10,000 following shortly thereafter (roughly 21 weeks later). She also attributes this rapid growth to "...the very viral effect/following [her Instagram account attracted] from the beginning." Alternatively, Flores' influencer journey started in 2016 when she began teaching spin classes at Cyc Studio, a local (now closed) exercise studio in Austin. While teaching there, the studio provided professional camera equipment and encouraged its instructors to post on social media in order to get the word out about their classes. Flores believes "...it was a very natural progression from there." Like Holtin, she only retains influence on Instagram, on which she has approximately 9,900 followers. Her visually appealing Instagram content, initially fitness focused, now also includes engaging posts about fashion, food, health, and wellness.

All of the influencers have unique stories and perspectives on how they developed their influence to become social media influencers. That being said, they all share an important commonality: they call the city of Austin home. In being Austin-based influencers, they create content that is often focused and driven by the city itself as depicted through their wide-ranging social media posts covering local restaurants, activities, and events happening in Austin.

## Responses to Interview Questions

### *Being an Influencer in Austin*

Influencers based in Austin are distinct in comparison to influencers from larger cities such as New York City, Los Angeles, and Chicago. For one, the cities themselves are completely different from a size standpoint; New York City, Los Angeles, and Chicago are ranked as the top three largest, most metropolitan cities in the country (Statista, 2018). This translates to large markets saturated with companies and influencers alike. However, Austin provides a unique opportunity for those who participate in the social media marketing industry. As Holtin mentions, "...while Austin is small, it is becoming known as a trendsetting city." Ko says, in many ways, the market in Austin is much slower paced and less saturated. She estimates there to be roughly 100 bloggers and influencers based in the Austin area while larger cities easily have upwards of 1000 bloggers and influencers in their spaces. Nonetheless, Austin's unique position in the market is the product of a number of other factors. Large, buzzworthy companies such as YETI, Bumble, and Outdoor Voices have established their headquarters in Austin, paving the way for a variety of local influencer partnerships and collaborations (Holtin). The city of Austin also hosts some the country's most popular festivals such as Austin City Limits and South by Southwest, attracting a variety of non-local brands to Austin every year (Holtin). For these reasons, Holtin argues she is seeing Austin emerge as a top market for brands to target outside of the obvious choices like Los Angeles, New York City, and Chicago. In addition, she believes "[f]or brands based in the United States, winning the Texas market is huge, so [they will often] come to either Dallas or Austin for events and influencer-style activations" (Holtin). That being said, Flores identifies a major drawback in being an Austin influencer: there are fewer opportunities offered in Austin as opposed to other larger markets.

### *The Austin Influencer Community*

Despite the limited amount of opportunities available, all of the interviewed influencers enjoy being a part of the Austin influencer community. Although Flores identifies the aforementioned drawback, she highlights that Austin has “...a very tight-knit community of influencers” (Flores). Many of the influencers in Austin are friends who regularly meet at various events and parties and are generally very supportive of each other’s work (Holtin; Paramore). In a similar vein, competition or negative feelings about an influencer getting a brand opportunity over another are sentiments that are rarely expressed by Austin influencers (Flores). This is different from larger cities, where influencers typically “compete” or “act as rivals” in order to secure brand partnerships and opportunities (Holtin). Most people in the Austin influencer community have good intentions in helping each other out while building their own individual brands, which allows for a very inclusive, supportive working environment (Holtin). For example, Flores maintains Holtin’s openness in welcoming her into the local influencer community was instrumental to her early success as an influencer; it was Holtin’s connections as an already established Austin influencer that helped Flores to acquire many of her first brand partnerships (Flores). Furthermore, Kennedy attributes the positive treatment of other local influencers to Austin’s “small town” feel, which not only translates towards uplifting the local influencer community but also local businesses in town as well.

### *Working with Austin Businesses*

Austin is not only the home to large, national companies, but it is also home to many businesses who depend on Austin locals to support them. In many cases, this is where Austin-based influencers can step in and assist local businesses via social media influencer marketing.

