

# **Influencer Marketing**



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## **Who Really Influences Your Customers?**

**By**

**Duncan Brown and Nick Hayes**



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# Preface

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## Something had to break

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When I first began investigating the role of influencers back in 2002, there were few signs that the role of the two most prominent influencer categories - journalists and industry analysts - was declining. There were no data at that stage to intimate that, nor had I read any articles to suggest as much. But having worked with journalists throughout the 1990s, I felt that the amount of money and resource being poured into securing press coverage, compared to the returns it often generated, was creating an unsustainable situation. Journalists in their twenties were routinely being flown all over the world, on business class flights, staying in five-star hotels in order to meet with top executives in the hope that positive news articles would result. Resentment was growing amongst vendors at the efforts they were having to go to entice journalists to meet them. And not all journalists were playing fair. Some were taking far more than they were giving, knowing they could do so because they alone held the keys to coverage in certain sought-after titles. I often wondered what would happen if those titles stopped being so sought-after?

## The aftermath of the global downturn

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In the early part of this decade, two events colluded to usher in this era of *influencer marketing*. One was the global economic downturn. The US and Japan were the first to suffer, seeing softening markets from mid-2000. Japan, having been held up as the economic poster child for much of the 1980s and 1990s, had quietly but surely become seriously unstuck. While Europe had been relatively inoculated to these early warning signs, it had no choice but to listen once 9/11 struck. In many industries, sales fell off the proverbial cliff top and wouldn't recover until 2004. On the basis that there was no point in marketing to people who weren't in a position to

buy anyway, marketing budgets worldwide were cut, in some cases dramatically. Experience costs money so in-house marketing departments cut their most experienced staff. Marketing suppliers, especially advertising, PR and sales promotion agencies, saw income streams dry up almost overnight. Publishing houses which had been so lucrative throughout the 1990s saw advertising levels drop while production costs rose. The cosy and extremely profitable marketing sector faced its nuclear winter.

The second was an aftershock of the arrival of the web. By 2002 the almost universal adoption of broadband access enabled businesses to live on the web rather than merely visit it. The significantly lower distribution costs of online over physical, in tandem with the worsening economic climate, sped the move online. As companies searched for new income streams, as every cost was scrutinised, as our faith in our traditional high-cost advisors was waning, so all of our customers expected more for less. Accustomed to paying \$250 for a magazine subscription? Cancel it and find something almost as good online for free. No longer afford that analyst firm subscription? Find a cheaper alternative. No longer have a purchasing support team in place to advise you on which solution to buy? Make up your own criteria. The old rulebook on B2B purchasing had been discarded. New people, new processes, new thinking had replaced it, and this time there were fewer kingmakers. Everything had fragmented.

Analyst firms had downsized, key staff had left and formed start-ups that now competed with their former employer. As had print publications whose former staff were now freelancers. So too with management consultancy firms, resellers, events organisers, forum hosts and others. Within the space of three years, instead of there being perhaps four main firms in a particular market sector, there were now ten, all much smaller but boasting similar client experience. As customers returned, they found they had greater buying power, greater leverage and could demand achingly high service levels from suppliers whose margins had shrunk out of existence. But the most important long-term effect of this fragmentation? Greater choice for the customer as a result of the greater dissipation of talent. There were now more influencers than ever before, and they were more evenly spread out.

So began the recent rise of the B2B influencer marketing concept. Purchasing decision-making had become a more drawn-out, more committee-based and more formalised process. For the suppliers, there were more people to reach, yet less money to reach them with. And they were people who didn't want to be marketed to. Research was beginning to show their importance to the buying process yet they weren't people that the salesperson could get to meet. Suppliers needed to appeal to

them ... somehow. Because the traditional marketing mix just wasn't cutting it any longer.

## The early enthusiasm of Europe

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It was in this context that I began to research the early thought leaders in influencer marketing. I was living in London at the time, reading *The Tipping Point*, *The Cluetrain Manifesto* and *The Influentials*, all American. I saw how businesses needed to identify those people now influencing their prospects, and realign their marketing accordingly. I doubted anyone was doing this effectively. The first company I approached, a software company just got it. Straight away. They were salespeople, and smart. I'd rehearsed my responses to use when my would-be client questioned the existence of influencers, their importance or whether it was possible to successfully identify them. No one in the room asked anything of the sort. Their questions were all based around my ability to execute. We agreed a deal.