As Paramore describes it, “[i]nfluencers can help spread the word about small, local businesses to their audiences who trust their opinions; it’s like the new word-of-mouth [marketing].” In truth, it has become fairly critical for brands to have some sort of online social media presence, whether they are based in Austin or elsewhere (Holtin). Not many Austin businesses are opening these days without an Instagram account already setup detailing its geolocation, website, hours, etcetera (Holtin). Smaller Austin businesses truly rely on word-of-mouth marketing either through interpersonal interactions or locational awareness as they generally do not have the large marketing budget that larger businesses do (Holtin). However, thanks to the power of social media, influencers provide a new way for people to discover the city of Austin by offering a peek of the experience, aesthetic, and ambiance of particular businesses before one has to walk through the door, thus growing customer brand awareness (Holtin; Flores). In turn, the content influencers provide can be repurposed by businesses through posts on their own social media account(s) (Holtin).

Nonetheless, Holtin stresses how valuable the influencer space can be for all businesses. According to Ko, it is “...important for local businesses to find a harmonious way to work with bloggers and influencers” (Ko). For one, Ko, whose audience is comprised of 40% Austinites, claims locals look to her and other Instagram influencers for input when making buying decisions (Ko). In particular, Millennials, which she defines as anyone between the ages of 21-35, frequently spend time looking at blogs and scrolling through social media to see where to travel, shop, and eat (Ko). This is largely due to the fact that Millennials and Generation Z, the generation after Millennials, do not pick up traditional newspapers or magazines to look for recommendations on what to spend their money on (Ko). In truth, Millennials “...might not have the most money, but [they] are definitely spending the most” in today’s market (Ko).

All of the interviewed influencers share a love for supporting local Austin businesses. They do this through a variety of different ways. For example, Paramore enjoys working with local brands--women-owned businesses in particular--given that Austin and the state of Texas itself is becoming a growing hub for female entrepreneurs (Paramore; Dinges). Kennedy does not mind working for far less money if it means collaborating with a local Austin brand as opposed to the bigger paychecks that typically come from larger, national brands. In doing so, she enjoys the more creative artistic license (in terms of photo ideas and caption phrasing) that comes with working with smaller local brands (Kennedy). Ko shares this ideology and takes it one step further. She maintains she has always been very open and vocal about her love for local Austin businesses (Ko). She prides herself on the fact that she has never charged a local business for her services as she considers it to be one of her “brand pillars” (Ko). While some influencers may charge local Austin businesses \$100-200/post, she does not because she understands how difficult it is for local businesses to make money in Austin’s small market (Ko). She also does not mind working for free because her primary focus is on producing good, organic content independent of monetary considerations (Ko).

That being said, Ko has a unique position in the Austin influencer community given her status as one of Austin most popular and established influencers. For this reason, she is able to partner with big, national brands such as Target, IKEA, and Uber, whose big marketing budgets often sponsor and fund her organic content related to local Austin businesses. However, Ko often encounters situations in which local businesses do not understand how social media influencer marketing works in that they ask a lot of the influencers themselves. For example, local businesses often send emails to her (and other local influencers) expecting a nice blog post and a couple of Instagram posts in exchange for a free meal (Ko). In other cases, Ko sometimes

receives a detailed contract from local businesses without any prior inquiry or discussion of partnership (Ko). Ko says these type of approaches undermine influencers as they should be pitched the same as local Austin press under “for consideration,” which means no guaranteed coverage unless the press/influencer feels it appropriate. In other words, Ko urges local businesses to understand that influencer content should be kept at the discretion of the influencer. If not, businesses risk partnership rejections from influencers and can consequently lose out on valuable influencer partnership opportunities.

### *Choosing Brand Partnerships*

A critical part of being an influencer involves fielding brand partnership and collaboration offers. All of the interviewed influencers have slightly different criteria when it comes to choosing which brands they want to work with. Kennedy stresses she never partners with brands she would never truly use regardless of brand compensation. She cites the example of the restaurant chain Applebee’s, who has asked three times to collaborate with her, and yet she still chooses not to work with the brand since she does not regularly dine in their restaurants. Paramore places good brand mission and product safety/sustainability at the top of her checklist, particularly when it comes to considering partnerships from larger companies. For Ko and Flores, the pair value partnerships with companies they truly love and feel comfortable recommending to their audiences. Flores always makes it a priority to work with local Austin brands, particularly those that help out a good cause or a friend. Ko immediately agrees to work with companies she loves and uses on a regular basis; in the past, such companies have included Target, IKEA, Zappo’s, Cotton On, and more (Ko). Alternatively, she always rejects partnerships relating to tobacco, sex, or politics and continues to be more selective as she grows in popularity as an influencer (Ko). Holtin’s criteria is comprised of two major items--the brand should (1)

personally support and align with her vision and (2) offer value to her audience. Having built a very niche brand that focuses on Austin and food, she argues she has a solid grasp on what her followers might be interested in (Holtin). She argues this does not just limit her to working only with restaurants and other food companies, but she always takes it into consideration when a brand has a particular attachment to Austin and/or the food scene (Holtin). For example, she cites her recent partnership with American Express and Delta on their sponsorship of the Austin Wine Riot Festival, combining the two elements of her niche brand: Austin and food (Holtin).

However, with large Instagram followings in comparison to other local Austin influencers, both Ko and Holtin also have a few other considerations in terms of brand collaboration opportunities. One tool the pair utilize is brand management. For Ko, her management company fields partnership offerings that come her way and handles all necessary contact details. For Holtin, her agent deals with the majority of her partnership contracts and the negotiations that come along with them (e.g. the use of links and promotional codes). In analyzing longer-term partnerships, they also both have to consider the significance of brand exclusivity among competitors (Holtin).

All of these criteria and considerations are critical to influencers because they affect another important aspect of being an influencer--maintaining authenticity and transparency with audiences.

### *Maintaining Authenticity and Transparency*

One of the top issues concerning influencers stems from their audiences and the efforts they make to remain (or not remain) authentic and transparent with them. All of the interviewed influencers argue they prioritize their followers over brand deals and partnerships. This means often saying “no” to brands that ask to work with them in order to stay true to their authentic

selves. For Kennedy, this rejection figure is approximately 75%, which she knows is high, but it works for her given that being an influencer is not her full-time job. She knows if she did not have any other source of income, turning down partnerships would be more difficult (Kennedy). The same sentiment is felt by Flores who adds that she is not only “really strict” with regards to what she promotes, but she also makes her followers aware of this in order to maintain her authenticity and solidify her followers’ trust in her. Paramore says remaining authentic is simple in that she only works with brands she loves and uses and would feel comfortable telling her best friend to spend money on. In doing so, she creates this parallel between followers and friends, a sentiment underlying many of the responses from the influencers. Building trust with followers also goes both ways. Many times, followers can tell when influencers are being inauthentic or “selling out” to a brand by creating posts about products or services they do not believe in or actually use (Holtin). In addition, Holtin argues it is just as important to share the good and the bad of products and services by indicating specific instances where the product or service might be useful or not. In doing so, it provides her audience with more content and direction with regards to purchasing decisions (Holtin). However, at this point in time, influencers are starting to gain the upper hand since opportunity is “...at an all-time high [and] there are endless options of brands to partner up with, so influencers can [afford] to be pickier [in selecting brand partnerships] than ever” (Holtin). Therefore, influencers today have much more power to be selective in choosing which brands they want to tie themselves to and support (Holtin). In truth, much of an influencer’s power comes from their voice and connection with their audience as followers increasingly expect authenticity from the influencers they follow.

That being said, much of the conversation surrounding audience/follower authenticity originates from brand partnerships and the compensation that generally comes with them.

Particularly in today's social media climate, there are new rules and regulations in place that influencers must comply with in order to post about a brand they are receiving compensation from. As aforementioned in the literature review, the most prominent regulation regarding influencers comes from the Federal Trade Commission (FTC), which mandates influencers denote sponsored posts visibly with a tag or hashtag. More recently, Instagram has launched a new paid partnership feature to promote transparency of sponsored content between influencers and their followers. Each of the interviewees was asked for their thoughts on the FTC's regulations as well as Instagram's new feature given that they all are Instagram influencers themselves. All of them agree it is important to comply with federal regulations as they are in place for a good and valid reason -- to promote influencer/follower transparency. Flores argues followers have a right to know when they are being pushed a post an influencer is being paid for. Holtin calls it a "social responsibility" in that influencers should disclose such information, so their followers can make "educated purchasing decision[s]."