I talked to more and more companies in that summer of 2003. I read everything I could. It appeared that pretty much no one, except for Palm, the US hand-held device manufacturer, and Apple Inc., had devised any specific programmes for influencers. What they had in common was they were underdogs in their marketplace, ironically both competing with Microsoft and its vastly superior marketing budget. Both companies knew that they couldn't outpunch the Seattle giant, so they had to out-think it. They couldn't get to *more* people, so they had to get to the *right* people. This was exactly the message that I found resonated with those companies I was talking to. Our client base grew.

We established a methodology for evaluating and then ranking influencers according to their particular marketplace and we put in place activity programmes for what to do with influencers once we'd identified them. But one thing puzzled us. We'd continued to be surprised that so few others were talking about the same subjects as us. And how even the largest brand name clients that we met with had no such programmes underway in Europe, nor had they even heard of any from their US counterparts. Tentative budgets were beginning to return to the European subsidiaries of the US companies. I expected the full-service global marketing firms to stride into the influencer space in Europe with comprehensive service offerings. None did. Maybe they knew something we didn't. We attributed it to the still faltering European economy. That summer I left for the US, determined to find out how influencer marketing was really being done. What I found bemused me. If I'd thought that Europe was quiet on the subject of influencer marketing, American business was silent.

## **A strangely quiet America**

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I'd expected to find many of the West Coast brands busily integrating influencer programmes and hear of many marketing agencies aggressively launching themselves into the space. I found almost nothing. I met many agencies and found them concentrating on meeting the demand of their clients with 'vanilla' campaigns. By late 2005 the US economy was back on its feet and Silicon Valley was rediscovering its marketing budget. Marketing agencies were tentatively beginning to re-staff having culled their workforce to the bone over the previous few years. But the programmes they were now implementing were their traditional home-ground activities – direct mail, online promotions, PR and the like. That's what their clients were asking them for, and they didn't feel ready to push the envelope with ambitious thinking. I found it disappointing.

In 2005 WOMMA, the Word of Mouth Marketing Association, began gaining momentum. Its burgeoning membership proof that others shared the groundswell disenchantment with traditional marketing. By early 2006 a few agencies were working on real projects with real budgets and brand-name clients. Surprisingly, to me, most of these weren't in the tech sector, nor even in the B2B space, but companies like Proctor & Gamble, Pepsi, Budweiser, Virgin Mobile and Yahoo were all working with consumer-focused agencies to create genuinely new and interesting influencer campaigns. Agencies such as Ammo Marketing in San Francisco and beverage sector specialists Liquid Intelligence in Chicago. B2B companies were attending WOMMA events, not with their own examples, but there to listen and see how they could apply this consumer experience to their own sectors. It was clear that *influencer marketing*, a specific take on word-of-mouth marketing, had reached that part of the wave where there was no turning back.

## **Agencies ... it's Show and Tell time**

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Today I look at Microsoft, Google, Intel and SAP and I see early stage programmes in place. Not in Europe but in the US. In Europe the major vendors are almost universally warm now to the concept of influencer marketing. When in doubt they contact their US counterparts and are getting supportive responses back. Often they're getting offers of funding from the US too. But no one is pushing influencer marketing onto the agenda of the European marketing heads. It almost feels, as seems to happen once each decade, that clients are leading their agencies. It's a situation that is rarely allowed to last long.

*Nick Hayes*  
*San Francisco, November 2007*

# Introduction

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## What this book is about

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This book outlines a number of cultural changes since 1990 that have impacted how purchasing decisions are now being made, and how decision-makers are now getting their information. The fact is, marketing departments haven't kept up with those changes. They've been too busy moving to online tactics - web advertising, webinars, blogs and social media - to look deeper into who they're communicating with and what those people need to hear. Not surprisingly, they've primarily targeted the purchaser themselves.

What this book shows is that decision-makers act within communities of influencers. The stakes are too high for making decisions alone these days. Decisions are too complex for individuals to make in isolation, and personal risk is too high to chance a mistake. Instead, decision-makers are creating their own 'ecosystems' that frame their major purchase decisions. And marketers need to identify and engage with the individuals that populate these ecosystems. For these individuals are the real business influencers today.