Ko says these FTC regulations are now just a "part of the industry" and "ensure transparency." She also stresses influencers should not shy away from such rules and regulations by "hiding" sponsorships, although some influencers might have a reason to hide them if they have purchased fake followers or used software to boost post engagement, but that is a separate issue (Ko). Many brands today are now requesting and outlining in contracts that influencers comply with the FTC by adding hashtags or the paid partnership tag (if it is available to the influencer) (Ko). If the influencer is verified and able to use the "paid partnership tag," like Ko is, brands can see post insights (also known as analytics) on their end without needing to go through the influencer to receive them (Ko). Brands can then even put advertisement money behind those posts to boost them to reach wider audiences on Instagram (Ko). Regardless of

whether an influencer has access to that specific Instagram tag, Ko emphasizes the importance of sharing real and accurate insights on sponsored posts with brands. Ko herself typically receives roughly 10,000 views per post on Instagram, which (if it is sponsored) she shares with the brand via the tag feature or at the end of the campaign (Ko). For all of these reasons, it is not only important for influencers to maintain transparent and authentic relationships with their followers but also with the brands that sponsor them in order to be successful in this industry.

### *Downsides to Being An Influencer*

In discussing influencers, many followers generally only notice the “perks” of the job and tend to overlook the negative aspects that come with being an influencer (Holtin). In order to address this issue, each influencer was asked about particular downsides or drawbacks they have experienced in being influencers. Kennedy and Paramore did not identify any specific downsides in having influence personally. However, Ko, Holtin, and Flores share many of the same struggles in managing their jobs as influencers. Firstly, being an influencer takes “...a ton of time and effort to consistently create great content” (Flores). Particularly for Flores, she often finds herself juggling both her full-time job as a senior digital marketing strategist as well as her Instagram account (Flores, n.d.). She claims it is difficult to create quality content and thus gain more followers when her time is divided between two jobs. Similar sentiments are echoed by Holtin who stresses the significant amount of work that goes on behind the scenes. In monetizing her Instagram account, it is now run like a “full-fledged business” that requires necessary “...legal documents, accounting, budgeting, scheduling, active outreach, etcetera” (Holtin). Since becoming an influencer full-time, she “...spend[s] 50+ hours of week engaging, shooting content, scheduling, budgeting, [and] fielding partnership requests” as she begins to understand “...how much work is necessary to build [her Instagram] account into a profitable business that can

support [her] full time (Holtin). In short, although outer perception seems a lot brighter and more exciting than reality, followers should remember influencers usually run their own businesses solo without much external help (Holtin). On a more personal note, one of Ko's biggest struggles stems from her relationships with those in her private life as she juggles having a normalized private life while also being in the public eye. She often finds it difficult to make and maintain friendships and relationships. In sharing her private life online with her followers, those she surrounds herself (friends, boyfriends, etc.) are often thrust into the public eye as well. This can make normal public interactions such as catching up with friends or going on dates somewhat difficult when followers are constantly approaching her. In addition, her ability to schedule those kinds of interactions is just as difficult as she is occupied with a rather unusual, fast-paced lifestyle accompanied by her long (often 80+ hour) work weeks. In learning and growing her influence over the years, she now understands communication is the key to maintaining the relationships in her life, which is divided between Jane Ko, the influencer, and Jane Ko, the person. Nonetheless, all of the interviewed influencers agree that the benefits that come from being influencers greatly outweigh some of the more negative aspects; they all maintain their status as influencers a supremely positive experience, calling it a "privilege" and "well worth it" in some way or another (Paramore; Holtin).

The next section of this thesis will delve into social media influencer marketing related issues as addressed in interviews with local Austin-based company representatives.

### **Meet the Company Representatives**

Three representatives from Austin-based companies were interviewed for the purposes of this study as well. They all have past experience in working with influencers in a company environment. The interviewed company representatives included Dr. Konstanze Alex, Havilah Tower-Perkins, and Robynne Trifiletti. Each of the interviewees shared her own unique perspective on influencers as well as her experience with regards to influencer marketing interactions at their own respective companies.

Dr. Konstanze Alex, Director of Global Business to Business Influencer Relations at Dell, works primarily with influencers in a business to business capacity rather than a business to consumer capacity. Although business to consumer is more common for influencer interactions, business to business influencer marketing has been gaining traction in the business community over the last five years. Within the last three years, it has “...become [far] more sophisticated” and “...no longer only rel[ies] on social media but [also involves] any kind of influencer and industry expert” external from social media as well (Alex). In other words, Dr. Alex involves herself with a variety of individuals who maintain influence in some form, which may or may not extend solely to social media.

Havilah-Tower Perkins also works at Dell but in a different capacity. As Director of Social Business, Tower-Perkins engages with influencers through Dr. Alex’s influencer relations program. Tower-Perkins primarily handles two teams within Dell’s social business: SMaC U (Social Media and Community University) and the Social Editorial Team. With regards to SMaC U, Tower-Perkins and her team are responsible for the training and activation of Dell’s internal team member base by providing social media training and expertise to team members. She is also the leader of Dell’s Social Editorial Team. As the leader, she and her team are in charge and

manage Dell branded social media accounts including @Dell, @DellUniveristy, and @DellTech, all of which are established and maintain a presence across many social media platforms including Instagram, Facebook, LinkedIn, and Twitter. In essence, Tower-Perkins and her team manage the presence of those social accounts tied to Dell.

Finally, Robynne Trifiletti works as a marketing manager at WeWork Austin. She also formerly worked as a strategic account manager and designer at Social Distillery, a well-known social media marketing agency in Austin. In her current line of work, Trifiletti primarily utilizes user-generated content in managing the main corporate accounts for WeWork's social media channels. In her previous role, she managed the social media channels of many local Austin companies. In those cases, she was tasked with attracting local Austin followers to help assist with clients' sales and brand awareness in the Austin market. In doing so, she employed the use of influencers and their content in developing marketing strategies for clients. In her responses, she provided answers from both perspectives with regards to her past employment at a local, Austin-based marketing firm and current employment at a larger, global company.

## **Responses to Interview Questions**

### *Sourcing and Selecting Influencers*

Sourcing and selecting influencers largely depends on the company and its specific marketing strategy. At her previous job, Trifiletti cited her firm's best source for finding local Austin influencers was simply "Instagram stalking," or the act of organically searching and seeking out influencers on Instagram. She would often consult with other colleagues about who they follow and then research those influencers to see if any of them were a good fit for her clients. Other times, the act of "Instagram stalking" was more intensive and required more

tedious and tailored research. However, at her current job, WeWork Austin uses “...an agency partner to source and hire more high-profile influencers and celebrity talent” (Trifiletti). Based on her observations, she has noticed these individuals do not “...necessarily connect with localized audiences or our core demographic, ... [s]o, when it comes to local influencers, due diligence research yields the best results” (Trifiletti). Dr. Alex and her team at Dell also work with an agency, specifically an influencer identification software firm, that conducts “a very specific and rigorous [influencer] identification process that looks across several platforms.” Her firm also conducts manual searches for influencers on social media in focusing on topics her firm is interested in promoting (Alex).

Selecting the right influencer for the right marketing campaign is critical for a brand. At her previous position, Trifiletti selected local Austin influencers through a loose set of criteria. First, she would examine if the influencer was a real and authentic person by looking to see if he/she posts a healthy mix of organic and paid content rather than solely sponsored, overly produced content. Second, she would analyze the topics the influencer would post about; a preferred influencer would post a good mix of content (e.g. lifestyle, local happenings, local trends, etcetera). Third, she would look at the size of the influencer’s follower base. She argues big follower bases are not always better; some of her best partnerships have been with influencers with roughly 7,000-15,000 followers. Influencers at that level are ideal because her firm could tap into their audience without having the collaboration seem like an unnoticeable, generic transaction (Trifiletti). Fourth, she sees who she knows that is following the influencer in order to gauge the influencer’s audience and local impact. Finally, fifth, she examines the influencer’s storytelling abilities to see if the influencer could say/tell their audience more than just posting pictures of content that has no substance (Trifiletti). On the other hand, Dr. Alex

does not outline any specific criteria, but rather she emphasizes the importance of social reach over social resonance and relevance. She argues there are many considerations that come into play that sometimes extend beyond social media. Most important to Dr. Alex and her firm is the “influence an individual has on [his/her] target audience who may or may not be found online on social [media]” (Alex). The next section will detail the process of establishing influencer sponsorships with brands from a company’s perspective.