*Influencer marketing* is a new approach to marketing, important because sales forces both understand and support it. It directly addresses the most common sales barriers within prospective customers and focuses attention on those individuals who advise decision-makers. We call these people influencers, and they are as crucial to the sales process as the prospects themselves.

What we don't cover here is how to exert influence, become more persuasive or win at negotiation. There are plenty of books on these subjects, and we suggest a few at the end of this chapter. We've focused in this book on understanding who has the influence, what they do with it, the dynamics that exist between influencers that operate in your market and how you can use influencers in your marketing activities.

## Who this book is for

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We're written this book with two audiences in mind. The first is the marketing profession, which is under so much pressure these days to deliver better results with reducing resources. Though we point out the deficiencies in marketing we are not anti-marketing. We support marketing as a discipline. We help others to do marketing. We do marketing ourselves. We think marketing is really important. Marketing is a major spend for firms. If marketing is not performing, then it undermines the whole business.

But we also admit that much of the criticism of marketing is justified, because marketing so often under-performs. More seriously, as the market changes and enabling technologies emerge, much of marketing remains static and decreases in its effectiveness, relevance and value.

Our second audience is the sales force. Salespeople get a rough ride, with their quarterly targets and relentless pressure. We couldn't do it. *Influencer marketing* is a new movement in marketing that directly and specifically enables sales forces. It directly addresses the most common sales process barriers within prospective customers and focuses on those who advise decision-makers. When we've shared our ideas with sales people they are among the quickest to 'get it'. We hope you do too.

Our background is predominantly the technology and telecoms industries, so we've leant heavily on these areas to provide examples of *influencer marketing*. But *influencer marketing* is equally applicable to every other B2B sector, and many B2C markets too.

## Which businesses are doing *influencer marketing* already?

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Of course, there are some companies who are already proving extremely effective in identifying and working with their major influencers, yet they prefer to keep their successes confidential. In researching this book, we have found this often to be the case. We wish we could have brought more examples to light, but the reticence of these 'early adopters' is understandable: they are gaining competitive advantage through their influencer programmes. In several of our chapters we have included mini case studies of companies that are leading the way in their targeting of influencers as a critical audience in their sales activities. Clearly more exist, and we would welcome their future inclusion on the website affiliated to this book ([www.influencermarketingbook.com](http://www.influencermarketingbook.com)).

## Who we've been influenced by

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We make no claim to be the first to write about the power of influencers to affect decision-making. There are plenty of books that give the broad background to the subject, but a few individuals and texts stand out as particularly shaping our thinking.

Three seminal works cover the ways in which influence can work. In 2000 Malcolm Gladwell wrote *The Tipping Point*, a book that introduced to the mainstream the terms *mavens*, *connectors* and *salesmen* to describe the types of individuals that communicate ideas and views. His taxonomy of influencers is so powerful that his terms are now used in conversations everyday. Jon Berry and Ed Keller's 2002 book *The Influentials* brought to prominence the role of influencers in everyday life, both business and social, explaining how one in ten people affect what the other nine buy, think and do. It is considered the high water mark for sociological research into how influence works between consumer peers. And thirdly, Frederick Reichheld's 2003 paper published in the *Harvard Business Review* entitled *The One Number You Need to Grow*, set out the Net Promoter Score proposition that the single most important indicator of a business' future growth was how it fared when its customers were asked 'Would you recommend this company to others?' It has since had enormous effect on how companies seek to manage their reputation, promote their capabilities and create new customers.

To these three works we'd add Robert Cialdini's *Influence: Science and Practice*, which explains clearly and somewhat disconcertingly how we can all be influenced, and which provided the basis for the measure of influence we term the Cialdini test. And we must mention *Purple Cow*, by Seth Godin. It contains the idea that 'It is useless to advertise to anyone except *sneezers* (*connectors*) with influence'. That's a reasonable one-line summation of this book.

## Case studies

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In this book we set out to illustrate the concepts of *influencer marketing* with examples. But we hit three big problems: there are no widely referenced examples in the public domain; it's too early for many firms that have begun an *influencer marketing* programme to talk about their experiences; and those firms that have delivered tangible results are gaining competitive advantage, so have no inclination to divulge their strategy.

Some of the companies that were willing to share their stories requested anonymity to protect their commercial advantage. But we convinced others to identify themselves in the hope that their household name status will encourage others to adopt *Influencer Marketing* approaches.

To all of our case study participants we extend our thanks.