### *Working With Influencers*

After selecting an influencer for a particular marketing campaign, the brand (or firm representing the brand) will begin to build a contract that lays out the terms of the relationship. The contract will typically include a number of specifics such as how many posts the influencer is expected to make and how the firm plans to measure the success of the partnership as well as any other specific requests (Trifiletti). The timeline of this process from selecting an influencer for a marketing campaign to establishing a contract varies depending on the campaign. In general, Dr. Alex and her team initially spend about 9 months forming the working relationship, which allows for the brand and influencer to get to know one another and therefore decide if the partnership is a right fit. For Dr. Alex’s work in the business to business space, the overall life-cycle is multi-year and culminates in a trusted relationship built on creating mutual value.

### *Outcomes of Influencer Partnerships*

There are a number of factors that determine the successfulness of influencer partnerships for brands. From a financial standpoint, brands typically analyze their return on investment (or ROI) by looking at various forms of post analytics. On a smaller, local level, Trifiletti says gauging the success of influencer sponsored posts is challenging to do. Oftentimes, Trifiletti and

her team would track referral link click-throughs and page views and visits in creating ROI reports for their clients. By creating personalized referral links, brands could request influencers share these unique links with their followers whenever they post about the brand. Trifiletti found this to be one of the best ways for a brand to see exactly how an influencer's followers engaged with sponsored content.

Influencer content is also generally more economical and authentic for brands who want to engage with their respective target audiences (Alex). In short, people tend to trust people and third-party endorsements over a brand's own advertising in today's market (Alex). For one, influencer content shows how real individuals are using a brand's product or service (Trifiletti). Influencers can speak to their audiences in unique, non-scripted ways, and brands, in turn, can generate brand awareness (Trifiletti). On a local level, influencers are able to assist with sales and brand awareness among their specific, localized audiences, particularly since Austin is such a highly sought after and highly performing market (Trifiletti). Influencers are also able to bring personalization and storytelling elements to their sponsored content often by discussing brands' products or services honestly and authentically with their audiences. Nonetheless, Dr. Alex notes she only works with influencers on the condition that they provide their expert, third-party opinions and share them openly with their audiences. The influencers also need to be authentic or they lose value for her brand completely (Alex). Inauthenticity is one of the major risks that comes with partnering with influencers, which is why it is important for brands to find the right influencer for the right campaign.

The next and final section of this discusses the indiscernible future of social media influencer marketing as told by the interviewees within the context of its implications for business.

### **Implications for Business**

All of the interviewees were asked to share their own personal thoughts and opinions on the future of influencer marketing as it pertains to business specifically within the scope of Austin as well as nationally.

In Austin, many of the interviewees mention there has been and will continue to be a steady increase in Austin-based influencers, whether that means they are just starting out or they are influencers moving from other parts of the country. Tower-Perkins credits this to Austin's notoriety as a "creative city" in that both brands and influencers have and continue to flock to Austin to establish themselves in the Austin marketplace. Particularly with growing events like SXSW, social media influencer marketing interactions and discussions are and will continue to be extremely prevalent and energized in Austin (Tower-Perkins). In addition, some say there will be an increase in the incorporation of social media influencer marketing into local Austin businesses' marketing strategies because "people trust influencers on a different level than brands" (Flores). Flores cites she is already seeing this growth in Austin as almost every Austin-based influencer she knows was sponsored at Austin City Limits Music Festival this year (i.e. given a free wristband by a brand), which she had not seen in previous years. In other words, this increase in social media influencer marketing integrations by local Austin brands is already showing its effects on the local industry.

On a national scale, many interviewees believe social media influencer marketing is still in its early stages since social media platforms like Instagram have only proven the worth of this peer-to-peer advertising model within the last few years (Holtin). In addition, influencer content will transition into being more real and conversational and less staged and pre-designed through the use of more video content and less static images. Paramore argues more video formats will

be integrated into social media since video content is great for cultivating “personal, human connection[s].” Many of the interviewees also expect to see a steady increase in brand and influencer collaborations in the future. A large number of brands today spend hundreds of thousands even millions of dollars on social media influencer marketing, and many of the interviewees do not see these figures changing anytime soon. In a larger sense, companies are and will continue to evolve creatively by focusing on how they choose to tell their story and the way their brand makes a difference for people locally, nationally, or worldwide (Tower-Perkins).

That being said, it is important to note geography is becoming less and less of a contributing factor in analyzing the present and future of influencer marketing. Today, followers can consume content influencer or otherwise from all over the world on a variety of technological devices. So, while influencers’ access to larger brands, studios, and agencies might be easier in large, media-driven cities like New York City or Los Angeles, it does not “make or break their business” (Holtin). The same can also be said of brands. The world is already so technologically interconnected that, with the help of social media, geographical limitations are becoming more irrelevant in terms of social media influencer marketing.

Nonetheless, it is difficult to predict the future of social media influencer marketing given that the industry and the technology that facilitates it are constantly changing and evolving with one another. As for the specifics, “time will tell,” particularly as more businesses integrate it into their marketing strategies (Tower-Perkins).

### **Implications for Future Research**

With regards to the future of this study, there is still much research needed to be done on social media influencer marketing within the scope of the Austin area. For this reason, this study should be expanded to include more interviews with Austin-based micro-influencers as well as local Austin-based small businesses and brand ambassadors. Both Austin-based small businesses and brand ambassadors are areas of social media influencer marketing that have yet to be extensively explored through the lens of Austin. In addition, this study would benefit from collaborations with other individuals studying social media influencer marketing in Austin specifically. With the inclusion of more interviews and collaborations with other industry experts, this study will offer a more complete understanding of social media influencer marketing interactions in Austin.

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## Appendix

### Thesis Interview Questions

#### *Influencers:*

Do you mind sharing your story on how you became an influencer?

What's it like being an influencer in Austin? How is the city of Austin different for influencers in comparison to other major cities like New York City or LA?

How would you describe the influencer community here in Austin?

How do you decide which partnerships you're going to accept? Is there anything you look for and/or avoid in considering brand partnerships on posts?

What are some of the differences between working with smaller, local brands as opposed to larger, national name brands?

In what ways do you think influencer content can help small, local Austin businesses?

Do you consider there to be any downsides in being an influencer?

What are your thoughts on the Federal Trade Commission's rules on sponsored posts? (For example, Instagram's new paid partnership feature)

How do you remain authentic and maintain trust with your followers while creating paid sponsored content for brands?

Where do you see yourself in 5 to 10 years? What do you think social media influencer marketing will look like 5 or 10 years from now in Austin specifically as well as nationally?

*Company Representatives:*

Do you mind sharing some details about what your position entails?

In what ways does your company utilize and interact with the local social media space here in Austin?

How often does your company work with Austin-based social media influencers? Or does your company focus more on working with influencers outside the Austin area?

Does your company use other types of personalities besides influencers (i.e. traditional bloggers, celebrities, etc.) in their marketing efforts?

Which platforms does your company source for influencers? Does your company source for influencers on one social media platform more than another?

How does your company come to select which influencers they want to work with? Does your company have certain criteria in place for making their selections?

What is the process like after an influencer agrees to work with your company? What tasks fall on the company in bringing the influencer content to fruition?

How does your company measure ROI for influencer sponsored content? What other factors play into whether your company chooses to work with a specific influencer again?

In your opinion, what are some of the benefits of partnering with influencers as opposed to more traditional marketing methods (i.e. print advertising, commercials, web advertisements, etc.)?

What is your own personal take on the social media influencer community here in Austin? How is the community different than say other major cities such as New York or LA?

What do you think social media influencer marketing will look like 5 or 10 years from now in Austin specifically as well as nationally?